



INCLUSIVE SOCIETY
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Developing a New Economic Blueprint for South Africa – Lessons from Japan

summary of themes from the panel discussion hosted on June 29, 2020



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Motivated by the objective of fostering accelerated, transformative and broad-based growth, the Inclusive Society Institute is aiming to develop a new economic blueprint for South Africa. As part of this work, the institute is assessing the country's current economic model and is seeking to benchmark economic policy frameworks against best-practice frameworks of other countries. This report considers lessons for South Africa from examining the growth path that the Japanese economy followed after World War Two.



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Abbreviations & acronyms

ANC	African National Congress
B4SA	Business for South Africa
DTI	Department of Trade and Industry
GDP	Gross Domestic Product
GFCF	Gross-fixed Capital Formation
JETRO	Japan External Trade Organisation
MITI	Ministry of Trade and Industry
NDP	National Development Plan
NGP	New Growth Path
RDP	Reconstruction and Development Programme
SARB	South African Reconciliation Barometer
SADC	Southern African Development Community
SoE	State-owned enterprise
WW2	World War Two



Introduction

South Africa's economy remains stubbornly sluggish. Even before the Covid-19 pandemic, the country was unable to produce the growth needed to address historic backlogs and propel the economy into a new growth phase.

Prior to the new novel coronavirus that turned the global economy upside down, South Africa's gross domestic product (GDP) growth was forecast to be below 1% (National Treasury, 2020). The shutdown measures to contain the spread of the virus further throttled the economy, which is now on course for its biggest contraction in nearly 90 years. GDP is forecast to shrink by 7.20% in 2020 (Mboweni, 2020).

The global economy is also heading for its deepest recession since World War Two (WW2), with a decline of 5.20% forecast, compared with a pre-Covid-19 estimate of a 3.30% expansion in 2020 (World Bank, 2020).

Globally joblessness is rising. In South Africa, using a narrow definition that excludes many of the long-term unemployed who have ceased actively looking for employment, South Africa's unemployment rate increased by one percentage point to 30.10% in the first quarter of this year (Stats SA, 2020). Unemployment is forecast to increase further to 35.30% by the end of the year (IMF, 2020).

Tax revenues are projected to fall sharply in South Africa's 2020/21 financial year from about R1.43-trillion to R1.12-trillion, contributing to a sharply higher-than-expected consolidated budget deficit of about 15.70% of GDP (Mboweni, 2020).

The growth trajectory of public debt is rising sharply. Finance Minister Tito Mboweni says the country has a "Herculean task" to stabilise its national debt, which will be close to R4-trillion, or 81.80% of GDP, by the end of the 2020/21 financial year (Mboweni, 2020).

"Everywhere, everyone is talking about reinventing, changing the economy to be equitable and more sustainable, but the question remains, what form will this take and will this be an inclusive process?"

The coronavirus pandemic has exacerbated South Africa's problems and highlights the need for reforms to generate strong and sustainable growth.

Inclusive Society Institute CEO, Daryl Swanepoel, says imaginative thinking is required to catapult the country out of its current downward trajectory. Simultaneously, the economy must be transformed to address inequality, to mainstream the informal sector and to become more demographically inclusive.

Introduction

The institute's deputy chairperson, Professor Zweli Ndevu, who is also head of the School for Public Leadership at the University of Stellenbosch, says South Africa must scrutinise its current economic policies and fix the shortcomings of those policies.

"The Covid 19 pandemic offers a portal to another world, one which we may call a new world. Because we cannot dare to go back to the normal – the 'old world' as we know it," says Ndevu.

"Everywhere, everyone is talking about reinventing, changing the economy to be equitable and more sustainable, but the question remains, what form will this take and will this be an inclusive process?"

The Inclusive Society Institute aims to work towards developing a new economic blueprint for South Africa – motivated by the objective of fostering accelerated, transformative, and truly inclusive and broad-based growth activity. As part of this, the institute is assessing the country's current economic model and is seeking to benchmark current and future economic policy frameworks against best-practice policy frameworks that have been effective in other countries and which have been effective at promoting inclusive growth, while beneficially integrating their economic activity into the global economic trade and investment architecture.

As part of this overall mission, this report published by the Inclusive Society Institute considers lessons for South Africa that can be gleaned from examining the growth path that the Japanese economy followed after WW2. The information in the report is based on a June 29, 2020, webinar hosted by the Inclusive Society Institute.

Participants in the webinar included:

- Dr Katsumi Hirano, executive senior research fellow at the Institute for Developing Economies, which is associated with the Japan External Trade Organisation (JETRO). Hirano was the former vice president of JETRO.
- Theo Vorster, a South African economist, and CEO at Galileo Capital.
- Professor Tania Ajam, associated with the School for Public Leadership at the University of Stellenbosch. She is also a member of President Cyril Ramaphosa's Presidential Economic Advisory Council.
- Vusi Khanyile, chairperson of Thebe Investments and a director of several public and private companies. He serves on the Presidential State-Owned Enterprises Council. Khanyile is also the chairperson of the Inclusive Society Institute.
- Professor Zweli Ndevu, head of the School for Public Leadership at the University of Stellenbosch. He is the Inclusive Society Institute's deputy chairperson and chair of the institute's Research Committee.



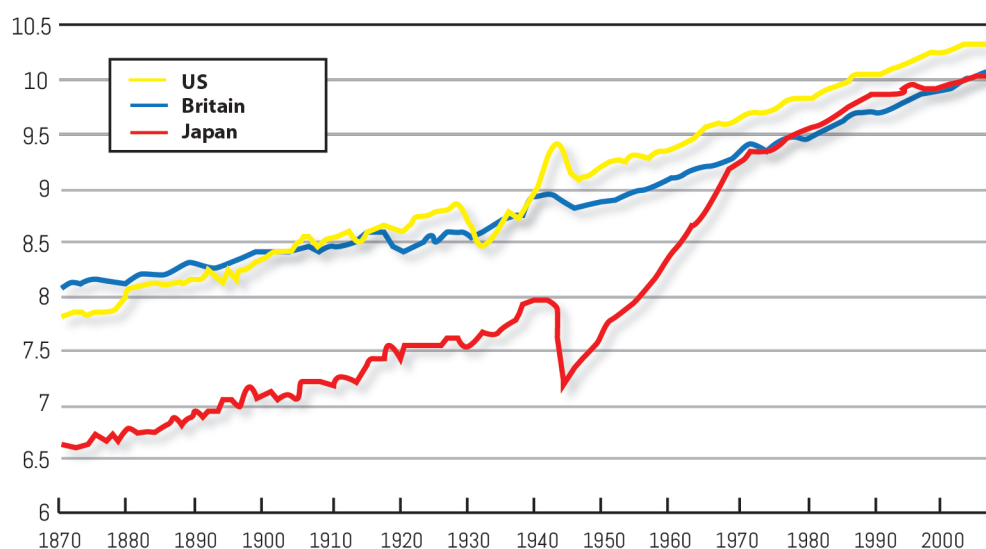
Japan's post-war growth

The spectacular growth of East Asian nations in the decades following World War Two (WW2) led to their being considered the economic wonders of the world. Japan and the four 'Asian Tigers' – South Korea, Taiwan, Hong Kong and Singapore – have been dubbed the 'miracle' economies, because of their unparalleled accomplishments in the latter half of the twentieth century.

Development economists recognise Japan's rise after WW2 as the first appearance of the 'East Asian Miracle'. Devastated by WW2, including nuclear bombardments and other raids, the ravaged Japanese economy rose from the ashes of WW2 to become the second-largest economy after the US. In 1964, Japan became a member of the Organisation for Economic Cooperation and Development, signalling its successful transformation into a fully industrialised economy.

Numerous economists, political scientists and historians have examined Japan's economic acceleration. The country's growth story is mostly credited to intensive and systematic cooperation between government bureaucrats, such as those working in Japan's Ministry of Trade and Industry (MITI), and businesspeople, such as the leaders in major companies – dubbed the zaibatsu – involved in the manufacture of, among others, steel, ships, automobiles and electronics, which set the economy on a path of export-led expansion (Imade, 2016). This process was buoyed by aggressive domestic investment, selective protectionist barriers, industrial policies that promoted targeted industries, research and development, as well as technology imports from the developed world.

Growth in real GDP per capita in Japan, Britain and the US, 1870 to 2008



Source: The Maddison Project

Japan's post-war growth

US involvement in the immediate aftermath of WW2 and during the Cold War, when the US was cultivating global alliances, also contributed to Japan's economic rebound.

Between 1945 and 1958 – considered the recovery period – Japan's per capita GDP increased at an average of 7.10% a year. This was followed by a period of high economic growth from 1959 to 1970, averaging 9.50%. During this period, economic growth exceeded 10% in 8 out of 12 years (Beckley, Horiuchi and Miller, 2018).

By 1973, Japan had nearly caught up with Western nations, with a GDP per capita of 95% that of Britain and 69% that of the US. That was the last year of the so-called rapid-growth era, but the Japanese economy continued to expand at a comparatively rapid rate for almost two more decades (Tetsuji, 2015).

By 1991 – the last year of the 'bubble economy' – Japan's GDP per capita was 120% that of Britain and 85% that of the US. From 1986 to 1991, real estate and stock market prices were greatly inflated. In early 1992, the price bubble burst and Japan's economy has since then continued to stagnate, with persistently low rates of economic growth and ongoing risks of deflation, exacerbated by the demographic realities associated with an aging population (Tetsuji, 2015).



Lessons from Japan

The key lessons that South Africa can learn from Japan's economic development can be categorised under the following headings:

- Building a shared national vision
- Fostering social cohesion
- Strengthening the State's role in development
- Providing policy support to exports
- Promoting food productivity
- Nurturing capital investment

Building a shared national vision

The development experience of Japan reflects the importance of a shared vision or common focus that a country can rally behind. For many decades, Japan's top national priority was to catch up with industrialised economies. The vision took hold during the Meiji era in the late nineteenth century and continued after WW2 until the early 1970s, when Japan's economy matured. During this time, economic policies and corporate strategies were geared to achieving a common vision: 'to catch up with the West' (Tetsuji, 2015).

The lesson for South Africa is that for accelerated inclusive growth to be achieved, it will be necessary that a common strategic vision be developed that is shared among those in the country's public and private sectors, non-governmental organisations and by society as a whole. Unlike a relatively homogenous society like Japan, South Africa, which is more racially, ethnically and regionally diverse, will also need to develop a common 'sense of us' – uniting the people of the country in their diversity – to effectively create a rallying point. A common vision will enable people to address and overcome historical exclusion and inequality and make the sacrifices needed to fast-track development.

This approach has been broadly reiterated by South Africa's governing political party the African National Congress (ANC) in its document on 'Reconstruction, Growth and Transformation', released in response to the Covid-19 pandemic, where it has stated that: "The private sector, workers and the rest of civil society will variously and jointly have critical contributions to make in devising and implementing the [country's economic growth and development] plan, ranging from investment, implementation of initiatives agreed upon in recent summits and in sector charters, to broad agreements on productivity and income, a new approach to representivity in enterprise governance structures and management of relationships between enterprises and communities in which they are located" (ANC Economic Transformation Committee, 2020).

Lessons from Japan

Many overlapping and similar points have been outlined in South African business's response to the Covid-19 crisis contained in the B4SA document 'A New Inclusive Economic Future for South Africa', which states that the country "requires a social and economic compact between all partners with the focus on shared prosperity" (B4SA, 2020).

Post-apartheid South Africa has a history of such intentions, but the problem has been in the lack of effective execution of well-intentioned plans. The Reconstruction and Development Programme (RDP) that the ANC government of Nelson Mandela implemented in 1994 tried to facilitate and create such a national vision. The RDP was aimed at addressing the socio-economic problems facing South Africa at the time. Although viewed as the cornerstone of government development policy, the RDP did not deliver as hoped for, particularly in terms of economic growth and transformation (South African History Online, 2020).

Consequently, the ANC government unveiled a new vision in 2011, the National Development Plan (NDP) – to chart a path for the country, arguing that South Africa looks "very different to the one left behind in 1994" (NPC, 2011). Yet, for many poor South Africans, there is still much that looks the same, highlighting serious shortcomings in the country's development path. In December 2012, the NDP was adopted as the blueprint for future economic and socio-economic development.

Becoming a truly non-racial society is the big starting point for South Africa's reconstruction

– Dr Katsumi Hirano



Lessons from Japan

Inclusive Society Institute chairperson, Vusi Khanyile, who is also chairperson of Thebe Investments and a director of several public and private companies, argues that one of the shortcomings of the socio-economic policy framework is that programmes are often administration bound. When an administration changes, so do its plans.

"Administrations must know we are all in a relay. You pick up the baton and you know where you are running to. We need to improve our capacity to develop a vision that goes beyond the timespan of an administration."

"I long for the time that we can say as South Africans, we have a generally accepted vision of South Africa that we desire, how it will function and what it will look like," says Khanyile.

Fostering social cohesion

A cohesive society is one where citizens feel they can trust their neighbours and State institutions. One where individuals can seize opportunities for improving their own well-being and the well-being of their children. Social cohesion is often described as the glue that holds societies together (OECD, 2011).

Still transitioning from its racially divided past, South Africa remains mired in inequalities and lack of social cohesion.

In the case of democratic South Africa, the foundations for social cohesion were laid by President Mandela. However, from an outsider's perspective, executive senior research fellow at the Institute for Developing Economies, Dr Katsumi Hirano, says it appears that South Africa has lost its way in its drive to become a non-racial society.

Hirano, who was stationed in Zimbabwe in the 1980s before being posted to South Africa, says he is "deeply disappointed" in the political development of both countries post-democratisation. The emigration of many white businesspeople, in his view, poses serious problems for the future growth and development of the South African economy.

"Becoming a truly non-racial society is the big starting point for South Africa's reconstruction," he says, arguing that the marketplace must develop the fundamental right for all to participate without regard for social position.

Khanyile suggests that South Africa should prioritise the need to improve collaboration among South Africans, irrespective of race or gender. "For as long as we are kept apart by the historic division that we have had, we cannot talk of social cohesion."

Lessons from Japan

Survey shows South Africans want reconciliation

South Africans want reconciliation, but they believe that it remains elusive as long as corruption continues, political parties sow division, those affected by Apartheid continue to be poor, gender-based violence continues and racism remains unaddressed.

This is one of the key findings of South Africa's longest-running public opinion survey on attitudes to national reconciliation, social cohesion, transformation and democratic governance.

The 2019 South African Reconciliation Barometer (SARB), conducted by non-governmental organisation, the Institute of Justice and Reconciliation from July to August 2019, finds that a vast majority of South Africans agree that the country still needs reconciliation, although only about half report that they have experienced reconciliation or believe that South Africa has made progress with reconciliation.

Other key findings of the 2019 SARB:

- Most participants are proud to be South African and associate positively with national symbols.
- Most South Africans acknowledge the violation of rights under Apartheid and the persistence of these legacies today. However, among white respondents – those who were not oppressed under Apartheid – the extent of acknowledgement in this regard was less than among other historically defined race groups.
- There is greater bonding trust than bridging trust among South Africans, with, in particular, low levels of trust among people from other countries living in South Africa. Xenophobic sentiments are pervasive, with roughly four in ten South Africans agreeing that they are likely to prevent people from other African countries from accessing certain services and from participating in certain activities.
- In terms of racial reconciliation, most South Africans report that they would like to interact more often with people from other race groups, but for many people language and confidence barriers, as well as negative prior experiences, represent obstacles to doing so.
- Perceptions of safety and violence also impact on the way in which South Africans interact with each other. Crime, coupled with limited capacity to prosecute perpetrators, has implications for citizens and their lived and perceived levels of safety – affecting the fibre of South African society (SARB, 2020).

"South Africans want reconciliation and they want unity. But the country has a long way to go in addressing the many limiting factors that would – if addressed – help facilitate reconciliation, social cohesion and unity processes," says lead author Elnari Potgieter (Potgieter, 2019).

Source: South African Reconciliation Barometer 2019

Strengthening the State's role in development

The economic policy of the State was a key factor in the fast growth that Japan experienced in the post-WW2 era. The MITI was the central architect of Japanese industrial policy and was one of the most influential agencies of the government. At the height of its influence, MITI effectively ran much of Japan's research and directed investment.

MITI facilitated the early development of nearly all major industries by providing protection from import competition, technological intelligence, help in licensing foreign technology, access to foreign exchange and assistance in mergers.

A major objective of MITI was to strengthen domestic manufacturing interests. Today, it is known as the Ministry of Economy, Trade and Industry.

Hirano describes the model that Japan followed as an administrative State, or a developmental dictatorship – one in which Parliament has less influence and the administration office,



Lessons from Japan

especially in the economic department, significant power to lead the country on a path to high economic growth (Hirano, 2020).

It is said that, in a political system where bureaucracy is given sufficient scope to take initiatives and operate effectively, politicians 'reign', while bureaucrats 'rule'. Japanese bureaucrats were well acquainted with economic and industrial knowledge, and the government bureaucracy attracted the 'brightest and the best' to help to administer and manage the programmes of Japan's developmental State.

Collaboration between the State and big business has long been acknowledged as the defining characteristic of the Japanese economic system. Hirano says there should be closer collaboration between government and business in South Africa, a suggestion with which Professor Tania Ajam, from the School for Public Leadership at the University of Stellenbosch, agrees.

Currently, mutual distrust exists between government and business, as South Africa is only just starting to emerge from a decade of State capture. The damage that State capture inflicted on the South African economy has been laid bare during the response to the Covid-19 pandemic. State capture under the administration of former President Jacob Zuma has destroyed trust and State capacity.

Ajam emphasises that the country needs honest and competent people in government. "When you mention issues around cadre employment, you always get told 'oh, but America does it'. If you look at [US President] Donald Trump and you see the deployment of incompetent cadres, you see why America is bearing the cost now of eroding the State capacity they have" (Ajam, 2020).

The quality and types of bureaucrat also play a vital role in advancing economic development. Individuals in bureaucratic positions must be independent of political and business networks.

"The people we have in the Department of Trade and Industry (DTI) and a lot of these small business agencies have never run a business themselves. They do not have networks in business. All they have is political connectivity. We want to get to the type of bureaucrat who understands politicians, because that is very important, but also understands business people," Ajam says.

This is particularly important if South Africa is to successfully manage the vision it needs its State-owned enterprises (SoEs) to fulfil. The country's SoEs are facing severe financial difficulties and operational problems, yet government has placed these enterprises at the centre of the State developmental agenda. Whereas State-owned power utility Eskom had the potential to play a major developmental role on the African continent, it is now a burden on the fiscus, with debt of R450-billion.

Lessons from Japan

Providing policy support to exports

Export-oriented industrialisation was characteristic of the development of the national economies of Japan and the Asian Tigers in the post-WW2 period. Through export-led growth, governments seek to find a niche in the world economy for a certain type of export. Industries producing this export may receive governmental subsidies and better access to the local markets.

Much of Japan's growth was based on competitive exports of products in which the country had a specific benefit or relative competitive edge. Two of South Africa's export success stories are the motor vehicle industry, which is incentivised by government, and citrus fruit exports. South Africa is currently the world's second-largest citrus fruit exporter.

Export performance, according to former World Bank chief economist, Anne Krueger, is a function of effective government policies. Success with the export-promotion model requires supportive government intervention. However, South Africa will need to be selective in choosing in which sectors it is most likely to have export success. To successfully build an export market, South Africa must start with the industries in which it already has a strong foothold and see how those could be moved up the value chain.

In some areas, such as the automotive sector, as well in the export of table grapes and citrus fruit, the country already has private-sector vibrancy. Government interventions could also be used to further develop sectors such as the labour-intensive renewable-energy industry and fertiliser production. The country already has the skills and some of the infrastructure required in these sectors.

South Africa's current policies and government programmes, including the NDP, the New Growth Path (NGP) and the Industrial Policy Action Plan, call for "developmental trade policies" to encourage and upgrade value-added, labour-absorbing industrial production. The NGP states that South Africa's trade policy should seek to promote exports, while addressing unfair competition towards domestic producers and assisting new activities to achieve competitiveness. It calls for trade policies to become more focused, identifying opportunities for exports in external markets, using trade agreements and facilitation to achieve these (NPC, 2011).

The NDP envisages 6%-a-year export growth by 2030, with non-traditional exports increasing by 10% a year (NPC, 2011).

South Africa's access to global markets is enhanced by its trade agreements, such as the Southern African Development Community (SADC) Free Trade Area, the EU-SADC economic partnership agreement, preferential access to the US market under the African Growth and Opportunity Act, and the new African Continental Free Trade Area.



Lessons from Japan

Promoting food productivity

Raising agricultural productivity and accelerating agricultural growth is a core development strategy employed by developing countries. Japan and other East Asian economies experienced impressive growth in agriculture, sparked by the Green Revolution after WW2. This facilitated rapid industrial expansion and a decrease in relative poverty.

The Green Revolution refers to a series of research, development, and technology transfer initiatives, occurring between the 1940s and the late 1970s that increased agriculture production around the world, beginning most markedly in the late 1960s.

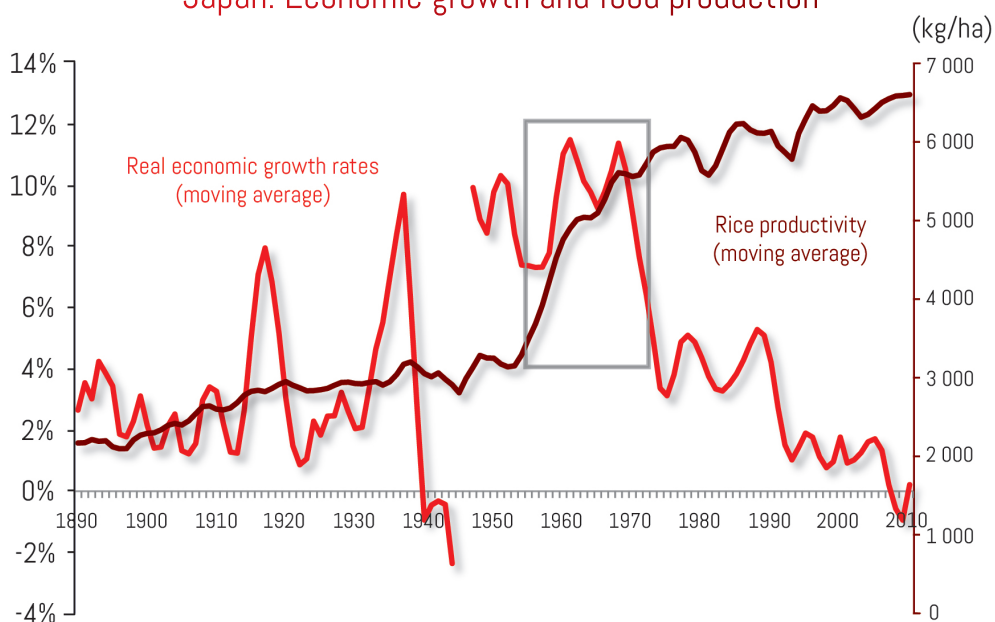
Between mid-1950 and about 1970, Japan's rice production productivity increased sharply (Hirano, 2020).

Food productivity is one of the main reasons for the competitive advantage that East Asian countries have in labour. The cheaper price of food materials makes it possible to lower average wages in the manufacturing sector, which contributes to the competitive advantage of the labour force.

Using price indices of cereals and meat, Hirano points out that between 1985 and 2000, Asia's food prices have remained well below that of Africa (Hirano, 2020).

Food productivity is therefore important to ignite higher economic growth and for the sustainability of society.

Japan: Economic growth and food production



Source: Dr Katsumi Hirano

Lessons from Japan

High productivity brings low price

Price index of cereals

	1985	1990	1995	2000
Africa	0.58	0.88	0.76	0.52
Asia	0.38	0.40	0.46	0.41
Latin America	0.64	0.57	0.66	0.71
Developed countries	1.07	1.42	1.96	1.25

Price index of meats

	1985	1990	1995	2000
Africa	2.87	3.71	2.78	2.54
Asia	1.87	1.78	1.98	1.67
Latin America	1.98	3.24	2.81	2.55
Developed countries	5.14	8.65	8.17	7.32

Source: Dr Katsumi Hirano (citing ILO statistics)

Ajam agrees with Hirano's proposal about improving food productivity. South Africa must improve on its research and development in agriculture to gain better market intelligence, as the effects of climate change and water shortages are becoming more visible in the country.

At the same time, the country also has to address the issue of land reform. Ajam posits that land reform in South Africa has been a failure, arguing that the redistribution of land has not resulted in a redistribution of productive capacity.

Nurturing capital investment

Japan's era of high growth was accompanied by very aggressive investment. Gross fixed capital formation (GFCF) peaked at 38% of its GDP in 1973. In the preceding five years, Japan's yearly GDP growth rate averaged more than 9% (Hirano, 2020).

The NDP envisages GFCF of about 30% for South Africa by 2030. Weighed down by persistent low business confidence, sluggish real economic activity and the further deterioration of the fiscal position, GFCF declined to 17.90% in 2019 – the lowest since 2005 (NPC, 2011).

Although South Africa has invested vast sums in the past decade, the investment has not been productive, partly owing to State capture. To crowd in investment, the public sector must ensure that the investment delivers what is expected.



Lessons from Japan

Ajam emphasises that policy certainty is crucial to attract more private investment. Investors require at least 20-year visibility and certainty that goalposts will not shift. “You cannot have mixed signals – one minute you want to do renewables and the next you suddenly want to go back to nuclear.”

In its post-Covid-19 recovery, government is placing infrastructure at the centre of its economic stimulus, but public finances are under strain. As a result, government will need to signal a consistent, pro-investment message if the private sector is to be expected to play an increasingly important role in financing infrastructure projects.

There are growing calls to amend pension fund regulations to enable more investment in infrastructure. Regulation 28 of the Pension Funds Act limits the extent to which retirement funds may invest in particular asset classes. The aim of this regulation is to ensure that the savings South Africans contribute towards their retirement is invested in a prudent manner and not only protects the retirement fund member, but is channelled in ways that achieve economic development and growth.

Head of the ANC's economic transformation committee, Enoch Godongwana, has said: “If properly packaged, there is no reason why pension funds should not invest in infrastructure directly, instead of using third parties in the form of asset managers.”

Ajam is of the opinion that pension funds could be used more productively for infrastructure investment, noting that this has been done in other countries. The guidelines, however, have to be very stringent to ensure that pension funds do not become a looting pot.

The State-owned Public Investment Corporation, which has about R2-trillion of assets under its management, including that of the Government Employees Pension Fund, has been under pressure from politically connected people who want access to it for sub-optimally productive purposes.

Hirano says that, frankly speaking, South Africa has become “un-investible”.

Conclusion

Although Hirano is hesitant to offer blanket support to the idea of Japanese society and experience being a development model, there are lessons that South Africa can learn from the Japanese experience. His three suggestions for South Africa are:

- Focus on food production.
- Establish an effective developmental State and a social contract.
- Sharpen policy support for exports, as foreign market competition is beyond government discretion and leaves little room for corruption (Hirano, 2020).

South Africa should also extend collaboration between the people who have the political mandate to govern and the professionals involved in policy making and execution. Hirano cites the Japanese model where economic policy was made by professionals in the MITI as an example to imitate (Hirano, 2020).

Further, more tangible ideas on policy, especially around employment, and education and motivation of the younger generation, will go a long way to reinvigorate the economy.

Khanyile has underscored the need to increase the knowledge index of the country and to improve the health outcomes. "You cannot have a well-functioning economy in a population of sick people. Health, education and economic development go hand-in-hand . . ."

Economist, Theo Venter, highlights that South Africa cannot emerge from the Covid-19 pandemic with an "old normal". "We need a normal that is much more effective, more efficient and fairer. We need to establish a normal where each and every South African is part of the long-term future and success of this country."

Swanepoel concludes: "We cannot have transformation of our society, without economic growth. Similarly, you cannot have transformation in society if you do not have social cohesion. For that you need a vision as a nation and you need to have a structured plan that can go from one administration to the next administration."



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The Inclusive Society Institute (ISI) is an autonomous and independent institution that functions independently from any other entity. It is founded for the purpose of supporting and further deepening multi-party democracy.

The ISI's work is motivated by its desire to achieve non-racialism, non-sexism, social justice and cohesion, economic development and equality in South Africa, through a value system that embodies the social and national democratic principles associated with a developmental state. It recognises that a well-functioning democracy requires well-functioning political formations that are suitably equipped and capacitated. It further acknowledges that South Africa is inextricably linked to the ever-transforming and interdependent global world, which necessitates international and multilateral cooperation. As such, the ISI also seeks to achieve its ideals at a global level through cooperation with like-minded parties and organs of civil society who share its basic values.

In South Africa, ISI's ideological positioning is aligned with that of the African National Congress (ANC) and others in broader society with similar ideals.

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