

CRITICAL SOUTH AFRICAN DEBATES



COMPILED BY BRYAN BRITTON

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ACKNOWLEDEMENTS

South Africa today is a tormented country of extremes.

The climate, vegetation, topography and people are diverse. The religions, ideology, language and welfare of the fifty five million people who inhabit this distant tip of Africa are different and disparate.

In fact it is arguably the most disparate nation on earth.

As the country enters its twenty third year of constitutional democracy, the disparity between rich and poor, educated and uneducated, rural and urban, democratic and kleptocratic, Keynesian and Marxist, young and old, tribal and modern, African and European and the compassionate and the greedy, has reached a crescendo.

Unless common sense prevails the young nation will be torn asunder.

My admiration, gratitude and applause is extended to those brave souls of the Fourth Pillar of Democracy, the Free Press, for their selfless contribution to inform, expose, enlighten and guide the nation in its struggle to avoid implosion. In regurgitating their informed articles here I have attempted to attribute the pieces precisely to the authors. Should I have not done so accurately, I do beg their indulgence?

The articles cobbled together in this publication represent erudite commentary on the parlous nature of the South African democracy at this key moment in history. Views and contradictory views have been presented to the reader to ponder and decide on the merits of the issues.

The issues chosen, whilst perhaps not all embracing, do represent current topical debates. Resolution of these issues are paramount if the democratic novice is to progress to maturity.

Bryan Britton

March 31, 2017

ABOUT THE AUTHOR

Bryan Britton

Retired as a Financial Executive in 2005 and turned to writing to express his concerns over the decline in morality in post Mandela South Africa. If not checked South Africa will slide into the morass of failed states that typifies post-colonial Africa.

In 2007 he commenced writing a book called 'Stepping Stones' which was published by Xlibris in the United States of America in 2012.

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The reason for writing the book was twofold. Firstly, it aimed to highlight the ineptitude of the African National Congress in South Africa and the likelihood of that former liberation movement, now government, descending into a typical African kleptocracy.

Secondly, it aimed to bring to the South African voters' attention the need to educate the young South African population and the existence of political mischief aimed at frustrating that critical endeavour.

Two extracts from 'Stepping Stones' are reproduced below in order to give the reader a measure of how far South Africa has strayed since 2007.

.....'this is the challenge that faces all South Africans today, and is one to which I am certain we will all arise" – Nelson Mandela 1994

Hear, hear!! So how are we doing in 2010?

To get a snapshot of our position in 2010 I have relied almost solely on information contained in the March 2008 edition of Leadership magazine, edition 280. In particular I quote directly from an article by the leading scenario planner in the land, Clem Sunter.

"However, as the saying goes, the honeymoon is now over. Staying in the premier league is proving increasingly challenging for South Africa. It demands a more vigorous implementation of the attributes of a winning nation. Greater efficiency in

terms of government delivery is key; as well as a dramatic reduction in crime, especially the threat to personal security and private property. Moreover, transformation of the health system and education system is needed. The reality is that other countries have stepped up to the plate in the global game, accepted the conditions and challenges, and are outperforming South Africa. Amongst these are Sweden, Austria, Denmark, Switzerland, Hong Kong and Singapore, as well as developing nations such as China, Russia, India and the Slovak Republic. They have all closed the gap on the US. In fact, South Africa is now facing relegation, having lost ground to the US along with Indonesia, France, Italy, Argentina, Brazil and Mexico. The proof is forthcoming in three reports released recently that have logged South Africa's decline:

1. The World Economic Forum's (WEF) Global Competitive Index shows a fall for South Africa from thirty-sixth position in 2006 to forty-fourth position in 2007.
2. In the World Bank's Doing Business in 2008 survey of ease-of-doing business rankings South Africa has slipped from twenty-ninth position to thirty-fifth. This is the first time the country has fallen out of the Top 30 since the survey began five years ago.
3. The International Institute of Management Development's Competitiveness Yearbook for 2007 highlights South Africa's 12-place fall from grace. It has descended from thirty-eighth to fiftieth position in a ranking of 55 countries.

Sunter lists 11 uncertainties which could determine the possible outcomes for the country in the 2010s. To paraphrase Sunter these are:

1. Whether South Africa can retain its competitiveness in the global game.
2. Whether we continue to be a generally peaceful society.
3. Whether the Constitution remains sacrosanct and the independence of the media and judiciary remains intact.
4. Whether the land issue can be resolved peacefully.
5. Whether the current electricity and infrastructural problems can be resolved.
6. Whether HIV/Aids can be eradicated.
7. Whether violent crime can be reduced to an acceptable level.
8. Whether the quality of education can be improved.
9. Whether the skills shortage can be overcome.
10. Whether the Zimbabwe debacle can be resolved.
11. Whether South Africa can balance diplomatically between East and West".

Sunter further says that the aforementioned key uncertainties make it difficult to remain globally competitive, given the uncertainty of internal division.

The report card, since Mr Mandela's inauguration 16 years ago, is abysmal. Despite favourable worldwide economic conditions throughout this period and vastly improved collections by the Fiscus (through more of the country's emerging economically active population contributing) progress on the above key issues has at best been pedestrian, and at worst extremely regressive.

Our Government has been responsible for a litany of corrupt, self-serving and dubious decisions including the Travel Scandal, the HIV/Aids Debacle, the Arms Deal cover up and the cover up of the Police Commissioner's shady dealings. Silent support of a neighbouring tyrant, with the blood of his opponents still on his hands, and turning of a blind eye to the illegal immigration problem are further instances of poor governance. However, the soaring incidence of crime and corruption, which takes its lead from Parliament and infiltrates South African society as an evil and arrogant entitlement, is by far the most serious complaint against the ANC government.

All the while, the silent voters of South Africa have patiently and respectfully continued to wait for the better life that they were promised 16 long years ago.

The audit trail also reveals crime, fraud and corruption amongst the new officers in national and provincial spheres of government and serious insolvency and bankruptcy in local government spheres. The legal system, as a result, is creaking under the strain of trying to maintain justice. A Constitutional Court aspirant is currently under suspicion of favouring a political contender and of accepting pecuniary inducement to favour a commercial enterprise. The jury is still out on this one but the last bastion of democracy, fair play and 'good' is about to be subverted. Watch this space.

In this regard, the moral stalwarts of the struggle, Madiba and Tutu, must be cringing at the behaviour of some of their fellow countrymen. The newly appointed group of leaders are not listening to their moral mentors, and should be setting a moral example for the youth of South Africa.

These are the challenges that you young Democrats, of whatever colour and persuasion, face in the not so new South Africa. Your challenge is not only to become productive taxpayers, but also to ensure that state funds are honestly allocated and used for upliftment of the poor, support of the infirm and aged, creation of self-sufficiency in the country, creation of a stable business environment honest administration and so on. In pursuit of these moral objectives the perpetrators of elitism, sloth, greed and the rest of that ugly family of vices, should be rooted out, and voted out.

Icons of the struggle on the African continent against colonialism, racism, white domination and cultural oppression are to be admired and revered-and then committed to history. Their victories have been celebrated. The freedom that some died for has been attained. Now the surviving heroes must graciously bow out and hand over the spoils of war to the communities that they served.

They did not suffer for their own glorification and edification.

They fought so that their sons and daughters could grow up in a non-racial, democratic environment which would ensure a new and economically viable South Africa within Africa and the world.

The history of Africa shows that when the oppressor leaves, he is replaced by an even greater oppressor. In South Africa, colonialism was replaced by apartheid, which has been replaced by African nationalism. Sadly, African nationalism does not mean devolution of power to the lowest common denominator, you the voting South African citizen. African nationalism has shown itself in other African countries to be the worst of the previous white regimes, merely dressed in an elite black face. Our closest neighbour boasts a narrow, super-rich, black class that, whilst blaming former white regimes, has plundered the coffers of the country to leave the once rich and fertile country of Zimbabwe starving, bankrupt and bereft of hope.

Before our all partying, all singing, all dancing former struggle heroes, now elite black rulers, bask too long in the sun with their snouts in the trough, you ordinary voting citizens of South Africa should point north and remind them of Africa's shameful record of black on black oppression.

Remind them, instead of swapping war stories at the country club over claret and grilled partridge wings, to enjoin the new struggle against African elitism, against illiteracy, disease, ignorance, starvation, corruption and the moral decline amongst the youth of this country.

If they do not, the next oppressor may well be from Beijing'.

.....**Chapter on Kleptocracy**

It is regarded as one of the most corrupt countries in the world. In the past number of years, the leaders of this country have stolen more than two and a half trillion rand. The average citizen, on the other hand, today only receives about R100 in income per week.

Recently, administration has been making concerted efforts to tackle corruption. Ministers have been dismissed and the government is committed to change. The money is being ring-fenced to tackle poverty and this spending is very closely monitored. The government has committed that the money should go to the very poorest. The country, with the most dangerous slums in Africa, is seen as having the greatest natural resources on the continent. It is also the one with the highest potential for development.

One can be excused for thinking that we are talking here about South Africa.

The country in question is, of course, Nigeria. South Africa has yet to go through the quagmire that is Nigeria's recent history; a history of untold shame, sorrow and suffering-all at the hands of the kleptocrats.

Kleptocracy derives from the Greek words kleptes, meaning 'thief', and kratos, meaning 'rule'. It is a word used to describe a government widely engaged in

corruption to extend the personal wealth and political power of individuals in the ruling class.

A corrupt and dishonest government, characterised by greed, is described as kleptocratic. Such a government is typically run by rulers who are thieves and who pillage public funds to the detriment of the poor, sometimes without the pretence of offering any form of honest public service. These kleptocrats then exploit a country's natural resources for their own greedy benefit.

The money on which these evil managers of men prey is almost always funds earmarked for the building of public amenities, schools, hospitals, roads, parks and public facilities. Thus the ordinary citizen is prejudiced, inconvenienced and deprived by these selfish kleptocrats.

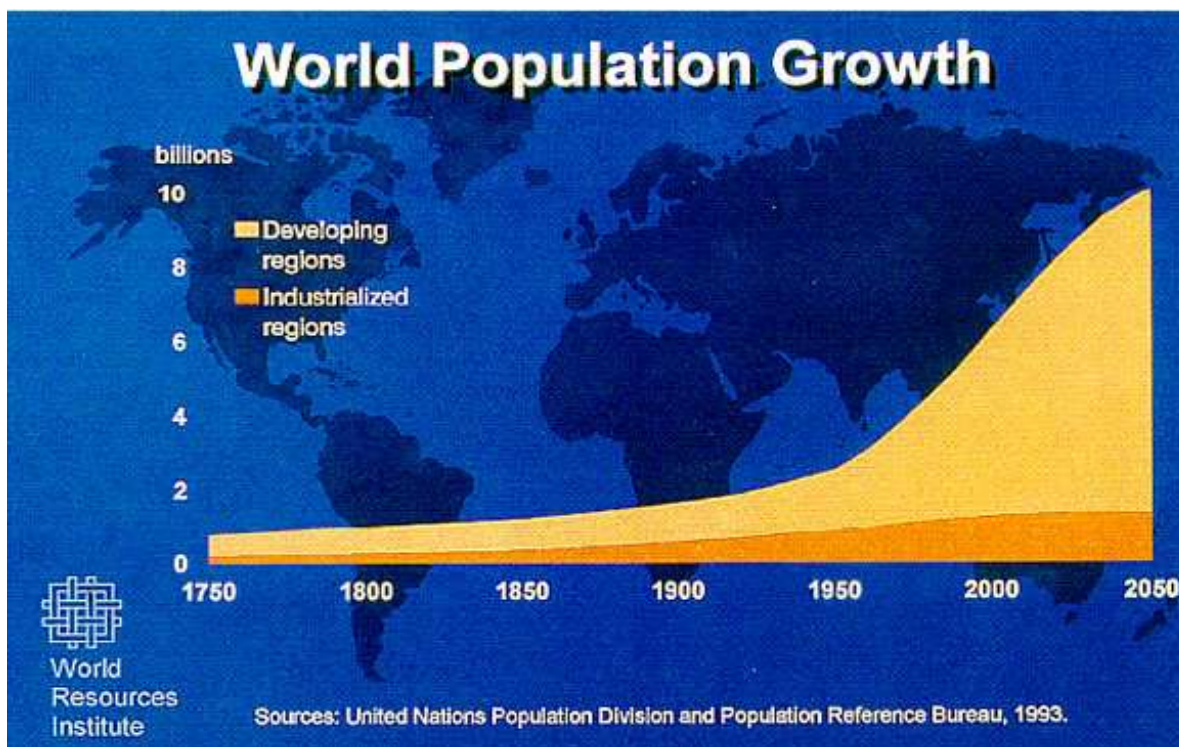
The term 'kleptocrat' was first used in the 1960s to describe the activities of the ruler of the independent Congo, Colonel Joseph Mobutu, who plundered the rich natural resources of that country for his personal benefit. However, the term could equally have applied to his colonial predecessor, King Leopold II of Belgium. It is said that the megacity of Brussels, a European Union bastion, was built with the kleptocratic proceeds of the resources of the Congo Basin.

The story of Africa is one of the Europeans plundering the natural resources of the continent and then, when caught with their hands in the cookie jar, hastily effecting a democratic handover to the most likely African kleptocrat.

This book has urged you young South Africans to develop your own sense of right and wrong, your own morality, your own ethics and your own zone of indifference. This is in the absence of a reliable schooling and education system. It is a ploy of all kleptocrats known to man, to restrain the emerging youth from education, thus guaranteeing for themselves a strata of humanity upon which to prey. Be warned. Be alert. Be careful. Be your own person and be democratic. It has taken Nigeria 40 years to learn this painful lesson'.

FOREWORD

By 1800 World Population had reached one billion people for the first time. This had increased to 2.3 billion by 1950. The statistic exploded to 7.0 billion by 2011 and projections for 2050 anticipate an increase to 9.3 billion people. Further projections of World Population to the year 2100 are in some cases as high as 15.8 billion.



We have seen one billion people in the first eighteen hundred years since the birth of Christ and astoundingly we anticipate an additional fourteen billion eight hundred million people in the three hundred years that follow.

The years 1950 through 2050 are an exponential progression of mans' irrational and irresponsible decision making since the Great War.

This appalling and catastrophic state of affairs is sad testimony to mans' innate fallibility, absolute nativity and delinquent concern for the planet. While projections for the more developed nations are relatively flat, ninety seven percent of this anticipated increase will be experienced in less developed nations.

Most disturbingly 49% of that increment will be experienced in Africa.

And at the foot of that tragic Continent is the fifty fourth country to be de-colonized – South Africa.

SOUTH AFRICA

Savage Nobles

Bryan Britton

February 2017

I was born in South Africa. My parents are South African. My children are South African. We carry no passports other than South African ones. My grandparents were naturalised South Africans being originally from Europe – England, Ireland, Holland and Germany to be specific. They were attracted here, invited here, offered citizenship here, accepted here, employed here and happy here.

At no stage were they part of a foreign marauding tribe that dispossessed anybody.

They observed the laws of the land, worked hard, bought land, built houses, paid taxes, educated their children and loved their adopted country South Africa. They fought as South African troops in the two great wars. They absorbed the derision, scorn and sanction meted by the international community in the Apartheid years between 1948 and 1994 even though they voted against the governing party of the day. They never once supported nor condoned the policy of separate development.

I am South African and proud of it.

Why then are certain ANC Parliamentarians telling me to go back where I came from? I came from here, South Africa. I have no other country that I call home. This is the country in which I was born and I still live here.

There are a lot of South Africans in a similar position. We are stuck in a declining country that we used to call home. Once the domain of the noble savage it has become the enclave of the savage nobles.

South Africa has become a typical African Kleptocracy in its decline to third world standards through greedy elitism and black on black suppression. The governing party has surrendered the country's position as the leading nation on the African Continent to become a mere also-ran.

We expected too much in 1994. With the collapse of communism, we anticipated that with the ANC under Mandela, South Africa would subscribe to Western Democracy. For a while under him and later Mbeki, we did just that. We applied Western Economic Policies and stepped back from the economic precipice upon which we were finely balanced.

Under Zuma that all changed. We are now in bed with Indian Gangsters, Russian Oligarchs, Chinese Colonialists, Impoverished Brazilians and anyone else who will pay Zuma and his cronies enough money.

Who stole my country?

White South Africa faces adapt or die moment as ANC talks up radical economic transformation

Gerhard Papenfus

He is the Chief Executive of the National Employers' Association of South Africa (NEASA). He wrote this in his personal capacity.

Facing the next key fight for his political future, a cornered President Jacob Zuma has this year decided to notch up rhetoric on 'radical economic transformation'. As part of this call and amid the Zuptoids' growing use of terminology such as 'white monopoly capital', Zuma recently sparked further scares in the local and international investment communities with his comments on the need for expropriation of land without compensation in South Africa. Despite the topic of land expropriation being excluded from the ANC's just published policy discussion documents, the ruling party's top-brass in its power base of KwaZulu-Natal want the topic on the table when it meets at its policy conference in June. Of course, one only needs to look to South Africa's neighbor to the north to realize how land expropriation without compensation can plunge a country into crisis, kill its agricultural sector and drive millions of black and white citizens elsewhere to continue their livelihoods. In this piece below, Gerhard Papenfus, of the National Employers' Association of South Africa (NEASA) explains how now is not the time for whites in South Africa – across their various income brackets and status in society – to succumb to constant attacks but rather stand up, overcome their prejudices, embrace non-racialism and help to contribute to South African society. – Stuart Lowman

'Whites' – a human phenomenon with a unique connotation in South Africa – is not a homogeneous entity; they are a very diverse group. Among them are the rich and the poor; from very rich to very poor. They fit into all the status strata in society, from very important to where they are deemed to no longer count. Some have benefitted through apartheid, others didn't. Some found a way to survive and even prosper in the New South Africa, others can't. Some speak English and others Afrikaans and somehow this is still an issue. Some have two passports and others don't. Some want to leave South Africa, but can't; others can but choose to stay. Some are racist; others less so. I find myself somewhere among all of this.

Gerhard Papenfus – chief executive of NEASA, voice of South African employers in the SMME sector.

For some reason writing a piece of this nature is an uncomfortable exercise. There are two reasons for this. The one is that I've never been into fighting for a group based on its color, and then there's this subtle expectation for me to remain silent, not to do the unpopular thing, not speaking my mind, but to take what's coming my way and to take my punishment for the sins of my forebears. Within my relative safety I am therefore tempted to remain quiet, hoping things will get better on its own, but quietly knowing it won't, unless I, and others like me, make a difference.

Within the space South Africa finds itself, anti-white rhetoric is acceptable – even popular – the promotion of all-out black empowerment is applauded while the protection of anything white amounts to racism. This situation is so dire that the massacre of white farmers (under cover of the lack of condemnation and political will at the top) has almost become a non-event, even among Whites. We hear about it, we're getting used to it, there's nothing we can do about it and we move on. Whites have adhered to a subtle broad social expectation to remain quiet; as if we are not allowed to speak out, to honestly say how we feel, in case we might be branded as racists. It is after all not pleasant to be called a racist, even coming from another racist.

In the State of the Nation address on 9 February 2017, the State President made it abundantly clear that all possible measures available to the state will be utilized to transfer resources, in all its facets, away from Whites – in terms of the ANC's program of 'radical economic transformation'. The eventual outcome of this policy is articulated in the ANC's National Democratic Revolution, which apportions to Whites (and Indians), in respect of every element of society, according to their demographic representativity – a 'life quota' of 9 percent for Whites, 9 percent for Coloreds and 2 percent for Indian people, a never ending race based scheme, the so-called 'seamless transition'.

To restrict any group or nation into such an economic, social and educational cage, notwithstanding its contribution and abilities, is not transformation. This policy

amounts to legalized genocide, in every respect except physical annihilation. For people subjected to this societal arrangement, even the privilege to vote is meaningless.

Whites find themselves in a very perplexing situation. One side of their experience is similar to that of the Jews in the German pre-genocide period, during the process of the radical erosion of all Jewish related economic activity. This process was of course followed by genocide – because envy, hatred and the emotion of revenge is never content. Ironically, it is also expected of Whites to carry guilt similar to those who were responsible for the genocide. This is quite surreal.

Although all this sounds very dooming, this is not the case. Finding oneself in such a situation is a character building adventure, albeit very challenging; a dilemma to be envied by anyone desiring a full life. Whites, now more than ever, have the opportunity to find meaning and fulfilment. Since they will henceforth constantly be sailing in uncharted waters, they will be forced to turn their focus away from self-enrichment and security, to a more noble cause – fulfilling their initial calling; not to do what is only in their best interest, but according to what is right – more than ever to contribute to make South Africa a better place for all. If you're white, and if you desire true adventure, a life and death struggle, then South Africa is the place to be.

Whites will have to adapt to the new reality where fulfilment and meaning is found within constant inhospitable circumstances, where all obvious resources, which were more easily accessible in the past, will now be the target for redistribution policies and therefore no longer be accessible for Whites (and perhaps also not for Coloreds and Indians, and all other minorities). As it is, even Black people who are not prepared to engage in unethical trade, is finding access to elements of the 'radical transformed economy' very challenging.

Whites, at least those who are prepared to adapt to this new environment, will discover that for every door shut, another one will open – even wider; but to enter this door new sets of values will be required – among them faith, hope, sacrifice and utmost perseverance.

Whites will make an even bigger contribution, but now under circumstances where their ability to do so will be under constant attack. They will adapt to constant uncertainty, but will execute their calling notwithstanding. They will therefore have to venture into areas never been explored before, approach things differently, risk more and above all embrace this big opportunity, which on the surface appears to be extremely adverse.

So, going forward, we Whites – at least those of us who are prepared to adapt to this new reality – will not succumb, in fact cannot do so, because if we do, we will simply become extinct. We will therefore put up the fight of our lives, only this time round the right fight – we will fight where the real fight is:

- we will begin with ourselves: we will search our own hearts for traces of selfishness, racism and prejudice; we will value all South Africans and do unto them as we would have them do unto us. This approach, executed in the most adverse circumstances, will be more effective than legislative 'reform' and will make this nation the shining beacon of the world;
- since we know that the kind of 'radical economic transformation' now envisaged will result in increased misery, we will, within constitutional boundaries, continue to protest against it, not only because we will be affected by these policies, but for the sake of those who do not have a voice, as well as those who are misled into believing that the current form of transformation is to their benefit;
- realizing the uncertainty, passing and empty nature of materialistic means, we will adjust our purpose from not only protecting that what is valuable to us, but also to what is in the best interest of all South Africans; we will rid ourselves of the burden of the 'stuff', adopt a more simple way of life and focus more on how we can contribute, rather than on what we can gain;
- we will see our materialistic concerns for what it is and, instead of fearing the loss we may encounter, embrace the current changes and adversity as an opportunity to gain much more in terms of what really counts;

- we will recognize that, in any event, what we have is only temporary and, putting comfort and any form of arrogance behind us, serve as stewards for the greater purpose;
- we will accept the fact that the world, not only the one we live in, is constantly changing and that the wheel is constantly turning, that we cannot go back, in fact, we do not want to go back, because life moves on and so should we. Whites therefore will commit to a new way of seeing, understanding and doing; and
- we will accept the challenge of a very insecure future and seize the opportunities which will bring the very best out of us, equipping us for whatever the future demands.

Therefore, instead of retreating into our shells, we will shed all traces of self-entitlement, we will create real wealth (opposed to wealth redistribution), we will continue to provide employment and create jobs, provide food for the nation, sustain our families and, above all, draw on God's wisdom and His blessing in order to fulfil our calling.

South Africa is finally African

Prince Mashele

Prince Mashele is a South African national and has a Master's Degree in Political Science from Rhodes University; he has lectured in the Dept of Political Science at the University of Pretoria ; he has been Executive Director of the Centre for Politics and Research and Senior Research Fellow at the Centre for the Study of Governance Innovation ; he was speechwriter for President Thabo Mbeki ; he writes regularly for the Mail & Guardian and The Sowetan ; his book of 2014 'The Fall of the ANC : what next' was a best seller.

In the midst of the political confusion that has gripped our country many people are wondering if we have finally come to the end of South Africa. The answer is simple: the thing called an "end" does not exist, not in relation to a country. South Africa will be there long after Jacob Zuma is gone.

What Zuma has done is to make us come to the realisation that ours is just another African country, not some exceptional country on the southern tip of the African continent.

During the presidency of Nelson Mandela and Thabo Mbeki, some among us used to believe that the black people of South Africa are better than those of other African countries. We must all thank Zuma for revealing our true African character; that the

idea of rule of law is not part of who we are, and that constitutionalism is a concept far ahead of us as a people.



How else are we to explain the thousands of people who flock to stadiums to clap hands for a president who has violated their country's constitution? Such people have no idea of constitutionalism.

Now that we have reclaimed our place as another African country, we must reflect on and come to terms with our real character, and imagine what our future portends. In a typical African country, ordinary people don't expect much of politicians because people get tired of repeated empty promises.

In a typical African country, people have no illusions about the unity of morality and governance. People know that those who have power have it for themselves and their friends and families.

The idea that the state is an instrument for people's development is a Western concept, and has been copied by pockets of Asian countries.

Africans and their leaders don't like to copy from the West. They are happy to remain African and do things "the African way".

The African way is rule by kings, chiefs and indunas in a setting of unwritten rules. Is there anyone who has seen a book of African customary laws?

The idea that a commoner can raise questions about public money spent on the residence of a king is not African. The ANC MPs who have been defending Zuma are true Africans.

Asking a ruler to be accountable is a foreign - Western - idea. In a situation where there is conflict between a ruler and laws, Africans simply change the laws to protect the ruler. This is why no single white person has called for King Dalindyebo to be released from jail.

The problem with clever blacks is that they think they live in Europe, where ideas of democracy have been refined over centuries.

What we need to do is to come back to reality, and accept that ours is a typical African country. Such a return to reality will give us a fairly good idea of what SA's future might look like.....



This country will not look like Denmark. It might look like Nigeria, where anti-corruption crusaders are an oddity. Being an African country, ours will not look like Germany. SA might look like Kenya, where tribalism drives politics.

People must not entertain the illusion that a day is coming when SA will look like the United States. Our future is more on the side of Zimbabwe, where one ruler is more powerful than the rest of the population. Even if Julius Malema were to become president, it would still be the same. African leaders don't like the idea of an educated populace, for clever people are difficult to govern.

Mandela and Mbeki were themselves corrupted by Western education.

Zuma remains African. His mentality is in line with Boko Haram. He is suspicious of educated people; what he calls "clever blacks". Remember that Boko Haram means "Against Western Education".

The people who think we have come to the end of SA don't realise that we have actually come to the beginning of a real African country, away from the Western

illusions of exceptionalism. Those who are unsettled by this true African character need help. The best we can do for them is to ask them to look north of the Limpopo River, to learn more about governance in Africa.

What makes most people restless about the future of SA is that they have Western models in mind, forgetting that ours is an African country. The idea that a president can resign simply because a court of law has delivered an adverse judgment is Western. Only the Prime Minister of Iceland does that; African rulers will never do that.

Analysed carefully, the notion of SA coming to an "end" is an expression of a Western value system - of accountability, political morality, reason, and so on.

All these are lofty ideas of Socrates, Kant, Hegel, and so on. They are not African.

All of us must thank Jacob Zuma for introducing us to the real African Republic of South Africa, not some outpost of European values'.

So, I'm thinking, does that mean that as a nation we should accept mediocrity? Should we happily move from the powerhouse of Africa to a lowly also ran? Should we surrender our claim to First World Status to become a more comfortable basket case developing nation?

Should we not aspire to become the best that we can be as a nation – Bryan Britton

Only a matter of time before the bomb explodes

By Moletsi Mbeki

Mbeki is the author of Architects of Poverty: Why African Capitalism Needs Changing. This article forms part of a series on transformation supplied by the Centre for Development and Enterprise.

I can predict when SA's Tunisia Day will arrive. Tunisia Day is when the masses rise against the powers that be, as happened recently in Tunisia. The year will be 2020, give or take a couple of years. The year 2020 is when China estimates that its current minerals-intensive industrialisation phase will be concluded. For SA, this will mean the African National Congress (ANC) government will have to cut back on social grants, which it uses to placate the black poor and to get their votes. China's current industrialisation phase has forced up the prices of SA's minerals, which has enabled the government to finance social welfare programmes.

The ANC is currently making SA a welfare state and tends to forget that there is only a minority that pay all the taxes. They are often quick to say that if people (read whites) are not happy they should leave. The more people that leave, the more their tax base shrinks. Yes, they will fill the positions with BEE candidates (read blacks), but if they are not capable of doing the job then the company will eventually fold as well as their new tax base. When there is no more money available for handouts they will then have a problem because they are breeding a culture of handouts

instead of creating jobs so people can gain an idea of the value of money. If you keep getting things for free then you lose the sense of its value.

The current trend of saying if the west won't help then China will is going to bite them. China will want payment – ie land for their people and will result in an influx of Chinese (there is no such thing as a free lunch!) The ANC inherited a flawed, complex society it barely understood; its tinkering with it are turning it into an explosive cocktail.

The ANC leaders are like a group of children playing with a hand grenade. One day one of them will figure out how to pull out the pin and everyone will be killed. ...and 20 years on they still blame apartheid but have not done much to rectify things – changing names etc only costs money that could have been spent elsewhere.

A famous African liberation movement, the National Liberation Front of Algeria, after tinkering for 30 years, pulled the grenade pin by cancelling an election in 1991 that was won by the opposition Islamic Salvation Front. In the civil war that ensued, 200,000 people were killed. The 'new' leaders are forgetting the struggle heroes and the reasons for it – their agenda is now power and money and it suits them for the masses to be ignorant – same as Mugabe did in Zim. If you do not agree with the leaders then the followers intimidate you.

We all accept that a socialist model, along the lines of the Soviet Union, is not workable for SA today. The creation of a state-owned economy is not a formula that is an option for SA or for many parts of the world. Therefore, if we want to develop SA instead of shuffling pre-existing wealth, we have to create new entrepreneurs, and we need to support existing entrepreneurs to diversify into new economic sectors.

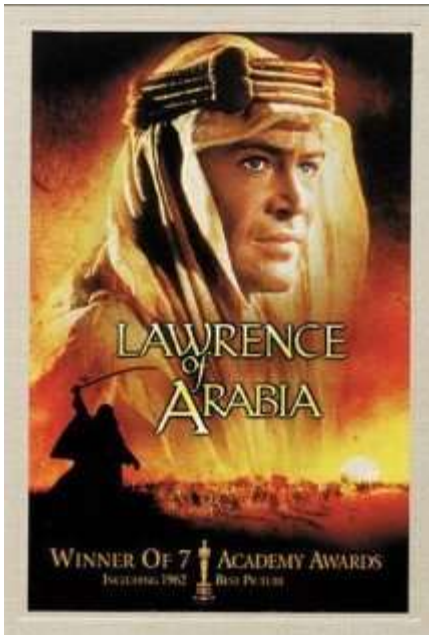
Make people work for their hand-outs even if it means they must sweep the streets or clean a park – just do something instead of getting all for nothing. Guaranteed there will then be less queuing for hand-outs because they would then be working and in most instances they do not want to work – they want everything for nothing.

And in my opinion the ANC created this culture before the first election in 1994 when they promised the masses housing, electricity etc. – they just neglected to tell them that they would have to pay for them. That is why the masses constantly do not want to pay for water, electricity, rates on their properties – they think the government must pay this – after all they were told by the ANC that they will be given these things – they just do not want to understand that the money to pay for this comes from somewhere and if you don't pay you will eventually not have these services.

And then when the tax base has left they can grow their mielies in front of their shack and stretch out their open palms to the UN for food hand-outs and live a day to day existence that seems to be what they want – sit on their arse and do nothing.

THE SEVEN PILLARS OF WISDOM

The Seven Pillars of Wisdom is the autobiographical account of the experiences of the British soldier T. E. Lawrence, aka Lawrence of Arabia, while serving as a liaison officer with rebel forces during the Arab Revolt against the Ottoman Turks of 1916 to 1918. The title comes from the Book of Proverbs, 9:1: "Wisdom hath builded her house, she hath hewn out her seven pillars."



The Seven Pillars of Wisdom is an account of his experiences when Lawrence was based in Wadi Rum (now a part of Jordan) as a member of the British Forces of North Africa. With the support of Emir Faisal and his tribesmen, he helped organize and carry out attacks on the Ottoman forces from Aqaba in the south to Damascus in the north. Many sites inside the Wadi Rum area have been named after Lawrence to attract tourists, although there is little or no evidence connecting him to any of these places, including the famous rock formations near the entrance now known as 'The Seven Pillars'

Today, T.E. Lawrence remains one of the most iconic figures of the early 20th century. His life has been the subject of at least three movies—including one considered a masterpiece—over 70 biographies, several plays and innumerable articles, monographs and dissertations. His wartime memoir *The Seven Pillars of Wisdom*, having been translated into more than a dozen languages, remains in print nearly a full century after its first publication. As Gen. Edmund Allenby, chief British commander in the Middle East during World War I, noted, 'Lawrence was first among equals. There is no other man I know who could have achieved what Lawrence did.'



'Wisdom hath builded her house, she hath hewn out her seven pillars.'
Proverbs 9:1

I, wisdom, dwell together with prudence;
I possess knowledge and discretion.

To fear the LORD is to hate evil; I hate pride and arrogance, evil behavior and perverse speech. Counsel and sound judgment are mine; I have understanding and power.

In summary therefor:

The Seven Pillars of Wisdom

Prudence

Knowledge

Discretion

Fear of God

Counsel

Sound Wisdom

Understanding

The foundation of the house of wisdom is "the fear of the Lord . . . the beginning of wisdom" Proverbs 9:10. One does not finally reach the Lord through much study and the acquisition of much wisdom. The fear of the Lord is the very "beginning of wisdom." Without a reverent trust in the God of creation and redemption, there can be no true wisdom. "For other foundation can no man lay than . . . Jesus Christ." 1 Corinthians 3:11.

Then, erected upon this foundation and supporting all the superstructure of the "house of wisdom" are seven mighty pillars, or columns. But what are these? The answer seems to be found in that New Testament book of wisdom, the Book of



James, where it is said that, "If any of you lack wisdom, let him ask of God" James 1:5. Then, "a wise man and endued with knowledge . . . will show out of a good conversation his works with meekness of wisdom." James 3:13.

Finally, the seven great pillars seem to be listed in James 3:17: "But the wisdom that is from above is first pure, then peaceable, gentle, and easy to be entreated, full of mercy and good fruits, without partiality and without hypocrisy." The first in the list or central column, carrying more weight than any of the other columns in the structure, is purity. Then there are six outside pillars. One is peaceableness; the next is gentleness; then comes reasonableness ("easy to be entreated"). The next phrase, "full of mercy and good fruits," connotes helpfulness. The term for "without partiality" actually means humility, and then the final pillar is sincerity.

Thus a life of genuine wisdom is a life founded upon the fear of the Lord and supported by genuine purity, peaceableness, gentleness, reasonableness, helpfulness, humility, and sincerity.

Such a house will never fall.

THE FATHER OF DEMOCRACY

Plato was a student of Socrates and a teacher of Aristotle. His writings explored justice, beauty and equality, and also contained discussions in aesthetics, political philosophy, theology, cosmology, epistemology and the philosophy of language. Plato founded the Academy in Athens, one of the first institutions of higher learning in the Western world.



He compares the State to a Ship

Plato compares the state to an elaborate and expensive ship. A ship, to accomplish a safe and successful journey, needs an expert navigator at the helm, a captain who knows the capacities of the vessel, geography, meteorology, water currents, navigational astronomy, supplies management, and other related matters. An ignorant and untrained person at the helm of a ship would endanger vessel, cargo, crew, and passengers alike. Similarly, Plato suggests, the ship of state needs expert governors at the helm,

governors who are well informed about such things as law, economics, sociology, military strategy, history, and other relevant subjects.

Ignorant and incompetent governors can be and have been disasters for both citizens and their states.

Plato Philosopher and Writer

Born 428 BCE – Died 348 BCE

“All the gold which is under or upon the earth is not enough to give in exchange for virtue.”

CONSTITUTIONAL DEMOCRACY EXPERIMENT

South Africa's attainment of constitutional democracy in 1994 ended forty eight years of white rule and put an end to the abhorrent Apartheid regime. The twenty three years since have been paved with good and bad intentions and good and bad governance.

In the collection of key statements below it can be seen how South Africa veered during this period from typical Western Democracy to typical African Kleptocracy.

Key Statements

"Moreover, as violence diminishes, as criminal and terrorist activities cease, and as the process of dialogue and communication acquires greater momentum, there would be little need to keep those affected in detention or prison. The implementation of the principles I have stated today can have far-reaching effects on us all. I believe that we are today crossing the Rubicon. There can be no turning back. We now have a manifesto for the future of our country, and we must embark on a programme of positive action in the months and years that lie ahead. The challenges we face call for all concerned to negotiate in a spirit of give and take. With mutual goodwill we shall reach our destination peacefully" **PW Botha**



The saboteurs had planned the manufacture of at least seven types of bombs: 48 000 anti-personnel mines, 210 000 hand grenades, petrol bombs, pipe bombs, syringe bombs and bottle bombs.

A document was produced during the Court case in Mandela's own handwriting in which he stated:

"We Communist Party members are the most advanced revolutionaries in modern history ... The enemy must be completely crushed and wiped out from the face of the earth before a Communist world can be realised". **Nelson Mandela**

In passing sentence at the time, the Judge, remarked:

"The crime of which the accused have been convicted that is the main crime, the crime of conspiracy, is in essence one of high treason. The State has decided not to charge the crime in this form. Bearing this in mind and giving the matter very serious consideration, I have decided not to impose the supreme penalty which in a case like this would usually be the proper penalty for the crime." **Justice De Wet**

"Today we are entering a new era for our country and its people. Today we celebrate not the victory of a party, but a victory for all the people of South Africa". **Nelson Mandela**

"The South Africa we have struggled for, in which all our people, be they African, Coloured, Indian or White, regard themselves as citizens of one nation, is at hand" **Nelson Mandela**

"To raise our country and its people from the morass of racism and apartheid will require determination and effort. As a government, the ANC will create a legal framework that will assist, rather than impede, the awesome task of reconstruction and development of our battered society.



While we are and shall remain fully committed to the spirit of national unity, we are determined to initiate and bring about the change that our sacred mandate from the people demands". **Nelson Mandela**

"We place our vision of a new constitutional order for South Africa on the table not as conquerors, prescribing to the conquered. We speak as fellow citizens to heal the wounds of the past with the intent of constructing a new order based on justice for all. This is the challenge that faces all South Africans today, and is one to which I am certain we will all arise". **Nelson Mandela**

"I speak of the generation represented pre-eminently by our outgoing President, Nelson Mandela - the generation of Oliver Tambo, Walter Sisulu, Govan Mbeki, Albertina Sisulu, Ray Alexander and others.

Fortunately, some of these titans are present here today, as they should be. None of us can peer into their hearts to learn what they feel as this infant democracy they



brought into the world begins its sixth year of existence. As the sun continues to rise to banish the darkness of the long years of colonialism and apartheid, what the new light over our land must show is a nation diligently at work to create a better life for itself". **Thabo Mbeki**

"No longer capable of being falsely defined as a European outpost in Africa, we are an African nation in the complex process simultaneously of formation and renewal. And in that process, we will seek to educate both the young and ourselves about everything all our forebears did to uphold the torch of freedom". **Thabo Mbeki**

"Today, as I take this solemn Oath of Office as the Fourth President of the Republic of South Africa, I do so deeply conscious of the responsibilities that you, the people of our country are entrusting in me.

I commit myself to the service of our nation with dedication, commitment, discipline, integrity, hard work and passion.



Compatriots, today, we enter a new era in the history of our nation, imbued with a resolve to do everything within our means to build a better life for all our people. Today, we renew our struggle to forge a nation that is at peace with itself and the world. As we rejoice in being surrounded by our friends from all over the world, we reiterate

our gratitude for the sterling contribution of the international community to our struggle for freedom". **Jacob Zuma**

"Let us build a nation that remains forever mindful of its history, of those who have sacrificed so much, and the many that put down their lives so we can be here today.

A nation filled with the laughter and joy of children.

A nation filled with a hope born of the knowledge that if we work together, we will achieve our dreams". **Jacob Zuma**

“At the same time, the Economic Freedom Fighters have presented their demands to the bastions of the capitalist establishment and answers will be eagerly awaited. Money has to be found for all these causes just as our economy is slowing down and the government is drawing down its reserves. The “South African Spring” could not have happened at a worse time.

Yet the plain fact is that the Born Frees which now represent over half our population are not free at all.

They may be entitled to vote but that is about it. Economic freedom, or the opportunity to build a satisfactory life for oneself as well as ones family, is a distant dream. It now requires some revolutionary new ideas that are not just hidden away on the internet in some lengthy document. Those ideas need to be itemised into a readable plan as inspiring as the Freedom Charter and converted into action, starting now”. **Clem Sunter**

“I do not mind whether you call it citizen capitalism or creating a new generation of industrialists as long as the principle becomes the centrepiece of implementing the



National Development Plan. For if it does not happen, the breaking news at the end of this year will be that we are nearer to being a failed state - in our own eyes and in the eyes of the rest of the world”.

Clem Sunter

“The ANC is currently making SA a welfare state and tends to forget that there is only a minority that pay all the taxes. They are often quick to say that if people (read whites) are not happy they should leave. The more people that leave, the more their tax base shrinks. Yes, they will fill the positions with BEE candidates (read blacks), but if they are not capable of doing the job then the company will eventually fold as well as their new tax base. When there is no more money available for handouts they will then have a problem because they are breeding a culture of handouts instead of creating jobs so people can gain an idea of the value of money”.

Moeletsi Mbeki

“We all accept that a socialist model, along the lines of the Soviet Union, is not workable for SA today. The creation of a state-owned economy is not a formula that is an option for SA or for many parts of the world. Therefore, if we want to develop SA instead of shuffling pre-existing wealth, we have to create new entrepreneurs, and we need to support existing entrepreneurs to diversify into new economic sectors”. **Moeletsi Mbeki**

“And then when the tax base has left they can grow their mielies in front of their shack and stretch out their open palms to the UN for food hand-outs and live a day to day existence that seems to be what they want – sit on their arse and do nothing”. **Moeletsi Mbeki**

“The President is the Head of State and Head of the national Executive. His is indeed the highest calling to the highest office in the land.

Only upon him has the constitutional obligation to uphold, defend and respect the Constitution as the supreme law of the Republic been expressly imposed.

Unsurprisingly, the nation pins its hopes on him to steer the country in the right direction and accelerate our journey towards a peaceful, just and prosperous destination.

He is a constitutional being by design, a national pathfinder, the quintessential commander-in-chief of State affairs and the personification of this nation’s constitutional project”. **Chief Justice Mogoeng**

“In sum, Parliament is the mouthpiece, the eyes and the service-delivery-ensuring machinery of the people. No doubt, it is an irreplaceable feature of good governance in South Africa.



On a proper construction of its constitutional obligations, the National Assembly was duty-bound to hold the President accountable by facilitating and ensuring compliance with the decision of

the Public Protector. The ineluctable conclusion is therefore, that the National Assembly’s resolution based on the Minister’s findings exonerating the President from liability is inconsistent with the Constitution and unlawful”. **Chief Justice Mogoeng**

“Our constitutional democracy can only be truly strengthened when: there is zero-tolerance for the culture of impunity; the prospects of good governance are duly enhanced by enforced accountability; the observance of the rule of law; and respect for every aspect of our Constitution as the supreme law of the Republic are real.

The rule of law requires that no power be exercised unless it is sanctioned by law and no decision or step sanctioned by law may be ignored based purely on a contrary view we hold.

It is not open to any of us to pick and choose which of the otherwise effectual consequences of the exercise of constitutional or statutory power will be disregarded and which given heed to". **Chief Justice Mogoeng**

"The misuse of public funds to finance some of the renovations at President Jacob Zuma's private home at Nkandla will almost certainly not be the main blot on his presidency. The massacre of 34 miners by the police at Marikana (and the manner in which politicians and police leaders attempted to avoid being held responsible for the massacre) will, in time, almost certainly come to be viewed as the worst aspect of President Zuma's tenure as head of state". **Pierre De Vos**

"The Public Protector's State Capture Report contains damning facts – often corroborated by other witnesses or objective evidence like cell phone records – which directly implicate President Jacob Zuma in breaches of the Executive Members Ethics Act and the Prevention and Combatting of Corrupt Activities Act". **Pierre De Vos**



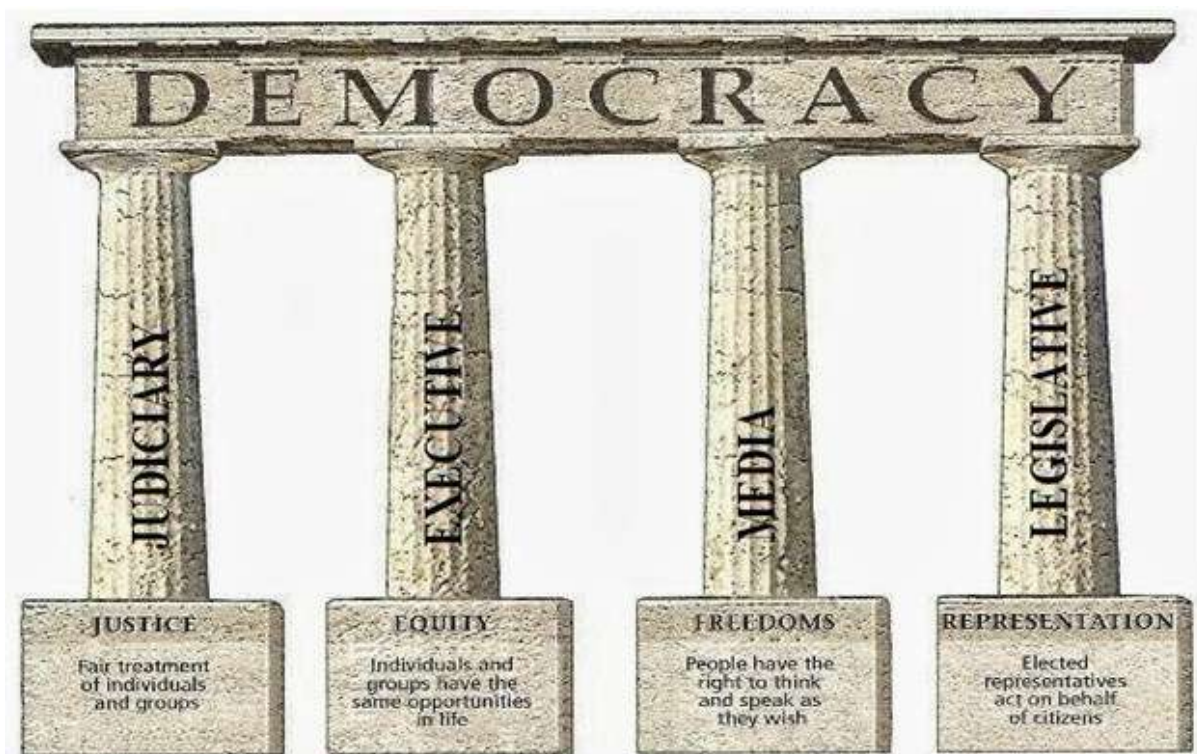
"If the President and others implicated in the Report challenge its legality and refuse to respond in detail to the incriminating facts against them, ordinary citizens will assume that this silence is an admission of wrongdoing". **Pierre De Vos**

"South Africa's unemployed youth are exhausted, starving and angry as they await a moment in time when, after twenty three years in power, the African National Congress actually governs the country" **Bryan Britton**

FREEDOM OF THE PRESS

What is the role of the free press in strengthening democracy, good governance, and human development?

Liberal theorists have long argued that the existence of a unfettered and independent press within each nation is essential in the process of democratization, by contributing towards the right of freedom of expression, thought and conscience, strengthening the responsiveness and accountability of governments to all citizens, and providing a pluralist platform and channel of political expression for a multiplicity of groups and interests.



The guarantee of freedom of expression and information is recognized as a basic human right in the Universal Declaration of Human Rights adopted by the UN in 1948, the European Convention on Human Rights, the American Convention on Human Rights, and the African Charter on Human and Peoples' Rights. In particular, Article 19 of the 1948 Universal Declaration of Human Rights states: "Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas positive relationship between the growth of the free press and the process of democratization is thought to be reciprocal.

Overall the cross-national analysis lends considerable support to the claims of liberal theorists about the critical role of the free press, as one of the major components buttressing democratic transitions and consolidation. The independent media

functions as another check and balance on government although it remains unclear which of the roles of the free press – as watch-dog, as civic forum or as agenda-setter – is most important in this relationship. Plausibly, for example, the effectiveness of the press as watch-dogs should have the greatest impact upon stamping out corruption and promoting transparency and freedom of information, while their function in calling attention to social problems should influence government responsiveness to policy problems.

The clear and present dangers to the free press in South Africa

Ismail Lagardien

October 20, 2016

South Africa may be approaching a time and a type of censorship that very few of us would, in principle and in practice, continue to resist. There may come a time when the vast majority of us may consider censorship and media restrictions as necessary, even 'commonsensical', and freedom of expression as a luxury and a privilege.

Most of us who have been in journalism for an extended period gave pause for reflection on Monday. It was 19 October, what we have come to know as Black Wednesday, in remembrance of the day in 1977, when the state banned three newspapers, and jailed anti-apartheid activists and journalists.

Many discussions across the country will have considered the frightening ways in which states directly or indirectly intervene in the free flow of information. These concerns are real; the reality is defiant and it is becoming increasingly justified, as part of the crudest sense of nationalism, patriotism and misplaced loyalties.

In this way, then, we may be approaching a time and a type of censorship that very few of us would, in principle and in practice, continue to resist. There may come a time when the vast majority of us may consider censorship and media restrictions as necessary even 'commonsensical', and freedom of expression as a luxury and a privilege. Evidence suggests that things will get worse, and probably not return to the way they were in the first 10 years of our democracy – not in our lifetime, anyway.

There are at least three main threats facing the news media in South Africa:

- Direct state intervention through regulatory or tribunal mechanisms;
- Co-option by various means of coercion and consent;
- Corporate strategies redirecting investment away from news media especially print media, which may hasten the attrition rate of working journalists.

These threats are interwoven, and are impossible to understand independently. Let's start, then, with attrition and co-option.

There is what may be described as a natural attrition rate among journalists. This attrition starts at graduation from university, after which very many journalism or communications students end up in marketing, public relations or other non-media jobs. I have no data at hand, but most people in the business may agree that the crop of journalists that start out in a newsroom invariably changes over time, with people leaving the craft for any range of reasons. In some ways historical patterns should not concern us here. What should be emphasised is that if the craft is not made attractive, and the news media is not strengthened, and it is no longer vibrant and independent, you might not get very many new cadets.

Second-stage attrition, in this discussion at least, is that journalists simply leave for greener pastures. This may be attributed to several things; low pay, long working hours, the mercurial tempers of editors, not understanding the difference between competition and creativity, and, well, warm beer and cold lovers ... Okay, that's based on a line by Tom Waits. If you don't know, it is probably because you never worked on the night desk or bar-hopped in search of the heart of Saturday night.

In South Africa, attrition is also driven by the seduction of higher salaries, especially in the state, where it is easy to be overpaid and under-used. I should be clear, there is nothing intrinsically wrong with working for the state; much good work gets done there, and if it is done for the right reasons and with dedication, public service is an honorable commitment. In South Africa, today, the danger to journalism, especially to the ethics and the professional conduct of working journalists comes when the promise of a large salary, access to power and notions of solidarity and affiliation lower the commitment to intellectual honesty and integrity.

Let us turn to co-option. Co-option does exactly what it says on the can. It is the strategic and willful convergence of alternatives to state domination and control, to the point where there is no longer a difference between the state, the party and society. Countervailing voices or alternative movements are not so much suppressed as co-opted. The population, and its intellectuals are convinced that it is in their interests to support the objectives of the state, and that support for the ruling elite is, therefore, 'commonsensical'. This is when critical thought is neutered, and protest becomes treason.

The fount and matrix of this 'common sense', at least in South Africa, is race or, more specifically, notions of black or African solidarity. We saw, for example, the urgency among a select group of public intellectuals to defend Omar al-Bashir because he was African. Somewhat similarly, some of Hlaudi Motsoeneng's defenders were quite specific: his critics were attacking 'a fellow black brother'. All that is required to suppress dissenting or alternative voices is, then, to condemn them as 'anti-African' or 'anti-black,' 'speaking like a white man', being a 'house-nigger' or having a 'slave mentality'. Such is the nature of the totalizing discourse that is instituted by the ruling elite.

Alongside these prescribed solidarities are slipped in, again commonsensically, the two things that most of history's villains have resorted to: nationalism and

patriotism. In these discussions we usually resort to the usual suspects (Stalin or Hitler) for evidence, but that would be too easy; those two belong in a class of human cruelty and evil that stands apart. Consider the proposition that Chile's military dictator Augusto Pinochet put before the people of that country in 1978, as part of strengthening his iron rule. He asked the people to support him, in his "defence of the dignity" of the country, "and re-affirm the legitimacy of the government of the republic". For a closer-to-home example, consider Zimbabwe's Access to Information and Protection of Privacy Act of 2002, which followed soon after the ruling party, in 1999, called on a disciplined media to promote more 'patriotic' journalism.

Just pause for a moment, and consider these words. Consider the distinct echoes and parallels with what emanates from our own centres of political power. Now think of the violation of human rights, the mass murders, the social breakdown and, in the case of Zimbabwe, the immiseration of the population.

As these realities gain force, the emancipatory impulse that drove South Africa to democracy, dissolves into the background of the country's politics. They also place pressure on corporate investment and publication. Whether we like it or not, the best newspapers in South Africa are published by the private sector, and some of the worst-performing national institutions – from the post-office to the national airline – are operated by the state. On this we are entitled to our own opinions, but not to our own facts. Do we really want the state to run our newspapers?

When, for surely it seems inevitable, we reach a situation when editors have seen the writing on the wall and fallen in line, as it were, and publishers see gain (profit to run their printing presses and pay salaries) only from advertising revenue from the state, freedom of expression, a free press, independence, critical thought and everything that makes for good journalism will be lost. At that point our only choice will be between no news media, and a patriotic media.

It might not even be necessary to ban or censor the press. The ruling elite will have achieved their objectives by coercion and consent. Consent, it seems, is well under way. Coercion will come through a Parliament with the decks stacked in favour of the ruling party. **DM**

SOUTH AFRICAN KLEPTOCRACY

The Wealth of Nations.

Adam Smith

'It is the highest impertinence and presumption in kings and ministers, to pretend to watch over the economy of private people, and to restrain their expense. They are themselves always, and without any exception, the greatest spendthrifts in the society. Let them look well after their own expense, and they may safely trust private people with theirs. If their own extravagance does ruin the state, then that of their subjects never will'.

Kleptocracy in Africa

Samson C. Agbelengor

But for the positive, Africa is experiencing new developments and reforms today. Democracy is growing well and even causing great revolutions such as the recent Arab spring in Tunisia, Egypt and Libya, although they came with a painful cost. Institutions are also gradually shifting from 'strongmen' into laws and ideal bureaucratic structures.

Although democracy has been tested and tried as a best form of government for the people among the other forms; what will happen if our leaders hide under the umbrella of democracy and become kleptocratic. What will happen if African democrats become kleptocrats by draining tax payer's monies and putting them in their personal international bank accounts? Mobutu of former Zaire did same when he was in power. It was even alleged that the former Zairian president was richer than his own country. The resource that emerges out of a democratic regime is for the people and must be used to promote their welfare.

Africa is recovering from the darkness of post-colonialism into the shining light of a democratic welfare state. Every African leader must be ready to promote that course. Africa indeed needs a better postcolonial legacy. A postcolonial legacy that will promote democrats and not kleptocrats— a form of leadership that will put the welfare of its people first before any other thing— a solid heritage that will bring back the sanity of pre-colonial Africa in the face of secularization and the endorsement of probity, responsibility, accountability and the rule of law in the face of liberalization. African leadership need to change, African people need a better thinking and living. African militants need to be baptized with pan-africanism in order to save them from the intoxication and hypnotization of militancy and 'rebelism'. (The emphasis here is on the Toure rebels, Al Shabaab, Boko-Haram etc.)

Africa needs no Kleptocracy in this present democratic revolution 'because democratic Kleptocracy will only hamper development'. It will only confiscate the resources of the masses and illegally hand it to the few oligarchic rulers.

Democratic Kleptocracy must go to jail. Democratic Kleptocracy must be given a life sentence in prison. Africa must vote against any kleptocratic form of government found among the member states. Ghana need to vote against Kleptocratic government in any general election, Nigeria must vote against it, South Africa, Ivory Coast, and Egypt among others. Democratic Kleptocracy must be voted out of Ecowas, AU and even in the UN!!! Africa must vote against Kleptocracy because Kleptocracy in democracy or even in autocracy will only deepen African woes of dependency and forever hamper our development.

From Democracy to Kleptocracy: South Africa under the leadership of Jacob Zuma

MyNews24

16 December 2015

Without going any further with this piece, let me speak about the removal of Mr Nhlanhla Nene as the Minister of Finance as well as his replacement(s) which has been irresponsible and nonsensical decision which has turned our country into a field of comedy club. It is indispensable to highlight to the president that the problem was never about who replaces Nhlanhla Nene as the Minister of Finance important as it was. However, the really dilemma is more about the level of mediocrity, lack of professionalism, personalization of political matters as well as lack of consultation and openness demonstrated by president Jacob Zuma in the process of removing Nhlanhla Nene as the finance Minister. The lack of consultation with regards to the decision taken by the president to remove Mr Nene as the finance minister demonstrated not only dictatorship but the transition of our country from Democracy to Kleptocracy as well. In a democratic society decisions are not solely taken individually on the basis of anger, anguish vendetta as well as sorrow, but they are taken in solidarity to enhance positive working relationships that promote social progress. Thus, understanding the views of others leads to greater co-operation as well as trust as opposed to violence as well as criticism.

In advancing my point, let me explain Kleptocracy. Politically speaking, Kleptocracy is described as a regime where the state is controlled and run for the benefit of an individual, or a small group, who utilize their power to transfer a large fraction/proportion of society's resources and wealthy to benefit themselves. This has been proven in many instances whereby the president has consumed taxpayer's money for his own benefits. With Kleptocracy on the upper hand, we have seen the dominance of neo-liberal policies in place within our society, whereby the nation's resources are centralized at the hand of the powerful. This system has exacerbated greed, bitterness as well as resentment of powerful man who are afraid and reluctant to see human progress. Under this political regime, we have seen the

absence of humanity which has brought animosity as well as anger from the powerful individuals to pursuer capital as well as profit accumulation at the expense of the poor. Instead of seeing politics as the contest among people who have clear and stable interests to develop strategies that aims to pursue selflessness struggle for democratic continuation, we have seen a vision of politics as a struggle for power, dictatorship, vigorous capital accumulation permits rising profits for powerful individuals and control amongst people who are motivated by a myriad of ideas. These ideas do not only include their perceived interests, but also their immoral ideals, their pride and so on.

Thus, let me just highlights few issues to support the prevailing statement I made at the beginning with regards to the doctrine of Kleptocracy as well as dictatorship. On the issue Nkandla upgrade, the report by the Public Protectors demonstrated that the president benefited "unduly" to the upgrade of his private residence. As stated above that, in Kleptocracy regime "large proportion of the societal wealthy is used for individual benefits". The president remained mute with regards to paying some proportion of the money which was ill-spent at his private residence. This leaves the society in limbo and questioning that: will social justice and human rights be ever attained in our beautiful county. The removal of Mr Nene comes after his reluctance to approve on the estimated R1 trillion nuclear deal as well as his reluctance to buy him a private Jet which was meant to benefit the president. This has been harmful on the economic performance, judging on the basis of economic performance from the perspective of the interests our currency.

This also proves that the president has carelessly and unthoughtfully refined as well as sophisticated democratic system in the promotion of Kleptocracy for transforming the public resources of South Africa into private wealth. As the results we saw the removal of Mr Nene, the president wanted to implement highly inefficient economic policies, expropriate the wealth of the citizens, and use the proceeds for his own glorification as well as consumption. Thus, this demonstrates that democracy has been disregarded in the rise of kleptocracy. This system has mounted to nothing but enabling a society to be organised in such a fashion that powerful individuals dominate wealthy as well as determine the happiness of the poor. This prevailing system has outlived its harsh youth and matured into a civilized form while democracy becomes outmoded. The powerful individuals seek self-fulfilment which is generated from a tremendous prosperity of the labor power of the poor. I wish our president can learn from John Magufuli, the Tanzanian president "the man of the moment in Africa, the person who dedicated himself on public interest like the late president of Burkina Faso Thomas Sankara" has ban the disgustingly conspicuous and gluttonous consumption of the taxpayer's money, on unnecessary activities.

As Newton's third law states "For every action, there is an equal and opposite reaction", there are plenty consequences of this immoral as well as inhuman system, immiseration of the people; enrichment of Zuma and his collaborators; destruction of the nation's infrastructure; the transformation of South Africa into the prime staging ground for foreign intervention against other African nations; currency instability, the usage of the resulting tax revenue as well as the rents from natural resources and potential foreign aid from outside donors for his own consumption. In all these cases, this regime has appeared to have been disastrous to the economic performance and causes the impoverishment of the citizens. This presents empirical evidence that the lingering failure of the development projects in South Africa is not only necessarily associated with the character as well as the attitude of the pre-1994 political regime but it is also rooted in the post-independence political class, which promoted nothing but greedy and materialistic rulers who have looted the massive resources as well as wealthy of the country for their own benefits leaving the people poor, vulnerable as well as desperate. Furthermore, corruption has permeated the political elite and became one of the biggest impediments obstructing South Africans from realising their objectives

The current political regime has drastically changed how states operate. I hope now the South African patriots have come to realization that the development challenges of our country are deeper than poor infrastructural capital, low income, falling trade shares, low savings, slow growth, high inequality, uneven access to resources, social exclusion, insecurity, environmental degradation, HIV/AIDS pandemic, among others but they are deeply rooted without the politics itself. As a result, the failure to help the poor cannot be remedied by electing better politicians or hiring more informed bureaucrats alone, but is the inevitable result of transformation of the perversities built in the current political doctrine. Without changing the system itself which have proven to have barricaded humanity as well as selflessness, mankind will cease to exist. We are the victim of the political system that made the one whom we voted for enjoys torture, self-centeredness as well as evil. Again, we have seen that the key to progress lies within our voice as well as activeness in the capacity and willingness of patriots from different perspectives to constructively engage each other's differing perspectives around the common goal of advancing understanding.

We have seen this year that towards a greater political stability, economic freedom as well as co-operation, remains a cauldron of instability and economic deprivation enforced by those who possess power which we have capacity as well as ability through mass solidarity to challenge and abolish. To all the comrade and patriots out there I am saying we have a choice to choose to continue to serve the current political system which has proven to be disastrous to our economy, social existence, as well as environmental aspect of life until there is no memory of human existence

remains or to transform the system to achieve democracy. The patriots must rise up and hold the rulers to account through proper governance mechanisms that will ensure accountability, openness, consultation as well as transparent management of national resources.

The Route to Kleptocracy

Paul Trehwela

15 May 2016

Paul Trehwela writes on the relevance of Stephen Ellis' book 'This Present Darkness: A History of Nigerian Organised Crime' for SA. Paul Trehwela edited MK's underground newspaper, Freedom Fighter, during the Rivonia Trial, and was a political prisoner from 1964 to 1967

When power rests on ability to pay bribes

With its intensive focus on state capture and the toxic relations between politicians and crime, the new and last book by the acclaimed historian and rigorous researcher Stephen Ellis is a clear and urgent warning to South Africans to deal with home-grown corruption.

The book also provides detailed information about how South Africa became a “key site” for Nigerian fraudsters, beginning even before the transition from apartheid in 1994.

Ellis, the Desmond Tutu professor in social sciences at the Vrije Universiteit in Amsterdam, completed *This Present Darkness: A History of Nigerian Organised Crime*, from his sickbed. He died aged 62, from cancer in July.

Ellis was also the author of two major studies of the ANC in exile, most recently *External Mission: The ANC in Exile* (2012), which remains a classic on its subject.

Rigorously sourced (references make up 45 pages at the back of the book), Ellis' special concern in *This Present Darkness* is to try to identify how the culture of organised crime arose historically in Nigeria from its particular social, cultural, political and – of major interest to him – religious history.

Notably, he provides a detailed picture of the colonial experience of indirect rule, which he says must be understood in order to understand the origin of later practices of organised crime and corruption in Nigeria.

Doubtless, a reason why Nobel Prize-winner, Wole Soyinka, as Ellis reports, described the formation of the Nigerian character as “an incongruous juxtaposition of tragedy and the parody of real life”.

While Ellis is at pains to stress that there are many Nigerians who do not engage in criminal activity, he writes that “everyone who has grown up in Nigeria has acquired a deep experience of pervasive state corruption. Practices of deception are simply a fact of life, like malaria...”

More than 50 years ago, he notes, the situation was such that one Nigerian writer thought the idea that “the attainment of material riches is the supreme object of human endeavor” was so widespread it “largely pervades Nigerian society”.

Ellis also cites the Polish-British sociologist, Stanislaw Andreski, who invented the term “kleptocracy” to describe the system of government he found in Nigeria in the early 1960s.

The essence of kleptocracy, according to Andreski, is when the functioning of the organs of authority “is determined by the mechanisms of supply and demand rather than the laws and regulations”.

Even in the period immediately after independence in 1960, Andreski wrote, Nigeria was “the most perfect example of kleptocracy”, since “power itself rested on the ability to bribe”.

In other words, money rules – not the democratic authority of the people expressed in laws made in the national assembly by the people’s elected representatives, and enforced by public authorities held to account by parliament and the courts.

Ellis notes how Nigeria’s oil minister said in 1984 that the country had lost \$16-billion (R242-billion) of oil revenues in the previous five years, the result of fraud carried out by an “international mafia” – about a fifth of its oil revenue.

According to the minister, crude oil was being diverted at sea by senior officials who received payment in dollars. Oil was also being sold illegally by officials of the government’s oil company, the NNPC. Products from Nigeria’s own refineries were being diverted to foreign ships for sale abroad – a process known as “bunkering”.

Ellis writes that in South Africa, Nigerian scammers “even managed to defraud the apartheid intelligence service, the National Intelligence Service, to the tune of R1.9-million, as its director sheepishly told his parliament’s public accounts committee”.

By 2009, he writes, South Africa was “a major centre for Nigerian fraudsters, some of whom had managed to bribe officials at the Companies and Intellectual Property Registration Office. Nigerian scammers were able to mimic leading companies and, for example, to receive tax refunds from fake accounts and to intercept cheques”.

The book has received top-level international attention, with an excerpt about the Nigerian-invented "Four One Nine" scam published online this week by the US journal, Newsweek.

Ellis places his final emphasis on the global nature of modern organised crime which, he writes, has shown itself "very successful – perhaps even more so than multinational businesses – in integrating local identities and practices into organisations with a global reach. Nowhere illustrates this better than Nigeria".

The book was released last week – one week before a summit on global corruption opened in London attended by representatives of more than 40 states, including very prominently, the president of Nigeria, former General Muhammadu Buhari.

Buhari was voted into power on an anti-corruption ticket.

This week, Nigeria was listed at place 136 out of 168 on a global corruption index compiled by Transparency International, with Zimbabwe even lower down the scale at 150, and Somalia one from the bottom at 167.

Oil-rich Angola, ruled by the MPLA, and a main base of the ANC in exile between 1977 and 1988, was placed by Transparency International among the most corrupt states in the world, at 163. One in six children in Angola die before the age of five, it reported, making Angola the "deadliest place in the world" to be a child.

A review in the Financial Times (London) last weekend noted that Ellis "provides little succor for those Nigerians who would prefer to see their country cast in a brighter light. To paraphrase his thesis, a gangster state tends to breed gangsters. Reading between the lines, however, *This Present Darkness* offers an alternative future in which the ingenuity and commercial acumen of Nigerians could be turned to far more positive, productive use".

That is a question for Nigerians.

South Africans will find much in *This Present Darkness* that rings familiar. The question they must answer is how to claim democratic control of this society, so that it does not travel down a similar route to kleptocracy.

That is a mode of government and society that could not be further from the ideals of the founders of modern South Africa, or the principle of the Freedom Charter that "The people shall govern!"

SOUTH AFRICA IS AFRICAN

South Africa can't save itself just by talking the talk. It must walk the walk

March 2, 2017

Richard Calland

Associate Professor in Public Law, University of Cape Town, is affiliated with the Council for the Advancement of the South African Constitution, the Open Democracy Advice Centre and The Paternoster Group.

South Africa is fast approaching a crossroads at which it will have to choose between structural reform and a lurch to populist nationalism. So, too, is its governing African National Congress (ANC), which later this year must elect a successor to its president, Jacob Zuma.

With a range of conflicting ideas of how to address the country's socio-economic challenges, some people are floating the idea of convening an economic Codesa. This borrows from the Convention for a Democratic South Africa - the all-party forum which negotiated the country's transition to democracy in the early 1990's.

In his 2017 budget speech South Africa's Finance Minister, Pravin Gordhan, pulled up short of calling for an 'economic Codesa'. He invited discussion on whether the constitution's bill of rights should be extended to include "economic rights". Such rights may include a right to work, a legally guaranteed national minimum wage or even a right to a basic income.

Taken together with Gordhan's chilling message about the state of the economy, his invitation for discussion deserves some attention. Unemployment remains stubbornly high around the 35% mark, economic growth remains sluggish around 1% and the budget deficit is ballooning.

Clearly South Africa's social compact is at breaking point, evidenced in part by the xenophobic violence and protests against foreigners that swept through Pretoria and Johannesburg recently.

There's certainly the need for a conflict breaking dialogue even for sharply differing groups within the governing party, the ANC. A view of what was expressed in the president's 2017 state of the nation address versus the 2017 budget speech lays bare some of the deep seated disagreements.

Raging populism

Zuma's address was peppered with reference to the party's new slogan: "radical economic transformation". Zuma pulled his populist punches but added little flesh to the bones of the slogan, leaving Gordhan to offer a more measured and precise vision of "inclusive growth" two weeks later.

And herein lies the rub, and the predicament. Within the governing party there are those who want a nationalist form of transformation. They are pushing for the continued handing of economic power and wealth to a small group of black politically connected individuals. They care little if at all for the socio-economic precariousness of the majority of their compatriots.

On the other hand, there are those who are still focused on addressing substantive inequality. They include Gordhan, the minister for economic development, Ebrahim Patel, and the minister of trade & industry, Rob Davies.

Coming about two weeks after the state of the nation address, Gordhan's budget speech wrestled with the dilemmas that face South Africa. He's been vilified for this amid the ongoing warfare within the governing party.

President of the ANC Youth League, Collen Maine – a Zuma loyalist – labelled Gordhan, a stalwart of the ANC's liberation movement, an "impimpi". This is a highly inflammatory term from the 1980s and the height of the struggle against apartheid used to name and shame community informers paid for by the regime.

Dangerous path

Why such a vicious attack against Gordhan? He's been willing to stare down the nationalists within the ANC, who have benefited from the weaknesses of Zuma's leadership. They wish to extend the era of crony capitalism and "state capture" by venal private interests such as the notorious Gupta family that began when Zuma took power in 2009.

Gordhan has noted South Africa's dangerous political trajectory. He quoted from the ANC's famous 1969 policy conference in Morogoro, Tanzania where it was resolved that:

Our nationalism must not be confused with chauvinism or narrow nationalism of a previous epoch. It must not be confused with the classical drive by an elitist group among the oppressed people to gain ascendancy so that they can replace the oppressor in the exploitation of the masses.

It was a masterful citation by Gordhan: as he's done for the past year in his stand against high level corruption that's contaminated the government with its dangerous lurch to elite nationalism.

Slow transformation

While seeing the need for some dialogue I'm of the view that calls for an "economic Codesa" may be fundamentally misguided. The idea that South Africa can summon the wherewithal, and good faith of all the requisite social, economic and political stakeholders, may be wishful thinking during a bitterly contested succession year in the ANC.

The original Codesa which began in 1991 may have been an inclusive, carefully facilitated and mediated negotiation process. Today there's a sense that in delivering a political settlement, it didn't do enough to secure economic justice and transformation.

Too much of the "old economy" – as characterized by the powerful political slogan "white monopoly capital" – remains intact. This gives credibility to the militant, anti-establishment political brands like the Economic Freedom Fighters. The rise of the EFF, in turn, has triggered the ANC's call for 'radical economic transformation' to regain lost ground.

Julius Malema, the former ANC Youth League president who started the EFF, presumably, would welcome the opportunity to advance the case for redistribution of land ownership alongside other structural reforms of the South African economy. But who else would join the dialogue and from what angle?

Constitutional rights

Gordhan's talk of economic rights may be seen as one useful avenue. But then South Africa's constitution already provides a far reaching number of justiciable socio-economic rights. These include the rights to access basic services like housing and education. And so, the question would be: what more can be added to economic rights?

A debate about amending the constitution would arguably be meaningless without a parallel process of debate about economic policy and about the relative roles and responsibilities of labour, government and the private sectors. At a very minimum, such a process would need to surface the true concerns and interests of all the parties. It would need to identify the core non-negotiables of each, while ascertaining those areas where compromise and a shift in position would be possible and valuable.

And are the labour unions willing to sacrifice some of the legal protections that they acquired in the mid-1990s in return for commitments from business that would create, for example, more youth employment and apprenticeships?

In turn, would business be willing to sacrifice profits in return for concessions from labour and government that would enable them to attract larger long-term investments in the productive industrial sector?

And what's the solution to the painful shortage of skills and the disaster of public education and what do each of the three main players need to do differently to make substantial progress, and quickly?

Political will

A properly organised process of constructive engagement and dialogue such as Codesa requires a considerable investment in political capital and goodwill. It's far from clear if a sufficient number of the key political players are willing to find it.

But it's surely worth trying. South Africa has probably very little to lose at this stage. Without such a consensus finding process that confronts the fundamental contradictions and the unanswered questions of socio-economic transformation, the clamor for populist nationalism is likely to grow rapidly to the point where it's overwhelming, in every sense of the word.

How world sees SA: Under Zuma, South Africa is an organised crime syndicate heading for ruin

Staff Writer

South Africa is sinking so swiftly in the quicksand of moral decay that corruption and state looting have become institutionalized. An influential London-based newspaper has highlighted the astonishing reality there is so much corruption and crime across all levels of government that it no longer makes the headlines that a country's high commissioner has finally been sacked over revelations that she is a convicted drug trafficker. The Times reports the case of Hazel Ngubeni, a former air hostess who went to jail for operating as a drug mule before emerging from jail and somehow managing to inveigle her way into a job as a diplomat. As extraordinary as that might seem, Ngubeni is not the only diplomat with a dark cloud of controversy hanging over her head. Another diplomat is still based in London even though he had large unexplained cash sums in his bank account. The Times paints a picture for its readers of a ruling party that has positioned thieves across all levels of government, with President Jacob Zuma presiding over a shameless strategy to tap state resources for personal gain. The ANC seems to be oblivious to the reality that this is not how a democracy is run and that it is looking more like an organised crime syndicate than a collection of noble freedom fighters.² While ANC leaders keep their eyes shut and grab whatever they can, other governments must surely be pondering whether it is time to relegate South Africa to the diplomatic sidelines. Which global citizens can be happy knowing that South Africa's diplomats can skirt laws for criminal objectives? – Jackie Cameron

Cyril Ramaphosa's challenge to the corrupt president is a last chance for ANC and the nation, writes Jenni Russell in a scathing review of the state of South Africa for The Times.

The media outlet has pointed to the case of the South African high commissioner to Singapore who was finally sacked four months after a newspaper exposed her criminal past.

“It had not been the diplomat’s first smuggling arrest. Four years earlier she had gone on trial in South Africa for importing nine kilos of heroin in her suitcase; after the witnesses mysteriously declined to testify, her trial collapsed. Hazel Ngubeni had omitted to declare her conviction to the authorities, and months of security vetting had apparently been unable to uncover these basic facts,” says Russell.

“Until that point officials had managed not to notice that the high commissioner was a drug trafficker who had served a two-year sentence in an American jail for smuggling cocaine while working as an air hostess,” she says.

Highlighting that the Ngubeni case is not an isolated incident, Russell outlines how the high commissioner to Britain also failed his vetting. And, although he had too many large unexplained cash sums deposited in his bank accounts, he remains in London today.

🔗 “Neither of these stories caused more than a ripple in the news. They are competing with so many daily accounts of lies and corruption that they cannot make an impact. The ANC under President Zuma is running a country where official thieving, from the government and police chiefs downwards, is commonplace and rarely punished,” says Russell.

Other news outlined in her piece includes:

- The newly appointed primary school headmistress in hiding after receiving death threats. “Her predecessor, who had received the same threats scrawled on her blackboard, was found hacked to death”;
- Linked to that killing is a jobs-for-cash scandal, where teachers have been bullied into paying thousands of pounds to officials, unions and governing bodies in return for promotions and appointments;
- “Chaos” in Johannesburg, where the mayor “has been so overwhelmed by the scale of corruption that he has had to set up an independent forensic unit”;
- The Nkandla scandal, in which President Jacob Zuma has spent millions of public money on his house;
- The #Zupta relationship, with Zuma “and his cabal are embroiled in a close relationship with a powerful family, the Guptas, who have made many millions from state contracts, have been accused of money laundering and kickbacks, and have so much influence over the government that they have allegedly offered cabinet positions and huge bribes to ministers in return for doing as they are told”; and
- That it has become common knowledge that “Zuma and the Guptas are known to be trying to sack the finance minister, a highly principled man who is fighting to stop the treasury being ransacked”.

The Times notes that “such institutionalized corruption has led the ANC into its greatest crisis since the end of white minority rule in 1994”, with Zuma putting all his power and energy into preventing being jailed for corruption.

“If Ramaphosa can persuade the party to back him, he might just pull both state and party out of decline. The nation is in desperate need of it, with poverty and inequality entrenched, zero growth last year and unemployment at more than 26 per cent.

Fight, the beloved country,” she adds.

How world sees SA: Zuma ‘functionally illiterate on economics’, country ruled by thieves

By Matthew le Cordeur

South Africans have become accustomed to having a president that is a bit of a clown: falls asleep on the job, can't count properly and is generally daft on a day-to-day basis. But the international community is still coming to grips with the reality that a man of his ilk is running a major economy on the African continent. What's more, the message is spreading fast that President Jacob Zuma is highly incompetent at his job to the detriment of investment returns and business growth. In a commentary, influential Wall Street adviser Ian Bremmer has politely referred to Zuma as "functionally illiterate on economics". Reality is starting to dawn beyond the borders that South Africa is now a kleptocracy, effectively ruled by thieves. Bremmer points to some positive aspects about the South African economy, including that the elite is a better racial mix and that the country is less dependent on commodities. But those highlights are unlikely to be enough to sway investors who see South Africa as a deeply dysfunctional country and they are unlikely to stave off a ratings downgrade for much longer. The rot has set in and international investors aren't convinced it will be excised any time soon, is the stark message from Bremmer. – Jackie Cameron

Cape Town – South Africa’s day of reckoning with international rating agencies is coming as a result of President Jacob Zuma, who “ushered in a kleptocracy that’s now reached deep into his entire administration, barring the Treasury”.

That’s the view of Eurasia Group president Ian Bremmer and author of Time magazine’s list of the world’s top geopolitical risks, who visited South Africa in February on a fact-finding mission.

Eurasia Group president Ian Bremmer

Bremmer placed South Africa in 10th place on the Times risk list, an alarming position to be in considering the various tensions rising around the world.

An influential Wall Street adviser based in New York, Bremmer is a leading political scientist specializing in US foreign policy, states in transition and global political risk.

In an email to investors, analysts and economists around the world, Bremmer said he “encountered one of the most dysfunctional governments in the emerging market space right now”.

Zuma is ‘functionally illiterate on economics’

“President Jacob Zuma is an exceptionally savvy political tactician but functionally illiterate on economics,” said Bremmer.

“And he’s ushered in a kleptocracy that’s now reached deep into his entire administration, barring the Treasury.

“That they’ve managed to forestall credit downgrades is surprising, but the day of reckoning is coming, especially as the political pressures around Zuma mount.”

He pointed to hope in the form of Deputy President Cyril Ramaphosa, but said it seems he doesn’t have enough votes within the African National Congress (ANC) to make his rise to the presidency a reality.

How Zapiro views Deputy President Cyril Ramaphosa’s current role. More magic available at zapiro.com

“There’s an eclectic but significant alliance forming around ... Ramaphosa to take over the leadership of the ... ANC party in December, with big business, the country’s trade unions, and the communists all hoping for an alternative to Zuma’s corruption.

“Ramaphosa certainly holds the moral high ground among party members, but that doesn’t count for much in the party’s internal elections, which will see some violence and is likely to be about brown envelopes rather than policy positions.

“At least for now, it doesn’t look like Ramaphosa has the votes inside the ANC.”

Glimmer of hope

However, Bremmer offered a sense of hope.

“Still, that doesn’t mean the wheels are about to fall off South Africa,” he said.

“There’s a rich talent base in the country – only about 20% of South Africa’s whites left the country post-apartheid, and the elite labour pool is now reasonably well mixed between black and white.

“Further, South Africa’s economy is no longer dominated by commodities, but instead has diversified towards infrastructure, services and information technology, all of which bodes well for a comparatively inexpensive and high quality-of-life destination.

“Education remains poor and immigration is limited (mostly because of spotty execution on visas rather than the policies themselves), which limits the upside, but you already see South Africa, on Europe’s time zone, becoming a more attractive back office destination for European firms.”

Africa’s rise is also good news for South Africa.

“As Africa itself continues to grow, the base for diversified firms continues to be South Africa,” said Bremmer.

“Especially because the larger African markets – Egypt and Nigeria – are otherwise unattractive as destinations for regional hubs.

“For increased consumption and infrastructure, Africa overall will still see moderate to high growth. Companies that plan on expanding investments accordingly will mostly situate themselves in South Africa.” – Fin24

South Africa’s ANC government: corrupt, inept and immoral

12 August 2016

By Marian L. Tupy

Since its transition to majority rule in 1994, South Africa has enjoyed many years of almost universal adulation. Having lived in South Africa for a decade, I felt that much of that praise was undeserved. I got my fair share of criticism for pointing out what has eventually become conventional wisdom – South Africa is not an example for other societies to follow and its government is corrupt, inept and immoral. The outcome of last week’s local election suggests that the South African electorate is slowly waking up to the immense damage that the ruling African National Congress has inflicted on the country.

South Africa has never been the vaunted miracle portrayed by the sympathetic global press. To start with, consider some of the most basic measures of human wellbeing. Life expectancy in South Africa was 62 years in 1994. Last year, it was 57 years – a reduction of 7 percent. Meantime, global life expectancy increased from 66 years to 72 years – an increase of 8 percent.

The main reason for the collapse of life expectancy was the unchecked spread of HIV/AIDS and the government is to blame. Thabo Mbeki, who oversaw domestic policy under Nelson Mandela before becoming President himself, denied any connection between HIV and AIDS, and did little to stop the spread of the disease. As such, prevalence of HIV/AIDS exploded in the late 1990s and early 2000s.

The decline in life expectancy was exacerbated by other government failures. For example, the country continues to suffer from a very high murder rate. While

murders are rarer than they used to be in the 1990s, the government is responsible for demoralizing the police force through race-based hiring and promotion.

Even infant mortality, which has been declining throughout the world, remains relatively high. Consider that in 1994, the global infant mortality rate was 29 percent higher than that in South Africa. By 2015, South Africa's infant mortality rate was 6 percent higher than global average. That is a result of declining public healthcare, which suffers from mismanagement and corruption.

Corruption, of course, has gotten worse over the last two decades and, as I have noted elsewhere, the same can be said of the rule of law, favouritism in decision making by government officials, wastefulness of government spending, diversion of public funds, transparency of government decision making and, inevitably, trust in public officials.

Economically, South Africa's performance has been, at best, mediocre. South Africa's average annual income per capita adjusted for inflation and purchasing power parity was 54 percent of the global average in 1994. By 2015, that rose to 57 percent. If the current trend continues, the gap between South Africa and the world average will continue until the year 2342!

Internationally, the country has cosied up to Castro's Cuba, Gaddafi's Libya and Saddam's Iraq, prompting one esteemed American commentator to call the country a "rogue democracy". The growing global disenchantment with South Africa is often blamed on the rapidly declining quality of the country's government. And, true enough, Nelson Mandela was a better president than Thabo Mbeki and Mbeki was better than the current leader Jacob Zuma. But, all three were democratically elected by voters who preferred to vote along racial lines – the ANC is credited with bringing about majority rule – rather than cast their votes for a more competent and less corrupt government.

Clearly, South Africa can do better. But, in order to do so, the country will have to embrace normal politics that put a premium on concrete government deliverables. As such, the results of the local elections, which took place last week, look promising. While the ANC has, once again, polled at more than 50 percent nationally, the party has lost majority control on city councils in Pretoria, the country's capital, Johannesburg, the country's economic powerhouse, and Port Elizabeth.

The Democratic Alliance, led by Mmusi Maimane, has made substantial gains. Prior to last week, the DA was only in charge of Cape Town. If it is able to form local coalitions, the DA will be able to show to South Africans living in other large cities that a more efficient and less corrupt government is possible. Once that happens, national elections in 2019 could turn out to be a close run affair. If the ANC falls below 50 percent, it might have to relinquish power for the first time in 25 years. Will the ANC go quietly or hang on to power like Robert Mugabe did in Zimbabwe? That, alas, is a topic for another column.

South Africa: Race and Economic Conflicts

Dr Anthea Jeffery, Head of Policy Research, IRR

There are many ideologues in the ruling party and the EFF with a vested interest in playing up racial incidents and portraying the repugnant words or conduct of the few as representative of the many. These ideologues also seek to identify white racism – and the white privilege this supposedly sustains – as the key reason for persistent poverty and inequality within the country. This perspective plays a useful part in distracting attention from the ANC's many policy failures over the past 22 years.

Since 1994, the ANC has put its primary emphasis on redistribution rather than economic growth, even though a different way of dividing up the existing economic pie will never be enough to meet the needs of an expanding population. The ruling party's policies have also failed to overcome a host of barriers to upward mobility and have often made them worse. These barriers include:

- a meagre economic growth rate, currently standing at around 0.5% of GDP a year instead of the 6% or more required;
- one of the worst public schooling systems in the world, despite the massive tax revenues allocated to it;
- stubbornly high unemployment rates, made worse by labour laws that encourage violent strikes, deter job creation, and price the unskilled out of work;
- pervasive family breakdown, as a result of which some 70% of black children grow up without the financial support and guidance of both parents;
- electricity shortages and costs, compounded by general government inefficiency in the management and maintenance of vital economic and social infrastructure;
- a limited and struggling small business sector, unable to thrive in an environment of low growth, poor skills, and suffocating red tape; and
- a mistaken reliance on affirmative action measures, which (like similar policies all around the world) generally benefit a relative elite while bypassing the poor.

It is these factors, rather than white racism, that currently make it so very difficult to expand opportunities for the poor and overcome inequality between the different racial groups. As we have seen, politicians and other commentators can then use this persistent poverty and inter-racial inequality to inflame tensions. They can also take the hurtful views and actions of a small minority of individuals and project them as the pervasive views of entire racial groups. Unchecked conduct of this kind may in time have an increasingly negative effect on race relations, turning predictions of rising racial animosities into self-fulfilling prophecies.

The warning signals are thus clear. Though the fabric of race relations is still sound, it is now fraying. If the ANC persists in blaming white racism for complex socio-

economic problems stemming primarily from its own *dirigiste* and damaging policy interventions, then ordinary South Africans will in time find it more difficult to see through this racial rhetoric. Race relations will then suffer.

However, that racial goodwill is still as strong as the 2016 survey shows it to be also gives the country major reason for hope. It is also a tribute to the perceptiveness and sound common sense of most South Africans. Despite the urgings of politicians and a host of other commentators, most ordinary people have avoided oversimplifying complex issues by blaming them on race.

No, the Con Court cannot remove the President from office

Constitutionally Speaking

February 14, 2017

Neither the Economic Freedom Fighters (EFF) nor the Congress of the People (COPE) will participate in the Parliamentary debate on President Jacob Zuma's State of the Nation Address (SONA). They argue that the President flouted the Constitution (as held by the Constitutional Court in the Nkandla judgment), and was therefore an illegitimate President. The EFF and COPE are advancing a political (not a constitutional law) argument with which voters may either agree or disagree. But from a constitutional law perspective the President – elected by the National Assembly – remains the legitimate head of the national executive until he is formally removed. Last year the Constitutional Court held in *Economic Freedom Fighters v Speaker of the National Assembly and Others; Democratic Alliance v Speaker of the National Assembly and Others* that President Jacob Zuma had failed to “uphold, defend and respect the Constitution as the supreme law of the land”.

By ignoring the remedial action imposed on him by the Public Protector, which required him to pay back a reasonable portion of the non-security related upgrades at his Nkandla home, the President failed to comply with his constitutional obligations as set out by section 83(b) of the Constitution.

The enormity of this failure lies in the fact that the President was personally enriched (at tax payers expense) because of this failure to uphold the Constitution. Unlike other breaches of the Constitution, this failure personally benefitted him, creating the impression of venality on the part of the President.

It is important to remember that the Constitutional Court in its Nkandla judgment did not order the removal of President Zuma from office. This is not surprising as it would have been impermissible for the Constitutional Court to make such an order. Judges are not elected and in would be in breach of the separation of powers doctrine for judges to interfere in the power of the democratically elected National Assembly to elect and to remove the President.

In terms of section 86 of the Constitution it is a majority of members of the National Assembly (NA) that elects the President. In terms of section 102(2) of the

Constitution it is only a majority of members of the NA that can remove the President from office by passing a vote of no confidence in him.

If the NA fails to remove an unpopular President from office who has enriched himself at the expense of ordinary citizens and has flouted the Constitution, the ultimate remedy will not lie with the courts.

The ultimate remedy will lie with voters who may choose to punish the majority party at the next election by casting their vote for any of the opposition parties. If enough voters decide to punish the majority party for the sins of its leader, the governing party will be ousted from government. This is because when the party of the President loses its majority in the NA at such an election, the leader of that party will not be re-elected as President.

In terms of section 50 of the Constitution, the majority of members of the NA may also instruct the President to dissolve the NA, in which case new national elections will have to be held. This can only occur after at least three years have passed since the Assembly was elected. But this is unlikely to happen while one party controls more than 50% of the seats in the NA, as the instruction to dissolve the NA must be supported by a majority of members of the NA to be valid.

This does not mean that the court has no power to ensure that the NA fulfils its obligations to hold the President and members of the executive accountable for their actions. In the Nkandla judgment, the Constitutional Court held that the NA had flouted its constitutional obligations to hold the President accountable when it second-guessed the findings of the Public Protector and attempted to exonerate the President from having to pay back the money with which he was unlawfully enriched. As Chief Justice Mogoeng noted:

There was everything wrong with the National Assembly stepping into the shoes of the Public Protector, by passing a resolution that purported effectively to nullify the findings made and remedial action taken by the Public Protector and replacing them with its own findings and "remedial action". This, the rule of law is dead against. It is another way of taking the law into one's hands and thus constitutes self-help.

The Chief Justice then continued:

By passing that resolution the National Assembly effectively flouted its obligations. Neither the President nor the National Assembly was entitled to respond to the binding remedial action taken by the Public Protector as if it is of no force or effect or has been set aside through a proper judicial process. The ineluctable conclusion is therefore, that the National Assembly's resolution based on the Minister's findings exonerating the President from liability is inconsistent with the Constitution and unlawful.

It is for this reason that the Constitutional Court declared invalid the resolution passed by the National Assembly absolving the President from compliance with the remedial action taken by the Public Protector against the President.

But it is important to note that while the power of the Constitutional Court to hold the NA accountable for breaches of the Constitution are tangible and may have real consequences, this power is not unlimited. While the Court can declare invalid attempts by the NA to avoid holding the President accountable, it cannot instruct the NA how to hold the President accountable. Chief Justice Mogoeng again:

It falls outside the parameters of judicial authority to prescribe to the National Assembly how to scrutinise executive action, what mechanisms to establish and which mandate to give them, for the purpose of holding the Executive accountable and fulfilling its oversight role of the Executive or organs of State in general. The mechanics of how to go about fulfilling these constitutional obligations is a discretionary matter best left to the National Assembly. Ours is a much broader and less intrusive role. And that is to determine whether what the National Assembly did or did not do, does in substance and in reality amount to fulfilment of its constitutional obligations. That is the sum-total of the constitutionally permissible judicial enquiry to be embarked upon.

What does this mean in practice?

First, it means that the Constitutional Court will never hold that the NA had failed to fulfil its constitutional obligations to hold the President accountable by not passing a motion of no confidence in the President and by not removing him from office. Even in a case where the President had failed to uphold the Constitution and was enriched because of this failure (as happened with the Nkandla scandal), the Court will not intervene in the democratic process and will not undemocratically impose its will on the NA and on South African voters.

Second, the position is slightly more complex where the President (or another member of the cabinet) flouted the law or the Constitution, and the NA refuses to do anything about this. The Constitutional Court may well hold in such a case (as it did in its Nkandla judgment) that the NA had flouted the Constitution.

But what remedy would the Court be able to provide for any such a breach of the Constitution by the majority of members of the NA?

It is at least conceivable that the Court could order the NA to hold the President (or any cabinet minister) accountable in accordance with the existing rules of the NA. But the Constitutional Court will never direct the NA to take a specific action in this regard. As Chief Justice Mogoeng noted in the Nkandla judgment, the choice of how to hold the President or other cabinet member) accountable lies within the exclusive discretion of the NA.

Of course, this is not the end of the matter. Ultimate political power in a democracy does not lie with the courts. It lies with the voters. If voters are unhappy with the way in which the governing party in the NA chose to hold the President (or other cabinet minister) accountable, the voters can lend their vote to another party at the

next election in the hope that the party of their choice (or a coalition of parties) achieve a majority in the NA.

Where another party (or coalition of parties) manages to secure a majority in the NA at the next election, this party (or coalition of parties) will have the power to elect the President of its choice. The voters would then, in effect, have fired the sitting President and the party he or she leads through the exercise of their constitutionally guaranteed right to vote.

Unless the NA removes President Zuma from office or unless a new election is held and the governing party loses its majority in the NA at this election, the President will remain the duly elected President of the country.

Of course, the EFF, COPE or any other party remains free to advance a political argument about the moral legitimacy of a sitting President. Once again, voters will ultimately decide whether they agree with this argument or not. If the majority of voters agree with the argument of one or more opposition parties that the President is illegitimate, they will be able to use their vote to ensure opposition parties gain a majority in the NA, allowing them to elect the President of their choice.

It is therefore a mistake – and fundamentally undemocratic – to expect the Constitutional Court to remove the President from office or to expect it to instruct the NA to do so. It also signals a lack of respect for voters and the ultimate power they hold to decide the fate of a governing party and the President.

Panicking Zuma has thrown caution to the wind

2017-03-07

Max du Preez

A full-blown bust-up in the ANC cannot be far away. There will be blood on the walls for sure.

President Jacob Zuma has thrown all caution to the wind and isn't even hiding his contempt for the Constitution any longer.

He and his faction of the ANC and their partners in crime with the big bucks are panicking that their hold on power is slipping and they're going for broke.

Last Friday Zuma not only blatantly contradicted his own party's clear policies, he did something that no ANC leadership figure has done since 1994: in effect demand that one of the Constitution's most critical pillars of stability, the right to own property, be scrapped.

It is called the Robert Mugabe option.

Mugabe and his ruling Zanu-PF lost a referendum in February 2000 when voters rejected proposals to entrench his powers and the confiscation of white-owned land.

Mugabe's reaction was to allow and encourage the violent occupation of this land and to kneecap the judiciary, steps that pushed Zimbabwe over the failed state cliff.

Members of Zuma's Cabinet and parliamentary caucus openly criticised the way he repudiated established policy positions and everything said by ANC speakers during the land debate just a few days before his utterances.

All the signs are there that Zuma has actually decided to push hard to stay on as president of the country after he was replaced as ANC leader in December.

He is facing a criminal trial and if that does take pace, certain jail time. He is also slowly losing his battle for the heart of the ANC, at least outside the traditional rural areas.

This is the time for reckless populism and annihilating enemies.

If Zuma is allowed to stay on as president after the December elective conference, we'll probably be stuck with him until the election of mid-2019.

God help us.

The Mugabe comparison could possibly be taken even further. A few days ago Zuma announced that he was relieving three stalwart advocated, Dumisa Ntsebeza, Ismael Semanya and Andiswa Ndoni, from their duties at the Judicial Services Commission that vets aspirant judges.

One of the replacements he has in mind is apparently Gcina Malindi, the advocate who had represented him in the controversial Zuma Spear case where he burst into tears in court.

Could it be that the Zuma faction of the ANC is trying to load the judiciary with more executive-friendly judges?

If this is the case, it is a long term strategy that could only make sense from Zuma's point of view if he remains president for a few more years.

The bizarre and outrageous behaviour of social development minister and Zuma insider Bathabile Dlamini during the ongoing Sassa saga is an example of how the Zuma faction has stopped caring about good governance and the rule of law.

Dlamini has shown a fat middle finger to the Constitutional Court, Parliament and the public, and yet her fellow Gupta insider, Des van Rooyen, praised her as an outstanding minister. Zuma said he has faith in her.

Is there anyone in South Africa who doesn't believe that Dlamini had manufactured the grant payout crisis over a period of two years to make sure that Cash Paymaster Services retain its lucrative contract? Who benefits?

Oh, and another: isn't it astonishing that the ANC is so absolutely determined that South Africa needs a state airline, even one that costs us billions, but that grant payments to vulnerable citizens should be privatised?

In the meantime, the SA Revenue Service is fast on its way to implode while Zuma's lackey in charge, Tom Moyane, still plays silly power games with his political principal, the minister of finance; and Zuma's main attack dog, Minister of State Security David Mahlobo, again warns that sinister foreign powers are planning a regime change and he therefore has to regulate the internet and social media.

If we consider how reckless Zuma is beginning to behave, we can conclude that he probably will soon fire Pravin Gordhan, Mcebisi Jonas and other Cabinet ministers not in his favour, regardless of the damage to the economy.

Zuma's statement on confiscating white-owned land was a shocker, but we shouldn't fear that it would soon lead to the end of property rights.

This is a hugely complex issue with massive implications for the banking sector, investments, food security and stability, and the Constitution probably won't be amended during his tenure.

For now, we should see this as more of a populist trick to solidify rural support and a tactic to steer the attention away from his other problems.

Back to my prediction of a proper, open confrontation between the two main factions in the ANC. It could be ugly and affect us all, but perhaps we should consider that the sooner that happens, the sooner we could start a post-Zuma rebuilding of our society.

A last thought. What will Julius Malema do now that his main target agrees with him on land expropriation? Was this a double bluff?

Zuma is an illegitimate president

15 February 2017

Julius Malema

We shall not participate in the debate of Jacob Zuma's illegitimate and redundant speech presented to Parliament last Thursday. This is in keeping with the programme of the protest action we have adopted against his occupation of the highest office of president despite the Constitutional Court ruling that declared that he violated his oath of office.

Our protest action has to this point included a double movement of direct action and boycotts. We shall now be adding legal action, in particular as it relates to Parliament's failure in holding Zuma accountable following the Constitutional Court judgment that he has violated his oath of office.

Why is Zuma an illegitimate president?

On many occasions, our call for Zuma to step down is projected as an anti-majoritarian rule as if it is a rejection of the fact that the South African electorate voted the ANC in majority in 2014. It is a fact of record that the EFF has accepted the outcomes of the 2014 elections, including the subsequent election of Zuma as president by Parliament. The call for his removal, however, is about a Constitutional Court decision regarding his personal conduct as president and has nothing to do with a majoritarian electoral decision of 2014.

Ours is a constitutional democracy which has always meant that the decisions of the majority prevail, but not under the conditions of their choosing. The majority rules under the dictation of the supremacy of the Constitution. Without adherence to the Constitution, we would render our democracy into a "mob justice" kind of system because without the Constitution, democracy is just an arbitrary will of a mob based on whim. It is therefore the Constitution which sets out the high vision, values and principles that turn a mob into a people or nation.

To be a constitutional democracy means that the Constitution is both the ground on which the majority stands to rule and the sky upon which it looks for its achievements in ruling. Therefore, even after a political party has won elections, it must work within the Constitution and the laws that govern South Africa to elect a president. So, what does the Constitution say about such an election? Section 48 of South Africa's Constitution says:

"Before members of the National Assembly begin to perform their functions in the Assembly, they must swear or affirm faithfulness to the Republic and obedience to the Constitution, in accordance with Schedule 2".

Section 86 (1) of the Constitution says:

"At its first sitting after its election, and whenever necessary to fill a vacancy, the National Assembly must elect a woman or a man from among its members to be the President."

Section 87 of the Constitution says,

"When elected President, a person ceases to be a member of the National Assembly and, within five days, must assume office by swearing or affirming faithfulness to the Republic and obedience to the Constitution, in accordance with Schedule 2."

Schedule 2 of the Constitution binds the President to “obey, observe, uphold and maintain the Constitution and all other law of the Republic”. This OATH is therefore the prerequisite, the non-negotiable phase through which a person who must be a president must affirm or declare before God and the people that they will respect. That is why before anyone can be president, a day is set out for such an oath to be taken, without which they can never resume office. Thus, when Zuma took his oath at the Union Buildings his last words were “So help me God”. For breaking his solemn oath he will have to answer to God one day but for breaking his oath to South Africans he must answer to Parliament.

Section 83 imposes certain obligations on the President. In particular, it provides that:

“The President—

a. must uphold, defend and respect the Constitution as the supreme law of the Republic”

On March 31, 2016, the Constitutional Court ruled in a unanimous judgment that the sitting President, Jacob Zuma, “failed to uphold, defend and respect the Constitution as the supreme law of the land... He might have been following wrong legal advice and therefore acting in good faith. But that does not detract from the ILLEGALITY of his conduct regard being had to its inconsistency with his constitutional obligations in terms of sections 182(1)(c) and 181(3) read with 83(b)”.

In essence, the Constitutional Court found that Zuma as president acted illegally, unlawfully, and failed to uphold, defend, and respect the Constitution.

Because of this, and not anything else, Jacob Zuma is not eligible to be president of South Africa. Treating and working with Jacob Zuma like he is a president is also a violation of the Constitution, and the National Assembly is not constitutionally allowed to vote *wrong* into right even if it were to be by all of its 400 members.

Our Constitution has only *two qualifications* that any adult citizen must have in order to be president. It does not ask them to have a matric certificate or a PhD, it only asks them to be *faithful to the Republic and obey the Constitution*. Jacob Zuma has violated the Constitution; in that he allowed a crime of corruption to take place in his home, in his name, for his benefit and did nothing, even when he was told. Most importantly, as the Constitutional Court judgment states that his failure manifests from the substantial disregard for the remedial action taken against him by the Public Protector in terms of her constitutional powers.

The second respect in which he failed relates to his shared section 181(3) obligations. He was duty-bound to, but did not, assist and protect the public protector so as to ensure her independence, impartiality, dignity and effectiveness by complying with her remedial action.

Such a person has disqualified himself to occupy the office of the president, even if voted by any majority, no matter how big or powerful that majority may be.

This is not a question of votes, it is a prerequisite to any voting. Neither is it about the state of confidence in the president; even if every single citizen in the country still has confidence in a president, if that president has been found by a court of law, let alone the highest court in the land, to have violated the Constitution, they cannot be president. It is therefore on this basis that we shall never recognise Zuma as president. We will never allow anyone or any mob to force us to recognise Zuma, even if they come with all the military might in the world. To recognise him, we too will be failing in our oath of office and obligation to protect the Constitution.

Legal Action

We have taken a decision to approach the court to force Parliament to either institute disciplinary or impeachment proceedings against Zuma. The Constitutional Court judgment must serve as prima-facie evidence to the effect that Zuma should not be holding public office. Disciplinary or impeachment proceedings must be constituted where Zuma will have to answer in terms of Section 89 of the Constitution which reads that;

“The National Assembly, by a resolution adopted with a supporting vote of at least two thirds of its members, may remove the President from office only on the grounds of: a serious violation of the Constitution or the law;”

Our prayers will be that following the ruling by the Constitutional Court that Zuma has violated the Constitution; the Speaker of the National Assembly must constitute a disciplinary or impeachment committee to establish whether Zuma’s constitutional violation is a “serious violation”. We are of the view that Zuma must appear in front of this committee to answer and be held accountable in terms of his conduct as it relates first to the Constitutional Court judgment and secondly, that he misled Parliament by saying he received a bank loan to build his Nkandla home when he did not.

In defending Jacob Zuma, the ANC caucus has often said that his violation of the Constitution is “not serious”. We say it is more than serious. Therefore, let a fair disciplinary or impeachment process determine which of these opposing views is correct. If indeed the violation is found to be serious then Zuma *must* be removed as prescribed in the Constitution.

Since this damning judgment by the Constitutional Court, the EFF has written to the Speaker of the National Assembly on several occasions requesting her to implement the judgment through a disciplinary or impeachment hearing. We have stood in protest, to the detriment of the safety of EFF MPs who have put their bodies on the line, to demand that Parliament must hold Zuma accountable in relation to this judgment by the Constitutional Court. The Speaker of Parliament has remained stubborn, partisan and violent.

By failing to act on the findings of the Constitutional Court, Baleka Mbete as the Speaker of Parliament is rendering this court useless, violating the rule of law and undoing our constitutional democracy. Zuma acted in exactly the same way in relation to the public protector's report in that he ignored its findings and allowed Cabinet to amend the report without due judicial processes. Had the EFF not taken action, that office would be powerless and useless today?

Violence in Parliament

I want to thank the EFF MPs who, knowing that the security machinery of our country, in particular the military, had been organised against them, still went to Parliament to do their constitutional duty. These MPs have put their bodies on the line, not once, but on many occasions, to defend and stand for what is right. Security bouncers have been called to punish them under the pretext that they have broken the rules, but all in protection of Zuma who broke the supreme law of the land, the Constitution.

We must in particular commend the EFF female MPs, who as women have withstood the beatings of security men even when some of them were pregnant.

Following Thursday's events Parliament announced that it will be taking members of the parliamentary security for counselling and medical care. This must be a sign of



who matters to the leaders of Parliament; they care more about security than elected MPs. It also fits well with the idea that presiding officers are partisan – their attitude is that as long as these MPs do not belong to their political parties, they do not care for their safety and well-being.

It is a matter of fact that members of the South African Police Services were among the Parliamentary Protection Services who assaulted MPs

inside the chamber on Thursday night. Accordingly, we shall be laying charges against Parliament for using police to remove MPs from the House. We shall also be suing the Minister of Police for all the assaults that EFF MPs suffered at the hands of the SAPS that entered the House disguised as Parliamentary Protection Services.

Conclusion

We have demonstrated that intimidation and usage of force will never stop us from doing what is right. We know our rights and our duties as elected Members of

Parliament. We are not prepared to break the law, just because the majority says so. Let the record of history show that we refused to be bullied by both the Zuma and the ANC collective into distorting the rule of law in the country.

Our Constitution empowers us with the right to protest, and we have done so peacefully on many occasions. Our peaceful protests have all been met with violence and intimidation all in protection of a person that has undermined the supreme law. Rules of Parliament must be broken if they get used to promote the violation of the Constitution; we will be prepared to break them again if given an opportunity, in protection of supreme law of the land. **DM**

LAND REFORM

Bushmen Rule

Rian Malan

A Research Fellow of the Institute of Race Relations, has written an erudite synopsis of our country's turbulent past and examines Julius Malema's recent claim to all of the land in South Africa. As usual young Julius is found to be long on fire and brimstone and orator's rhetoric but falls short on facts, logic and truth. The synopsis is in the form of an open letter to our Julius and begs a response. I look forward to the reply if published. Read 'Bushmen Rule' an edited presentation of Mr Malan's thought provoking article.

"We are here unashamedly to disturb the white man's peace because we have never known peace. We, the rightful owners, our peace was disturbed by white man's arrival here. They committed a black genocide. They killed our people during land dispossession. Today, we are told don't disturb them, even when they disturbed our peace. They found peaceful Africans here. They killed them! They slaughtered them, like animals! We are not calling for the slaughtering of white people, at least for now.... But 1994 means NOTHING without the land! Victory will only be victory if the land is restored in the hands of rightful owners. And the rightful owners are unashamedly black people. This is our continent, it belongs to us."

Economic Freedom Fighters leader Julius Malema said the above in a speech outside Newcastle Magistrates court last week.

Julius Malema must be exhausted. All the rabble rousing, all the chaos in parliament, all the interviews and marches and threats won him just 98,000 more votes in the August 3 local government elections than his Economic Freedom Fighters (EFF) won in the general elections in 2014. He needs a million more votes to really make a permanent mark on South African politics. What, he must often think, does he have to do to get there? His remarks outside a court in Newcastle the other day, to the effect that blacks won't "slaughter" whites, "for now" are typical of the man when he is under pressure. It's the safest go-to in our politics. But it is a false premise, or promise, even if he really meant it, which I doubt. Malema's narrative is that whites landed in this country and disturbed a peaceful indigenous population and then slaughtered them.

But that is way too simplistic. The fact is that the life of black people in SA was, in the words of the English philosopher, Thomas Hobbes, a life of "... continual fear, and danger of violent death; and the life of man, solitary, poor, nasty, brutish and short".

Life in SA in 1652, the year Jan van Riebeeck landed here and the year after Hobbes published his most famous work, Leviathan, was just like that as tribes and clans

clashed constantly for territory and dominance. The fact that whites then added to the violence doesn't make the past go away. But it wasn't just blacks who killed blacks four centuries ago.

White tribes in Europe had been slaughtering each other for hundreds of years by 1652. The English slaughtered Scots. The Germans slaughtered Romans. The fact is humans are inherently violent. The question to ask is whether tribalism, or at least the formation of clans and tribes, promotes violence or whether they form as a response to violence.

The liberal writer and thinker Rian Malan has written a forceful response to Malema's silly outburst in Newcastle. He takes his house in Johannesburg's Emmarentia as a starting point and wonders who walked in what is now his garden, in the distant past.

Rian Malan responds:

Dear Mr Malema:

I am writing in response to your recent remarks calling for whites to return the land to its rightful owners, failing which you may have to slaughter us. I think it's good that you have put this issue under the spotlight, and I would like to help resolve it.

I personally had nothing to do with what the EFF sees as the "mass butcher/slaughter of black people" by white land thieves in the colonial era. On the other hand, I am an Afrikaner with capitalist inclinations, so I am clearly guilty by association in your eyes. Hey, that's all right by me. I'm not here to argue. I am here to find a solution, and to do that, it's necessary for me to put my own land on the table and discuss what's to be done with it.

This land (about 1200 square meters) is located in Emmarentia, Johannesburg, a good place to ponder our history because it is located at the foot of the Melville Koppies, where archeologists have unearthed a great deal of evidence about previous owners. Their findings can be summarized as follows:

- 1) Around 250,000 years ago, Emmarentia was inhabited by our hominid ancestors. These creatures appear to have died out.
- 2) Around 100,000 years ago, the first humans made their appearance. Unfortunately, I don't know their names and their descendants have proved untraceable.
- 3) Some twenty thousand years ago, the so-called San or Bushmen took up residence in a cave in the kloof near where Beyers Naude Drive cuts through the Koppies. Among the artefacts they left behind is a Stone Age device for making arrowheads. The whereabouts of their descendants is unknown.

4) Around five hundred years ago, the first Tswana showed up. These were sophisticated people who used Iron Age furnaces to work minerals mined nearby. They also owned sheep and cattle and grew millet and sorghum along the banks of the stream which flows past my house.

On its face these Tswana would appear to be the only previous owners whose descendants are still living in the area, so in theory I should give my land to them. But when you look closely at the Tswana, a complicated picture emerges.

In the beginning, around 1700, almost all Tswana fell under the authority of the Hurutshe, a powerful tribe that exacted tribute from lesser Tswana chiefs and kept them in line.

Around 1750, things began to change. Nobody knows exactly why, but one suspected cause is the mealie, which arrived here around that time. Mealies boosted crop yields. More food led to population growth, which led to intensified competition for scarce resources. The Hurutshe hegemony was challenged and overthrown. Without proper supervision, minor chieftains started tooling up and making war on one another. The Fokeng attacked the Kgatla. Kgatla attacked the Po. Pedi fought the Kwena, and so on. According to the anthropologist Isaac Schapera, there were 26 civil wars in the decades prior to 1820.

In response, Tswana kingdoms became increasingly militarized and autocratic, which is to say, they moved from level 3 societies, which were chilled, to levels 4 and 5, where kings and chiefs practiced an early form of capitalism, extracting labour and tribute from weaker vassals. Since the vassals did not necessarily like this, the more powerful Tswana chiefs began to concentrate their people in large towns, usually sited on easily defensible hilltops and surrounded by stone walls.

This did not help much. An analysis made of Tswana praise poems and oral histories indicate that being a chief in Emmarentia and surrounds was a very dangerous occupation between 1700 and 1820. Of 71 chiefs mentioned in oral traditions, only 48 percent died in their beds. The rest were assassinated or killed in battle.

As a result of these factors it has proved difficult to establish exactly which Tswana grouping owned my land during this period of violence and confusion. Most likely, ownership changed several times, and at some point it was taken over by the Po, the Nguni people who controlled the Witwatersrand from a headquarters located near the Gillooly's freeway interchange. Have you ever heard of these people? No, me neither, but don't worry, because they were soon swept away by the *Mfecane*.

Contrary to popular belief, it seems the *Mfecane* was not really caused by Shaka Zulu. According to my readings, that man's role has been exaggerated by Inkatha supporters who love to depict Shaka as a black Napoleon who single-handedly invented the short stabbing spear and the horns-and-chest battle formation, thereby overcoming all. More recent research holds that Shaka was just one of many southern African kings who more or less simultaneously embarked on a program of

militarization and nation building, thus leaping from level three to level five and in the process destabilizing their neighbors included the Hlubi, the Ngwane and the Swazi. After Shaka came to power around 1818, these people decided it would be wise to move onto the highveld to get away from him. But the nearest parts of the highveld were already occupied by the Phuting and Hlakwana, who lost their crops and cattle to the invaders and had to flee westward, into territories controlled by various Tswana entities. This resulted in a chain reaction that rolled on for years, turning the highveld into a zone of "persistent raiding and displacement" that shattered African social structures and turned many people into refugees.

Around 1824, Mzilikazi and the Ndebele arrived on the scene, also fleeing the Zulus. Mzilikazi was by far the most efficient of the level-five autocrats. He ate up all the tribes in his path, usually killing males and incorporating women and children into his own ranks. One exception to this was the Po, who reportedly saved themselves by submitting to Mzilikazi and joining his cause as "allies or slaves."

One therefore assumes that the Po moved with Mzilikazi to Rustenburg district, where the Ndebele made their capital. The king lived in the very centre of the new empire, surrounded by loyal Ndebele commoners and swathes of pasture for the royal cattle. Beyond the pasture was a ring of tribute-paying vassal chiefs and beyond them lay the march – a vast area that had been cleared of all human inhabitants. Mzilikazi trusted no-one, and wanted to make sure he could see his enemies coming.

I can't be 100 percent sure, but I suspect Emmarentia was part of this so-called march. Here's why. In 1836, an aristocratic British sportsman named Robert Cornwallis-Harris came this way to hunt big game. When he reached a range of hills which could have been the Witwatersrand he began to see the ruins of "extensive villages," deserted save for a handful of "half-starved persons" hiding in the bushes. According to Cornwallis-Harris, the abandoned villages were strewn with broken earthen vessels, fragments of ostrich shell and game skins. And that's almost exactly what archeologists find when they dig trenches on the koppie above my house.

Against this backdrop, your remarks about "peaceful Africans" strike me as somewhat odd. The last person to make such an argument was Joe Slovo, whose seminal "Colonialism of a Special Type" essay was riddled with black holes and omissions intended to present whites in the worst possible light. That's because Slovo was desperate to ingratiate himself with black people and become your leader, an ambition which led directly to what you see as the great sellout of 1994. You surely know better than to trust a white man, sir.

But anyway, our story has just begun. The first white settlers showed up in Emmarentia a few months after the hunter Cornwallis-Harris. You seem to imagine these Voortrekkers as an army of genocidaires using guns and horses to drive peaceful Africans towards extinction. Not so. Mzilikazi opened the hostilities, massacring a party of Trekkers near the Vaal River and then stripping the Boers of all their livestock at Vegkop. At this point, the Tswana who'd previously dominated

the area came out of hiding and offered their support to the Boers, which led to Mzilikazi's defeat at the hands of multi-racial DA-style army at the battle of Mosega.

In the aftermath, Mzilikazi fled northwards across the Limpopo, and the Boers claimed "his" land as their own. The suburb where I live became the farm Braamfontein, property of the Bezuidenhout family. These were my people, but let me be the first to admit that they did not behave like civilized white liberals.

Instead, they emulated the African kings who came before them, exacting tribute (especially in labour) from subject chiefs and periodically raiding more distant neighbors for cattle and captives. Some of those captives, especially the children, became *inboekelinge*, or indentured servants, working on Boer farms for nothing until they were 25.

Let's face it -- this was a form of slavery, and we must answer for it. But the Fokeng and the Kgatla must answer too, because they were our partners in crime, constantly joining the Boers in "mutually beneficial" raids on surrounding tribes. As a result, the Kgatla (who lived around Sun City) and Fokeng (near Hartebeestpoort) became rich and powerful. According to historian Fred Morton, Kgatla chief Khamanyane (who ruled from 1853 to 1875) acquired an astonishing fortune in wives (43) and cattle, while many of his subjects "attained higher living standards than most Boers."

This is not to say that the Boers and their Tswana allies had it all their own way. On the contrary: the Boers were weak, and existed in a state of uneasy equilibrium with surrounding African principalities. Gert Oosthuizen, baas of the farm where I now live, would have been called out on commando at least 14 times in his first thirty-odd years on the Highveld, but seldom returned home a victor.

Most Boer military campaigns ended in stalemate, and they were defeated on at least three occasions -- by the Pedi in 1852, the Sotho in 1858, and the Venda in 1861. By 1867, they were under such pressure that they had to abandon the Soutpansberg, leaving behind a few stragglers who survived by paying tribute to their conquerors in the African way.

After the discovery of diamonds, Africans began to acquire guns and push back even harder. In 1870, the Boers abandoned Potgietersrus. In 1871, they lost another war against the Pedi. By 1877, they seemed to be in an extremely precarious position, which is why the British stepped in to annex the Zuid-Afrikaanse Republiek.

Beyond this point, your understanding of history becomes more tenable. Professional soldiers sent by Queen Victoria crushed the Zulu and Pedi with considerable slaughter, as they'd previously crushed the Xhosa and were soon to crush the Boers. Black Africans wound up losing about two thirds of the land they'd held before 1652, and for this whites must answer. Then again, the British army had African auxiliaries in all its campaigns, so they must answer too.

But for what exactly? You keep saying "genocide." I'm not sure that's the right term. In the 1980s, historians Leonard Thompson and Howard Lamar published a comparative study of the North American and South African frontiers. Someone stole my copy of that book and the precise details are fading, but it claims there was something like ten million "Red Indians" when the American frontier opened circa 1780, and only 250,000 left a century later. That's genocide.

In SA, the numbers tell a different story. According to Thompson et al, there were around two million Africans when our frontier opened, also in 1780, and roughly double that number when it closed in 1880. Since then, the African population has grown at a healthy rate, apartheid notwithstanding. That's why whites are now so heavily outnumbered, and why if you say, surrender your land, I have not much choice.

But surrender it to whom? If we take the arrival of the first white settlers in 1836 as our point of departure, I should give my house to the descendants of Mzilikazi. But that won't go down with the Tswana, who remember Mzilikazi as a bloody tyrant who robbed them of their birthright.

The Po might rematerialize and make a claim, and then there's the Bushman to think about. They were here long before anyone else, but vanished in the 1820s. Perhaps they also ran for their lives when they saw Mzilikazi coming, and took refuge in the Kalahari.

If so, this was a frying-pan-into-fire move, because the Tswana out there were short of labour, and they turned Bushmen and other vassal races (the Kgalagadi and Yei) into slaves who were exchanged for goods, passed on as heritable property and "controlled with startling brutality" by their masters. According to historian Barry Morton, slave herdsman were "observed to live in an indescribable state of general squalor." Death from malnutrition was "not uncommon," and slaves were "punished and occasionally killed...for losing a single animal."

According to Morton, evidence to back such claims lay hidden in plain sight in the archives, ignored for decades by researchers swarming into the Kalahari to study one of the world's last hunter-gatherer populations. I can only surmise the researchers were white liberals who didn't want to spoil the plot, which holds that it was the Boers who caused all the trouble in our history until they were overthrown by the saintly Mandela, thus giving birth to the Rainbow Nation.

Judging by your speeches, you detest white liberals even more than I do, which is why I have drawn all these complications to your attention. The fact of the matter, sir, is that all our ancestors have blood on our hands. More blood on mine than yours, at least at this point, but still: the only innocents in this story are the Bushman.

They were harmless level one people, with no chiefs and no material ambitions. Whites hunted them like wild animals, but your people were little better. The first

British official to arrive at the royal court of the Xhosa (Sir John Barrow, c 1798) was told by King Hintsa, "My people exist in a state of perpetual warfare with the Bushmen." Perhaps this helps us understand why the north-eastern portion of this country is littered with the relics of Bushmen who vanished long before white settlers came.

And so we come finally to the point of this letter. The victims and villains of history are beyond my reach, but I am not without conscience. I am sorry about all the Zulu who perished at the hands of Lord Chelmsford in 1879, and the Shona and Ndebele slaughtered by Rhodes' Gatling guns. But I am particularly sorry about the Bushmen who used to live in the kloof above my house. They suffered greatly at the hands of people like us, and their claim to being the original and thus "rightful" owners of Emmarentia looks unassailable.

I therefore think it might be best if I share my land with my friend Errol, an Afrikaans-speaking colored person with at least a bit of Bushman blood in his veins. He's not black, strictly speaking, but at least he has an Afro. And his apartheid victim credentials are impeccable. But before I go ahead, I would like to make sure this accords with the fast-track land reform scheme you envisage. If I do the right thing by Errol, will my life be spared?

Your swift reply is awaited.

Stop the alternative facts about land reform

2017-02-21

Max du Preez

There can only be one reason why President Jacob Zuma and his loyalists lie about the real facts about black participation in the economy and land reform: they're using emotive issues to mobilise around in order to divert the attention from their greed and corruption.

Inequality along mostly racial lines is still at dangerous levels. But why twist the statistics to make it look worse than it is? Why deny the progress already made? This is an old populist trick.

Misrepresenting the facts about land ownership and wealth is not helping this battle that all South Africans need to fight with great energy and wisdom.

Let's stick to the facts. We are not a Trump republic.

The lie that has been repeated so often that it is now widely regarded as fact – I heard it again yesterday afternoon on talk radio – is that white South Africans control 90 percent of the economy.

The real situation, as was confirmed on Sunday in an opinion piece by the deputy minister of finance, Mcebisi Jonas, is that 40 percent of the JSE's capitalisation and 50 percent of the JSE top 40 is foreign owned.

According to Jonas, the state owns and controls about 30 percent of the economy. The Public Investment Corporation is the biggest single investor in the economy with the R1,8 trillion in the pension funds of civil servants (overwhelmingly black) it controls.

Jonas also pointed out that some of the largest segments of "white monopoly capital" are listed primarily on foreign stock exchanges and that their foreign investments and interests far surpass their interests in South Africa.

Economist Mike Shussler wrote this week that the gap between the income of white and black households had shrunk by 40 percent over the last nine years. That is radical progress.

The significant difference in education levels between black and white partly explains the income gap, Schussler says. Blame the past, of course, but also the monumental failure of the governments since 1994 to manage education and skills training like, for instance, Zimbabwe had done.

Zuma told Parliament last week that only 8 million ha of the 82 million ha arable land had thus far been transferred to black owners. That is less than 10 percent, surely a statistic that should let the red lights flash?

On Sunday, Deputy Minister of Public Service and Administration Ayanda Dlodlo wrote in City Press that the state only owns 14 percent of the land and that 97 percent was in white hands.

If this were America, I'd call these statements "alternative facts". Locally we just call them blatant lies.

The total land surface of South Africa is 122 081 300 ha. A quarter is controlled by the state: 15 percent or 18 million ha is communal land in what used to be called "homelands" and other reserves, and 10 percent or 12 million ha consists of conservation areas or property of the SANDF, the SAPS and other national or provincial departments.

18 million plus 12 million plus 8 million ha mean we already have 38 million ha not in white hands.

Another 3 million ha would have been transferred to black owners through the land restitution project, but these beneficiaries preferred financial compensation – over 90 percent of claims, according to the president's State of the Nation Address. The amount so paid, more than R6 billion, came from taxpayers.

This annoyed Zuma, who urged people to take the land rather than the money because "it perpetuates dispossession".

He seems to choose to disregard the fact that two out of three South Africans live in cities in towns now. They would prefer urban land, houses, better services and education rather than to go struggle as farmers. That's why most of them took the money.

One also has to factor in the land that has been bought by black individuals and black-owned companies on the open property market, the significant number of share schemes for farm workers that mean they own half or a significant portion of the land and the land reform projects of private farmers and agri-business.

The exact figure hasn't been calculated yet due to insufficient information, but it would be safe to say that in 2017 less than 60 percent of the land belongs to white people. Not 79 percent or 87 percent.

Here's a shocking piece of information: if the amount of money spent on land transformation since 1994 had been used to buy farms on the open market and transferred to black owners, white South Africans would have owned less than 50 percent of the land in 2017.

Where did all the billions go?

As recently as last week, Zuma and Co. still blamed the principle of willing buyer, willing seller for the slow pace of land reform.

But this principle was chucked out of the window by former President Thabo Mbeki at the Land Summit in 2005 already, a decision that was again formally confirmed in 2012.

Why lie about it now? Obviously it is to cover up the incompetence and corruption in the responsible departments.

If we don't have the facts, the real picture, in front of us, we can't tackle the problem properly.

Analysis: Land – real problem, great political tool

Stephen Grootes

In a country with a history as difficult as South Africa's, and its tough current reality, it is undeniable that the issue of land and its ownership is always going to be highly contested and emotional. The fact that it so strongly limits the options of so many of our young people looking for upward mobility makes it an ultimate "hot-button" political issue. For various reasons, some entirely legitimate and others more to do with short-term political aims, the voices pushing for some sort of land redistribution

or restitution are growing louder. Still, the forces against any kind of radical shift should not be underplayed either.

What may well be lacking from the land reform debate at the moment is clarity over what the ultimate aims may be. In other words, we should ask ourselves, what do we really want to achieve?

Even before 1994 it was obvious that land reform was going to be one of the biggest problems the new nation that we have tried to create since that day would face. This was one of the more contentious clauses in the Constitution, and why the "Property Clause", or Section 25, was so difficult to agree to. At the time, there were already loud voices wanting land taken from white people whose families had taken it from black people. While some of those voices may have been in the ANC, the parties that campaigned for a more radical solution to this problem, such as the Pan African Congress, did not gain much support in South Africa's first free elections.

Over time, there has been a suggestion that Section 25 was the result of a compromise by Nelson Mandela's negotiators, including the now Deputy President Cyril Ramaphosa, and that he "sold out" on the issue. But this is also to miss the political realities of the time; the National Party government, as it then was, still had much of the power in reality. And people like Valli Moosa, who were part of that negotiating team for the ANC, have said people have actually completely misunderstood what was really happening. He has suggested that the clause was inserted at the insistence of the ANC, because they wanted to ensure black people were never arbitrarily deprived of their property again.

When discussing land, and the future of land policy in South Africa, it may be important to distinguish between two separate and possible goals.

The first is to examine the symbolism that land carries for many South Africans: it was the ultimate aim of colonialism and apartheid for white people to take their land. Different people may view this differently, but it is surely undeniable that the symbolism of land is very powerful.

Just for that reason alone, something must be done.

Then there is the practical purpose which can be served by changing our current situation. What is the ultimate practical aim? Is it to create a new class of black farmers, who own their land, live on their land, and sell their produce commercially, and thus create black-owned wealth and grow food for the country? Is the aim solely to increase the amount of food we produce to reduce any dependence we may have on other countries (and in so doing, reduce the impact of a fluctuating currency)? Or is the aim to improve the situation of people living on farms they don't own, but work on? There are other possible aims too – should people living in informal settlements who may have a claim to land be encouraged to move to that land to work on it through some other kind of negotiated settlement, perhaps?

What is surely missing from the current debates around land is clarity on these questions. If the aim is to make some kind of symbolic gesture, then we would need to examine what form that could take. And symbolism alone would surely not be enough, you would need practical change on the ground.

At the same time, it is easy to overstate the importance of this issue. While some people may talk about an emotional attachment to land, and legitimately suggest that apartheid will always be present until "the land is returned", there is evidence to suggest that is not an overwhelming majority. In his State of the Nation Address this year, President Jacob Zuma said that around 90% of the people who lodge a successful land claim end up opting for financial restitution, rather than taking actual ownership of the land. One should not forget here that in many of these cases, communities will have changed dramatically since they were forced off the land. And it may be much easier to split money rather than land, if there is a large number of descendants of the original people who owned the land.

That said, it is unlikely that many people who live in urban areas now would want to move to a rural life, unless the asset they were given control over in the process was worth it. Even if everyone was given a square kilometer of land in the Northern Cape, we probably would not see many people moving back there from Gauteng.

And of course, there are parties who campaign on this issue. And their combined support does not go beyond the 10% mark.

It is hard to find evidence that there is much of a search for clarity in our current public land debate. Julius Malema may say in public that he wants "expropriation without compensation", but he does not say what that actually means. He appears to be finding a surprise ally in President Jacob Zuma, who is now suggesting that the "black parties in Parliament should join together" on the land issue. But Zuma himself is a latecomer to the land issue. It appears he is suddenly jumping upon it, as if to burnish his "radical" credentials. Considering that he has been in political power since 2009, it is hard for his supporters to explain his eight years of silence on this issue.

Instead, it appears that his new comments are, more than anything else, a result of political expedience and control of the ANC's leadership battle. In some ways, politics can be about creating conflict, making something an issue, and then forcing your opponent on to the wrong side of it. Zuma would be trying to do this to his opponents, both inside and outside of the ANC, believing that the majority of this country's people would support him.

But that faith may not be entirely well-placed, if just because many South Africans are not voting for the parties that make this the plank of their manifestos. In reality, there are strong opponents of radical action. And not just the DA (and the Freedom Front Plus). There is evidence of growing resistance to the voices that claim to be radical. People such as ANC Secretary-General Gwede Mantashe and Finance Minister Pravin Gordhan and his deputy Mcebisi Jonas are warning on a consistent

basis against measures they've labelled as "populist". This is possibly part of a plan to deliberately label these measures in such fashion, so as to demonstrate how dangerous they could be.

This group of people will explain how food security should come first, how the history of land reform measures has many examples, here and elsewhere, of farms that stop producing food. They will explain how political parties in power generally do very badly in democracies if food prices rise too quickly. They will also be very wary of unlocking the door to changes to the Constitution.

Unfortunately, this situation taken as a whole suggests that there is not likely to be real land reform for the foreseeable future. If those calling for radical change do win in December, they may not necessarily implement what they say they will. The fact there is no real detail about what they actually want to do certainly suggests there is no plan ready to go. And those who oppose them would possibly continue to fight back, whether they were inside or outside the ANC. **DM**

STATE VS PARTY

ANC Morally Corrupt Liberation Organization

Identifying what went wrong

Ben Turok

13 Feb 2017

Ben Turok was born on 26 June 1927 and is a former anti-apartheid activist, Economics Professor and former South African Member of Parliament and a member of the African National Congress.

He was born in Latvia in 1927 and came with his family to South Africa in 1934. He graduated from the University of Cape Town in 1950. Returning to South Africa in 1953, he joined the South African Congress of Democrats and in 1955 became its secretary for the Cape western region, acting as a full-time organizer for the Congress of the People. He was the African representative on the Cape Provincial Council.^[1]

He was arrested in the Treason Trial in 1956 and stood trial until charges against him were withdrawn in 1958.

His wife, the former Mary Butcher, was also prominent member of the COD and later served a six months' sentence for aiding the illegal ANC. In 1962 he was convicted under the Explosives Act and sentenced to three years in prison.

Before the unbanning of the ANC and the dismantling of apartheid, Turok lived in Barnet in North London and was a member of the British Labour Party.

He is now on the faculty of London's Open University, for which he wrote a lengthy study in 1975: "Inequality as State Policy: The South African Case." His writings also include "South Africa: The Search for a Strategy," in The Socialist Register 1973 and a booklet, Strategic Problems in South Africa's Liberation Struggle: A Critical Analysis (1974).

He is currently director of the Institute for African alternatives.

He is the father of Neil Turok, one of the world's leading cosmologists, and founder of the African Institute for Mathematical Sciences in Muizenberg, South Africa.

This veteran ANC MP is expected to face disciplinary proceedings by the ANC after publicly explaining why he broke party ranks and did not vote for the controversial Protection of Information Bill, aka the Secrecy Bill, on 22 November 2011.

Turok was instrumental in helping draw up the Freedom Charter and also served time in jail under apartheid.

I want to sketch out some of the key areas where the ANC government has fallen short since 1994.

There is a tangible wave of concern about the state of the country across many sectors of society. The emergence of the "101 Veterans and Stalwarts" and the Umkhonto Council are perhaps the most prominent expressions of this concern, but there are many others. These two structures are focused on the failure of the ANC leadership, in particular the abuse of office, entitlement culture and corruption.

But there is insufficient attention to failures in economic policy and implementation and Zuma's present efforts to champion the cause of black business, does little to reassure that he has a serious plan.

I want to sketch out some of the key areas where the ANC government has fallen short since 1994.

1. Little has been done to overcome structural inequality. Welfare provisions have saved the destitute from total misery, but the structures remain intact.
2. We inherited a system of colonial type super-exploitation, much of which remains in place. Public servants have improved their position as have sectors of organised labour. But the prevalence of labour brokers, and the huge unemployed labour force, is symptomatic of continuities from the coerced migrant labour force of the past.
3. The failure to ensure that the state-owned enterprises perform a facilitative role in the mixed economy is a major disaster. The insistence that they make profits through high administrative prices is a huge cost to the economy.
4. While we have a monopolized capitalist economy, seemingly content with present returns and therefore reluctant to venture into new territory, the state seems to be passive in its attitude to the need to expand the economy. Hence new investment in industry is at a standstill.
5. On the skills front, the government has been remarkably inept. It closed down viable training and research centres instead of training tens of thousands of new apprentices and skilled personnel.
6. Our informal settlements are a disaster. How a 21-year-old ANC government can pretend to be a people's government with such terrible slums is hard to take.
7. On land redistribution in the former homelands we seem to march steadily backwards, giving more power to corrupt and authoritarian traditional leaders

instead of giving land to the tillers.

8. The ANC government's relations with business are a mess of contradictions. Presently there is a tendency to condemn "white monopoly capital" in order to facilitate the emergence of a parasitic black business class. This is a poor alternative to developing a rigorous analysis of business, which sector could play a progressive developmental role and negotiating proper terms for co-operation. In 1949 the Chinese government made a sharp distinction between the imperialist based capitalist sector linked to Japan and the nationally minded indigenous sector. They negotiated mutually beneficial terms of engagement with long-term contracts to provide certainty. Why is it so difficult for us to do the same rather than have continuing tensions between government and business?

The essence of the problem is the failure to create a developmental state, i.e. a state which is primarily focused on building an inclusive economy, not preserving the status quo diluted

Zuma pushing SA to crisis point

FW de Klerk

2 Feb 2017

Cape Town - President Jacob Zuma is determined to accelerate South Africa's descent to an economic and racial crisis, FW de Klerk, the country's last apartheid head of state, said on Thursday.

"President Zuma is determined to accelerate our descent along the road to state capture, economic crisis and racial confrontation," De Klerk said at a conference by his foundation to mark 27 years since he announced the unbanning of the African National Congress and the release of his democratically-elected successor Nelson Mandela.

This could be seen in the Hawks, crime intelligence, and the police being used to attack opponents and protect allies, he continued.

His speech was about the crossroads the country had faced since negotiations toward a democratic SA. The ANC's historic Polokwane elective conference in 2007 marked the beginning of the decline, he said.

South Africa, a country torn apart by nepotism, corruption and state capture

Sipho Pityana

08 Feb 2017

I would urge the Speaker of the House to not address President Jacob Zuma as honorable when she invites him to present his State of the Nation Address tomorrow night -- for it is a matter of fact that he is not.

Importantly, he shouldn't be addressing us as a nation in the capacity of a President, for he has broken his contractual relationship with us as citizens. Instead, Parliament should be telling us when it intends to hold him to account following the Constitutional Court judgement on the Secure in Comfort Report.

President Zuma: You must know that as a nation we no longer have confidence in your leadership. You are not trusted by the people. You are not trusted by civil society. And, increasingly, you are not even trusted by your own party and its allies.

When the opposition parties supported a motion of no confidence against you in Parliament last year, you deliberately misinterpreted the objection of your own members to that motion as support for you.

Now you know that members of the ANC, through their various structures, have urged you to step down -- not only as the President of the country, but also as the leader of the esteemed ANC. You have used every opportunity to bring shame to a glorious movement that our nation respects for its role in liberating the motherland.

It is the state of our nation that today we are led by a limping President who doesn't enjoy the full trust and confidence, not only of many of his colleagues in Cabinet, Parliament and even the NEC of the ANC, but importantly of the vast masses of our people who are perturbed, aghast and disgusted at his dishonorable and shameful conduct.

Here is a leader who thinks our hard won freedom and right to self-determination can be handed over to a shady criminal gang of looters who are determined to steal from the poor. A leader not befitting the honor that the nation bestowed on him to be a President, for he prefers to be a "kortbroek", a "spanner boy", a "runner" for a bunch of arrogant crooks and criminals.

In President Zuma, we have a wounded tiger, unleashed by its handlers to sow mayhem and destruction, at great cost to both our nation and the ANC as he spends this year seeking to regain lost ground. He'll be dishing out a long list of scapegoats for his litany of failures. This is as a prelude to his ill-conceived yet destructive actions that he is set to take this year.

We have to say this, President Zuma: we have absolutely no confidence in your ability to reflect reality when you address the nation on Thursday night. And we know, from history, that you will not deliver on the majority of the promises you are going to make.

Don't bother promising us a radical agenda to include black people in the economy. Rather tell us what programme you embarked upon, in your eight years as the President of our nation, to effect this. What progress have you made? What new steps do you intend to advance this important objective?

Evidence suggests that despite a mandate, from both the Constitution and the party you lead, you not only failed in this regard, but you set back the promising positive steps of your predecessors in Presidents Mandela and Mbeki.

We can say, without fear of contradiction, that the period 2002-2007 saw the fastest growth in the black middle class, an economy that was beginning to reduce unemployment, an unprecedented economic growth of over 4.5%, a systematic reduction in poverty, a stable debt to GDP ratio, controlled inflation, a healthy balance of payment. We had a black economic empowerment strategy that saw the emergence of shining examples of new black business.

Yet, under your leadership, President Zuma, all these gains have been reversed. Look at your mess.

The same applies with land restitution, redistribution and security of tenure. You have had a clear mandate from the Constitution and your party for years. But over the last eight years you have failed to address this. Please don't invite us to your altar of fools by promising to do better? All you have to offer us now, is the word "radical".

Let's not forget that in 2012 the ANC conference voted to abandon the willing buyer willing seller policy. A year later, you paid out a billion rand in a land restitution settlement for Mala Mala game reserve -- and yet provided neither technical nor financial assistance to emerging black farmers who secured the land of their forebears.

An NGO succeeds in court to secure tenure for over 1,000 black labour tenants on white owned farmland; in a blatant act of trying to steal their victory you unsuccessfully appeal the decision. Add to this the many allegations that money intended for land redistribution is diverted in shady schemes of looters that benefit mainly corrupt white farmers and your cronies.

We demand to know how much land has been distributed during your presidency.

And then there is the scourge of racism. Over the past few years, racists have become emboldened in their offensive rhetoric and violent behavior -- because you, who is supposed to be our leader, are incapable of convincing the nation of the efficacy of non-racialism. Racial chauvinists who, without a word of reprimand from you, eschew anti-Indian, anti-Colored and sometimes even anti-white sentiments -- find comfort in your inner circle, and pretend to speak on behalf of an ANC that has long disavowed all forms of racism.

There can be no doubt that the realization of social cohesion requires the redress of the condition of Africans as the most marginalized. It is also the case that racial chauvinism, a close cousin of tribalism, is dividing our nation and setting us back many years under your watch.

Our young people are desperate, disillusioned and disappointed as your repeated promises of employment are not delivered on. Youth unemployment has worsened since you assumed office. The black school system has seen nothing of your promised improvement. Your false promise of free education is threatening to destroy the great asset we have in our universities.

This President is a man with no heart, no soul, no compassion.

He has nothing to say or contribute to the real issues affecting South Africans: racism, sexism, or discrimination against people because of their sexuality or ability. He has nothing to offer in terms of seriously addressing inequality and social injustice.

While the entire nation is in mourning over the "Silent 94", in shock over the way the Esidimeni issue has been handled, Zuma has nothing to offer but a cold media statement.

A real President would be visibly consoling the nation, addressing the needs of the families, and showing compassion. A real President would order that national flags be flown at half-mast and call a national day of mourning as we grieve over this devastating indictment on our nation's health care system, and the neglect of the most vulnerable. It's not too late to do so Mr President.

The blemish of Esidimeni, like the Marikana massacre, only shows how little the lives of the poor and vulnerable matter to you. We need a leader who knows to put them first.

This is the Real State of our Nation:

Our nation is experiencing increased pain, hunger, thirst and depravation while those in the centre of power turn their backs so they can focus on amassing illicit wealth. They are eating away our nation with their corruption and their abuse of power. They believe it is their turn to eat.

Money intended for social services like education, health and social development is being stolen by some politicians, public servants, and service providers.

The grip of state capture rips the soul out of state-owned companies, encourages gross financial mismanagement, and promotes unfettered looting. It is getting even tighter as Zuma and his cronies line up the biggest tender-grab ever: the nuclear energy deal, which best epitomizes the current phase of state capture.

We have to stop this. We have to harness our collective energy, as ordinary South Africans, as members of organisations, and as people with influence, before it is too late.

I'm inspired by that true servant leader, Oliver Reginald Tambo, who foresaw the challenges that would face the ANC as it moved from liberation movement to governing party.

Speaking during a meeting with young exiled South Africans at Somafco in Tanzania, he uttered these profound words:

"Let's tell the truth to ourselves. Even if the truth coincides with what the enemy is saying, let us tell the truth."

Yes, comrades, and friends, we must tell the truth. For therein lay our true freedom, the truth. And we do so today, encouraged by the many who have joined us and trust that you and many others will join us – and isolate, once and for all, this corrupt President and his henchmen and women.

As the Save South Africa campaign, we asked our supporters to tell us their own truth about the State of the Nation. We asked them to explain on our social media platforms what they believe is the "Real State of the Nation Address".

We received hundreds of responses, but they can be summed up in three phrases: "Nepotism", "corruption" and "state capture".

We asked them at our rallies how they felt about the real state of the nation. Hundreds of people attended our meetings, but their reaction can be summed up in the same three phrases: "nepotism", "corruption" and "state capture".

Some of our endorsing organisations have also developed their own assessment of the real state of the nation. Once again, the same three phrases: "nepotism", "corruption" and "state capture" come through.

This, President Jacob Zuma, is the Real State of Your Nation – it is being torn apart by nepotism, corruption and state capture. And you are at the centre of it all:

You have been implicated in the grossest attempts to sell out our nation for personal financial benefit, as revealed in the Public Protector's State of Capture Report.

You disrespect our Constitution, and our Constitutional Court – in fact, you have become a serial offender.

You have made repeated commitments to deal with corruption – yet you do nothing about it. Instead, you do your utmost to cripple the institutions that are supposed to outlaw corrupt activity.

You do nothing about the governance crisis, mismanagement and corruption in state owned entities, which has become a major destabilizing factor in the economy. When are you going to make good on the promises you made last year to restructure these institutions?

You talk glibly about promised radical economic transformation through a black industrialist programme -- and we expect you to do the same again tomorrow night. Yet the result of your work so far is that the richest black person is now Mr Ajay Gupta.

Ultimately, day by day, your focus is on making sure that South Africa's economic agenda serves your own personal interest, as well as those of your family members and your cronies?

This has to be stopped.

Jacob Zuma, it is time for you to go.

We must all do whatever we can to make sure that tomorrow is the last State of the Nation Address by President Zuma. We have to say: "No more Zuma".

We need more active citizenry. We need you to join others and get involved. Convene a Save SA group wherever you are and use the reach information on our website to understand our programme and bring as many citizens together to work for change. Sign our People's Motion of No Confidence. Lobby your MP or public representative to say no to Zuma.

We have to stop the Zuma nightmare, and begin to dream again.

We must be very firm in ensuring that the democratic project stays on course. We must use our energies to continue to drive Zuma out, but also to drive change beyond that. We must continue to build a society founded on social justice, human dignity, equality and democratic principles.

We must loudly reject looting, theft, corruption, the abuse of power, the contamination of state institutions, the distortion of the justice system for political gain, and the complete disrespect for our Constitution.

We must insist on respect for our flag, our state institutions, and ultimately our sovereignty. And we must hold our leaders accountable whoever they are.

If it was right for former Ministers Gwen Mahlangu-Nkabinde and Dina Pule to resign following adverse findings against them, why should the nation accept that you Mr President remain in office for more serious violations? If it is right for the ANC to recall John Block following a guilty verdict by a high court, why shouldn't we expect that you'd suffer the same fate following adverse findings by the highest court in the land; or is it that you are above the law? Shouldn't you be taking a leaf from Brian

Molefe who resigned, as he put it, in the interest of Eskom, following the state of capture report. Shouldn't you be resigning in the interest of the country? Or is it because you have no conscience?

Fellow South Africans: We must be steadfast in our demand for accountability. We must reject those who undermine our democracy and are intent on using state resources for nefarious means. They must be stopped, and we must build a society that is founded on the democratic values we fought for, the values enshrined in our Constitution.

Zuma must go. Only then will we be able to Save South Africa. **DM**

ECONOMICS

South Africans among the most heavily taxed people in the world

Staff Writer

February 21, 2017

Finance minister Pravin Gordhan is under pressure to find an extra R28 billion in tax revenue – which is likely to come out of the pockets of South Africans who are already among the most heavily taxed people in the world.

In a column written for Finweek, economist Mike Schussler provided data showing that South Africans are some of the most taxed individuals in the world – sitting well within the top 20, and climbing every year.

According to Schussler, there is a great deal of ‘spin’ involved every year when the budget speech is delivered, focusing on the more positive ‘tax relief’ delivered by government, with little fanfare around the real metrics – how much tax we are paying relative to GDP.

In fact, Schussler said, South Africa’s tax expressed as a percentage of GDP collected is far higher than the global, high income country and the upper-middle income country averages.

“SA has one of the highest overall tax-to-GDP ratios in the world today. World Bank data shows SA is also part of the world’s highest regional tax area,” the economist noted.

“We have been in the top 20 highest tax-to-GDP countries for about a decade now and were always in the top quarter. Now the tax burden is being raised by new taxes such as carbon and sugar taxes.”

Worse still, very little comes of it, Schussler said.

“South Africans get little value for the high tax burden if one compares education and health outcomes across countries. Very large class sizes and too few doctors given the size of the population are just two examples, while our public service wage bill is the fourth highest in the world,” he said.

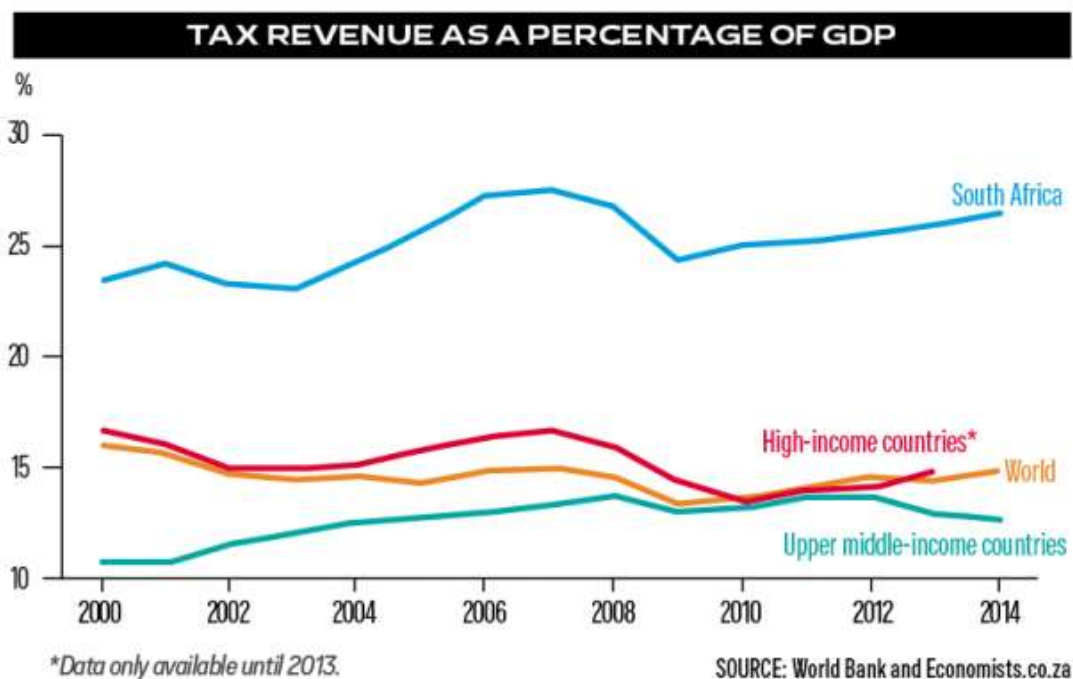
The situation leads to spiral of decline: “Companies and people who add value do not want to give up so much for so little in return, so the investment dries up as taxes increase, and employment growth suffers, and more people want services.”

More tax = more money to waste

Finance minister Pravin Gordhan is faced with the challenge of covering a R28 billion tax shortfall, with few options on where to turn to get it. The most likely avenues for revenue have been identified in a jump in the fuel levy, heavier sin tax, or other taxes on the wealthy.

DA shadow minister of finance David Maynier and DA MP Alf Lees have suggested that National Treasury should focus on reeling in corruption and wasteful spending before taxing an already heavily taxed nation.

Irregular expenditure in South Africa ballooned to R46.3 billion in the 2015/16 financial year, not including the fruitless and wasteful expenditure added another R1.37 billion to the total.



Despite Gordhan’s previous declarations on government spending, ministers and other public officials have continued to spend millions of rands on luxury vehicles, hotels stays and ‘business trips’, while investigations are uncovering years and years of tender abuse, get-rich schemes, and widespread corruption have been sucking the country dry.

Academics and analysts have suggested that president Jacob Zuma and government in general be supportive of Gordhan’s bid to reel in government spending. To the contrary, however, speculation is rife that Gordhan is the cross-hairs to be booted out of Treasury and replaced with former Eskom head, Brian Molefe.

Pro-Zuma factions within the ruling party have openly criticized and called for Gordhan to be removed from the finance portfolio for impeding “transformation goals”.

The National Treasury under Gordhan has blocked a number of high-cost government programmes, including the R500 billion nuclear build, as well as multi-billion rand government bailouts for state-owned companies.

SA's woes in four charts as embattled Zuma open Parliament

Ahead of the president's state of the nation address on Thursday night, four gloomy graphics tell the real story of the country's economic decline

AM Arabile Gumede

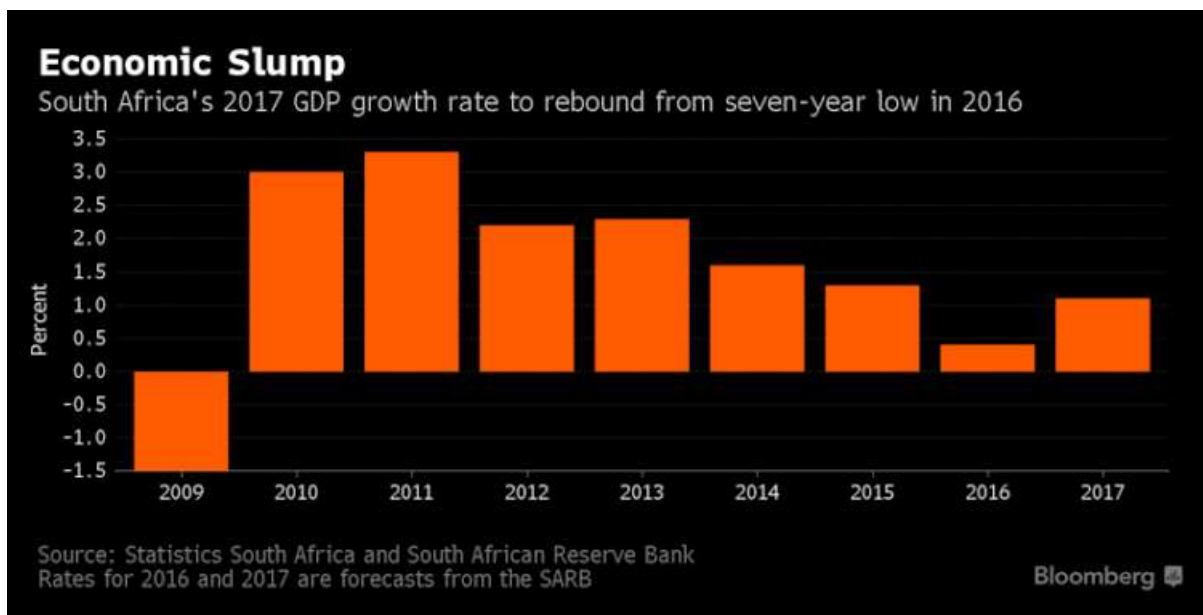
09 February 2017

President Jacob Zuma will need to confront more than opposition lawmakers disrupting his annual state of the nation address (Sona) at the opening of Parliament as he seeks to reassure the nation the economy has turned a corner.

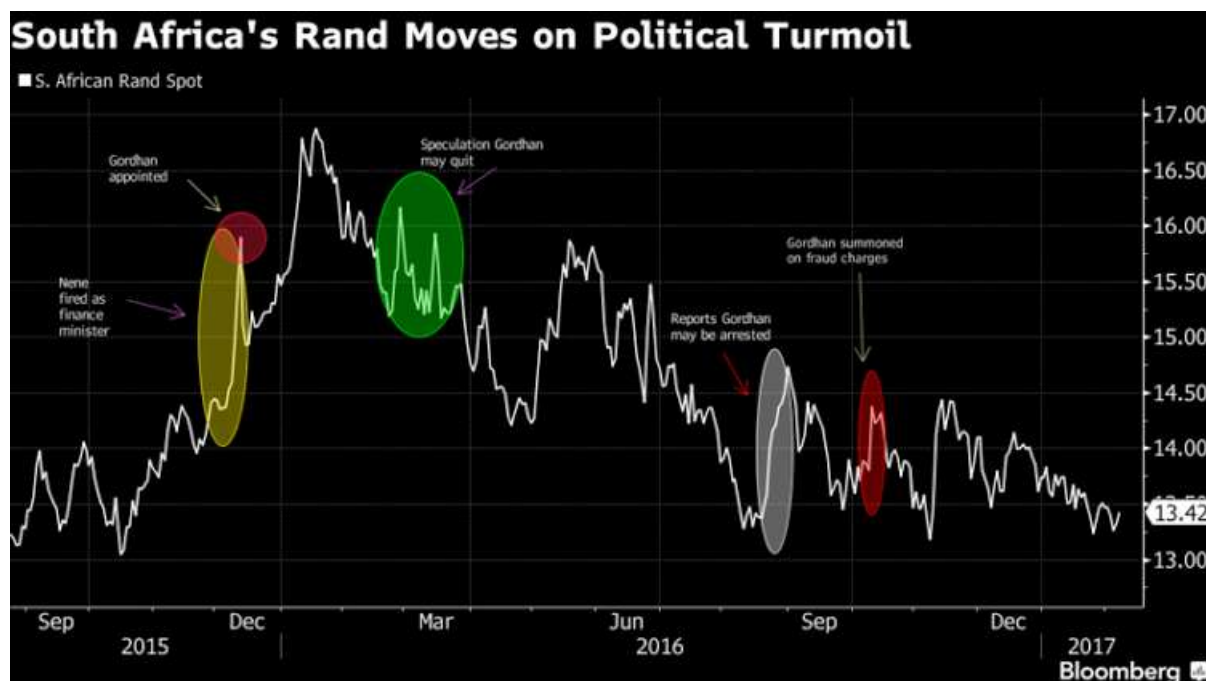
Zuma, who has survived five bids by opposition legislators to force him from office since he took the job in 2009, is scheduled to address the National Assembly at 7pm in Cape Town on Thursday. He has ordered the army to be deployed to "maintain law and order" for the opening of Parliament; the EFF is expected to obstruct proceedings, as its members did in 2016.

The address comes at a time when unemployment is at the highest in 13 years, economic growth last year was the slowest since a recession in 2009, and the country is struggling to retain its investment-grade credit rating.

These four charts show the economic challenges the nation faces as Zuma addresses lawmakers:



Economic growth slowed to about 0.4% last year, according to central bank estimates. This was due to a drought, weak demand from the nation's main export partners, and low commodity prices. Political infighting in Africa's most-industrialized economy, including a police investigation into Finance Minister Pravin Gordhan, has also cast a shadow over the state's efforts to boost confidence and growth.



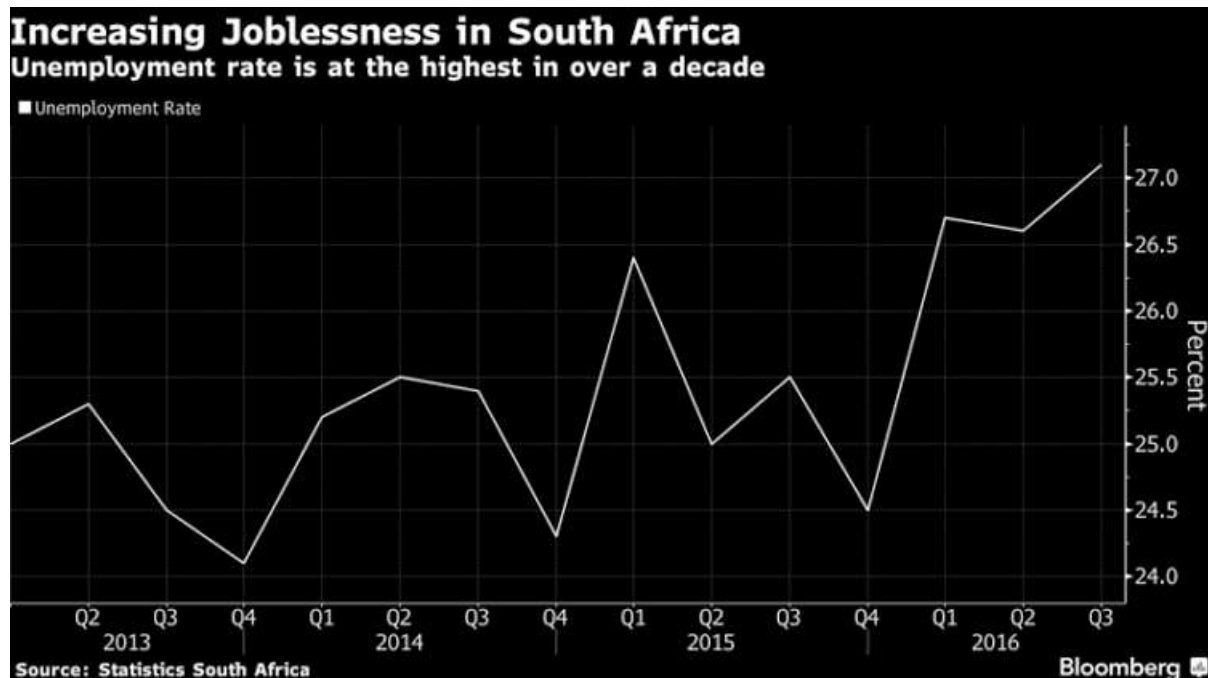
While the Reserve Bank said on January 24 that the rate of expansion will probably accelerate to 1.1% this year, political uncertainty remains a risk to the economy, said Iraj Abedian, CEO at Pan-African Investments and Research Services in Johannesburg.

"Zuma is at the centre of it," Abedian said on February 7. "Growth at the moment is primarily affected by the fear of political meltdown and an open battle between him and the finance minister."

SA's rand moves on political turmoil.

Zuma and Gordhan, who will present his budget on February 22, have been at loggerheads since his reappointment to the Treasury in 2015, disagreeing about how the tax-collection agency is managed and over Zuma's nuclear-power expansion plans, which Gordhan says the country may not be able to afford. This, and a police investigation into Gordhan for allegedly overseeing the setting up of a spy unit at the SA Revenue Services during his time as its commissioner, hurt the rand. The local currency plunged more than 3% against the dollar on the day Gordhan was summoned to appear in court on fraud charges.

"It's a bit of tug of war at the moment, because the rand's fundamentals are looking quite positive, but you do have political risk," Russell Lamberti, a chief strategist at ETM Investment Services in Cape Town, said. "There is risk that the rand falls off with some bad political decision, but I think those will be short-lived."



Increasing joblessness in SA.

Unemployment in SA increased to 27.1% in the quarter until September, the highest since 2003, according to data from the International Monetary Fund. According to statistics agency data, 38% of people between 15 and 34 are unemployed. This highlights the economy's skills shortage, while poverty levels and anger over rising tuition costs have led to violent protests by students.

"There is very little that inspires businesses to hire in the current economy and the lack of policy stability is not helping either," Azar Jamine, chief economist at Econometrix in Johannesburg, said.



Credit-rating risk.

Slow economic growth and political infighting are some of the key factors rating companies have highlighted as risks to SA's investment-grade credit rating. While S&P Global Ratings and Fitch Ratings kept their assessments of the nation's foreign-currency debt at one level above junk late last year, and Moody's Investors Service's assessment is one step higher, there is still a chance that SA's debt will be downgraded this year, according to ETM's Lamberti.

"The downgrade is tied to how bad the politics and political decisions could be," Lamberti said. "The story with the ratings agencies isn't really going to change."

Selling our children short again

By Bryan Britton

27 December 2016

By 1994 the Apartheid Government had borrowed against South Africa's future in an attempt to uphold the untenable principle of separate development. At that time with a debt ratio of about 50% of GDP, our children were faced with a life of repaying their errant parents debt well into the future.

Under the conservative stewardship of first Nelson Mandela and after him Thabo Mbeki, Finance Minister Trevor Manuel was allowed to reel in excess expenditure and prudently repay the country's debt.

By the time Jacob came to power Manuel had performed a minor miracle in reducing the National Debt to Gross Domestic Product ratio to below 30%. South Africa was once again looking attractive to foreign investors and Foreign Direct Investment, upon which the South African Economy critically relies, was looking bullish.

With Zuma at the helm the wheels came off.

With a Debt to GDP ratio back up near fifty percent our children's futures are once more in hock. Additionally, with Zuma relentlessly pursuing a nuclear build program, which the country does not need and certainly cannot afford, our kids, Black, Colored, Asian and White, do not have a future in South Africa.

Zuma has probably already invested the commission on the nuclear deal with his pension manager. And, thereafter greed begets the other six deadly sins.

I have this to say to Zuma: 'Pay back the money'.

Foreign investors pull plug on SA investments.

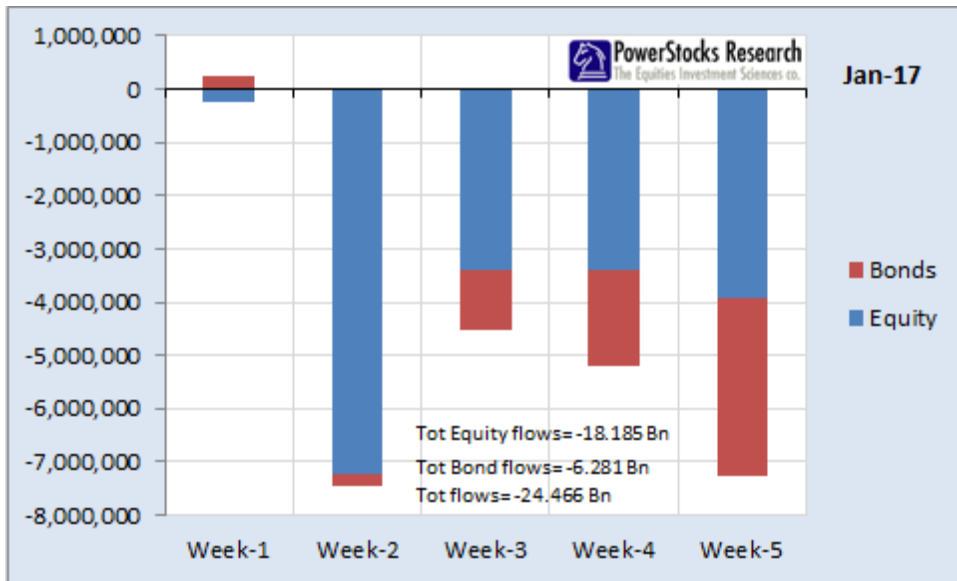
Dwaine van Vuuren

President Jacob Zuma and his buddies in the ANC might be impressing Julius Malema's Economic Freedom Fighters supporters with talk of radical economic transformation to slay the imaginary beast of white monopoly capital. But their rhetoric, together with seemingly endless revelations of corruption, is sending foreign investors to distant climes. This worrying development is highlighted in a series of charts put together by Dwaine van Vuuren, a full time trader and stock market researcher. In graphs first published by Sharenet, Van Vuuren outlines the details of how money is moving out of South African assets. Investors are responding to the risks that credit ratings agencies have been highlighting for some time. These include: the country's exceptionally high unemployment rate; an economy under pressure; perilous government finances; mushrooming red-tape that adds a significant burden to business operations; and political tensions. The rand has been depreciating, but it is no longer a "political shock-absorber", cautions Van Vuuren. The astute investor reminds his followers that emerging markets have been beneficiaries of a trend in which global investors have been seeking higher income outside low-return developed markets – with the exception of South Africa. Van Vuuren reckons it is not too late to turn this situation around so that money starts flowing back into South African assets. The causes for foreign investors hunting elsewhere for opportunities are all factors we can control because they are domestic – they aren't related to the global financial crisis, he says. – Jackie Cameron

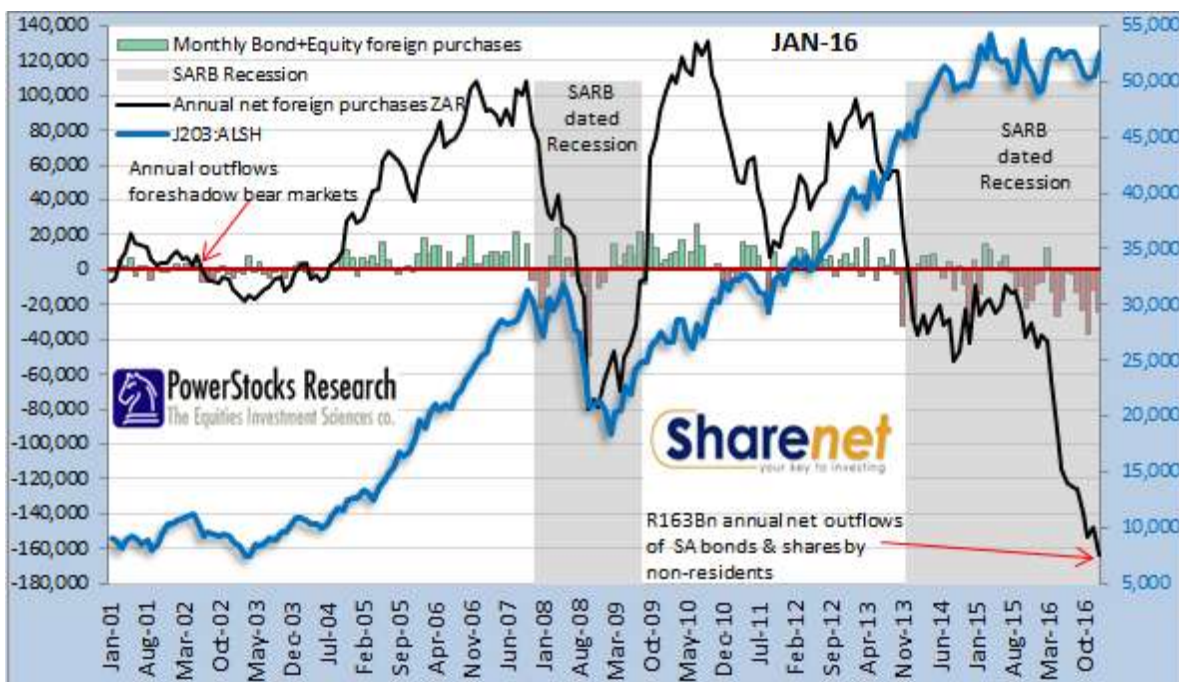
Dwaine van Vuuren is a full-time trader, global investor and stock-market researcher. His passion for numbers and keen research & analytic ability has helped grow RecessionALERT.com (US based) and PowerStocks Research into companies used by hundreds of hedge funds, brokerage firms, financial advisers and private investors around the world. An enthusiastic educator, he will have you trading and investing with confidence & discipline.

Whilst our past two articles covered faint green shoots to the current malaise our stock market and economy finds itself in, foreigners were still net sellers of R24.4bn

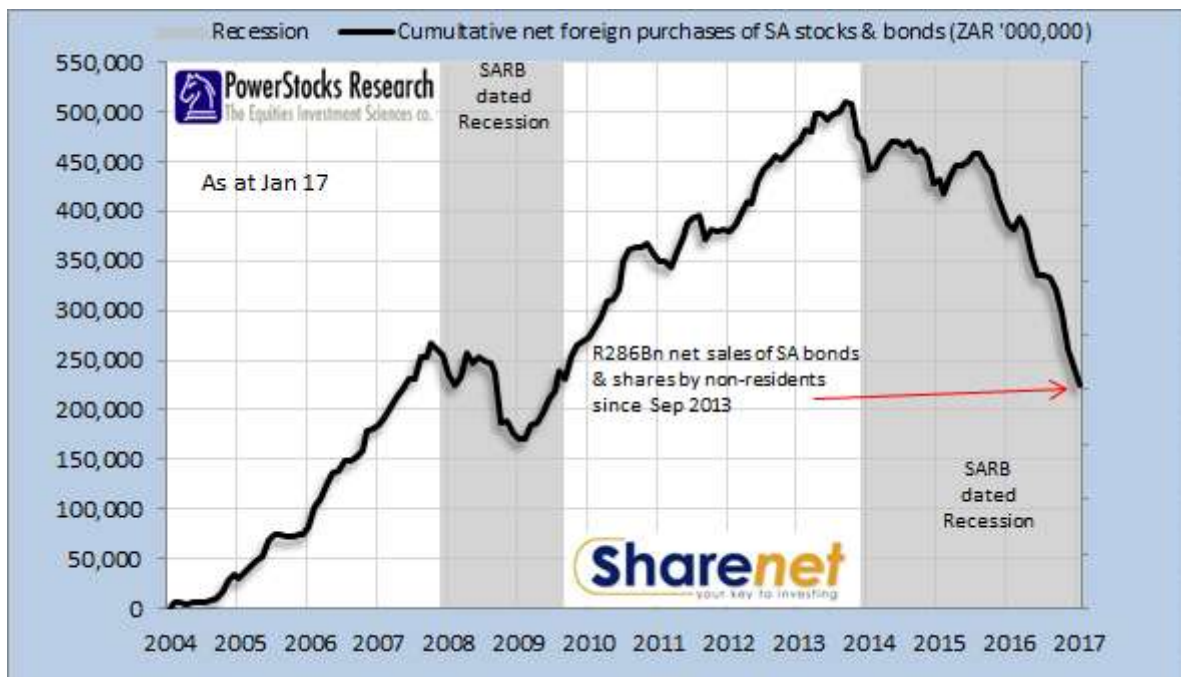
in JSE shares and SA government bonds in January 2017. JSE shares accounted for 74% of the outflows:



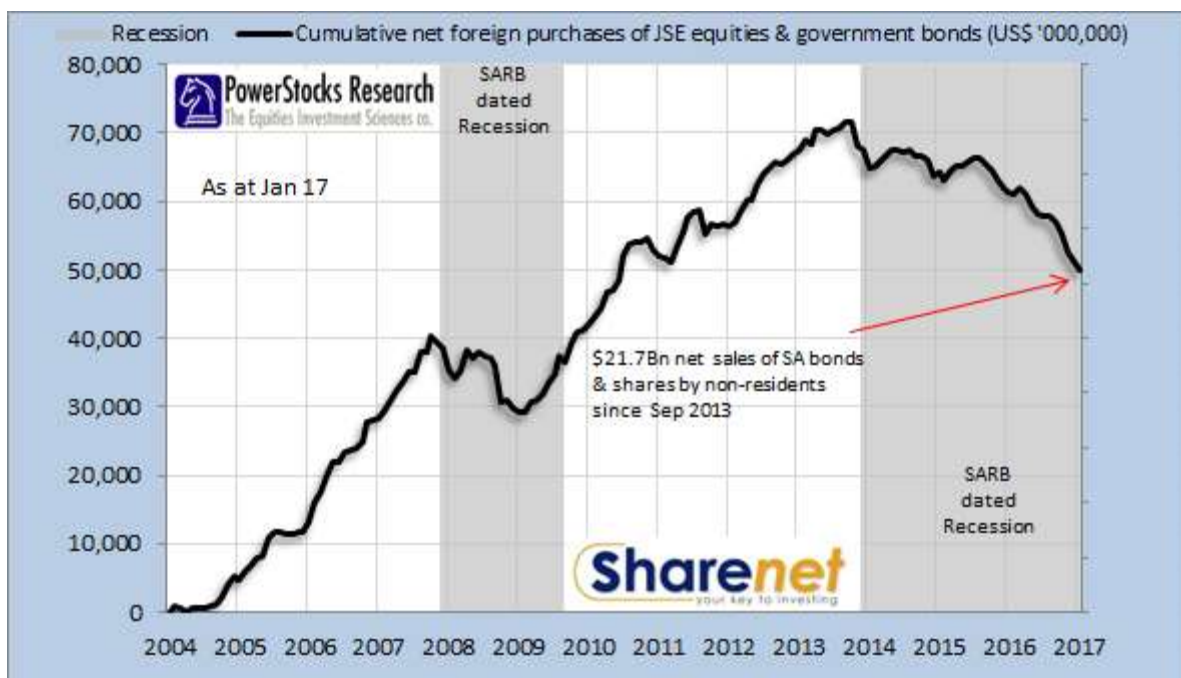
This brings the total rolling annual (12-month) outflows to R163bn:



But here is the real eye-opener. Since the September 2013 foreign-flows peak, achieved 2 months before SA fell into a business cycle recession, foreigners have dumped a unprecedented net R286bn in SA equities and government bonds:

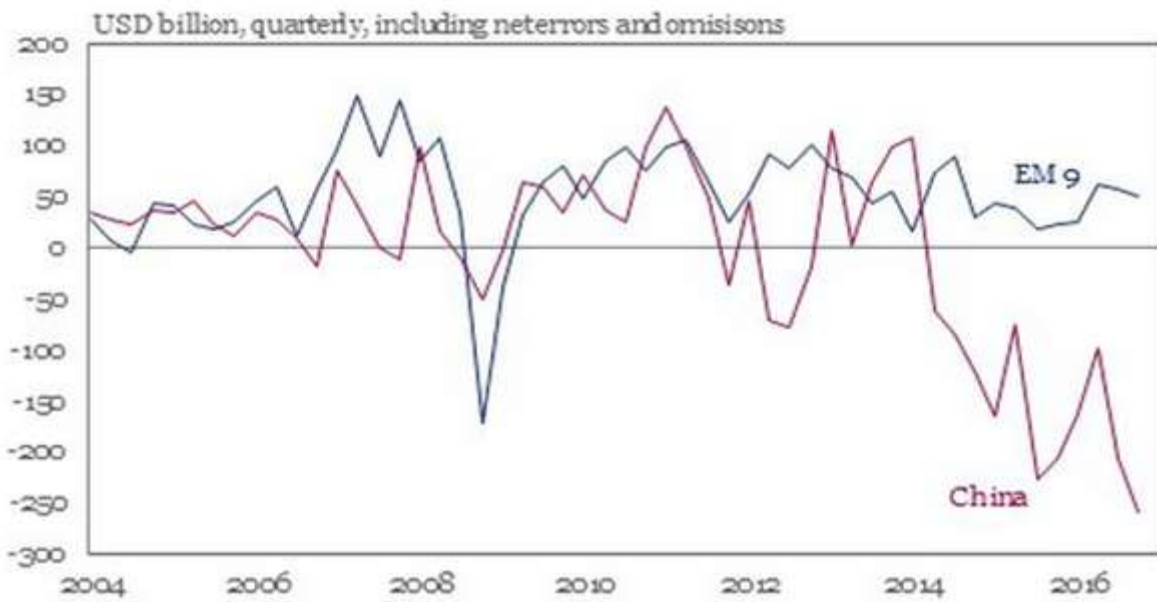


Now the Rand depreciated a massive 60% from 2014 to 2016, so let's view these outflows in dollars to eliminate the effects of the Rand:



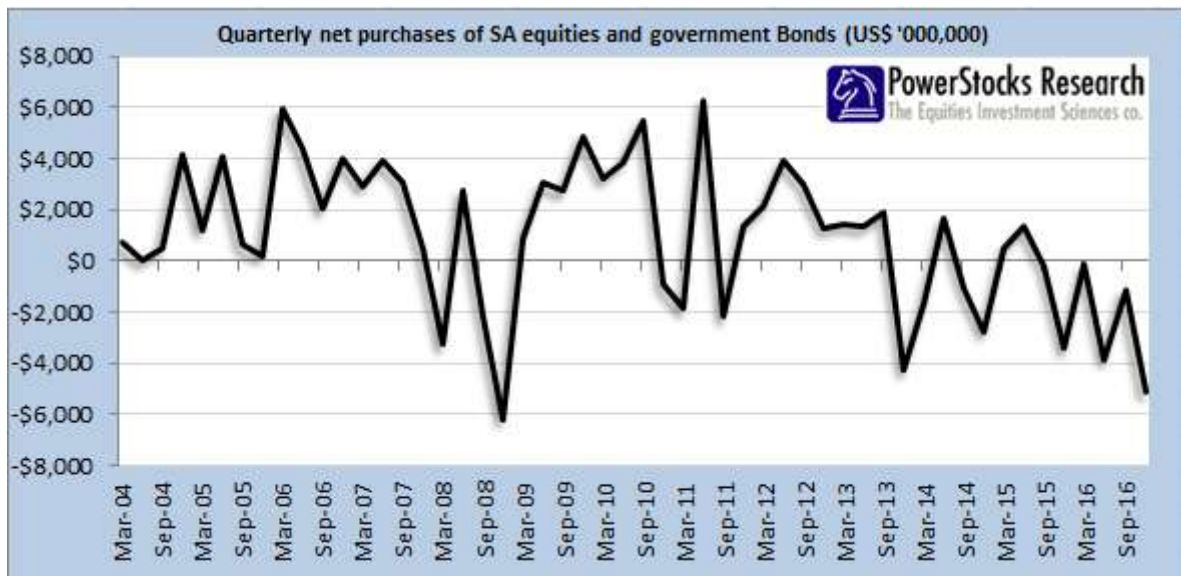
Now many commentators will say that SA is just an unwilling participant in a general emerging market (EM) risk-off and we mustn't read anything into this. Not so. Whilst EM overall has indeed experienced outflows, these have been *isolated to China*. If you take China *out* the equation, EM as a group has experienced *inflows* for *every* quarter since the end of the financial crises in 2009:

Net Capital Flows to Emerging Markets



Source: IIF, EM includes Brazil, Chile, China, India, Indonesia, Mexico, Poland, Russia, South Africa, and Turkey

Let's look at SA, in US\$ on a quarterly basis since 2004:



Why foreigners would be voting with their feet and become large-scale net sellers of our stocks and bonds if we are not caught up in a general EM outflow scenario? The only answer is LOCAL FACTORS. We know what those are, since they are the very things the ratings agencies have been hammering home for the last two years:

1. SA's working age population is growing faster than its economy, and unemployment is at 13-year highs and growing.

2. The SA economy is going nowhere, and its growth rate is far below its African and EM averages.
3. Government finances are perilous – its debt is at record levels and growing, State owned enterprises (SOE's) are bleeding us dry and corruption/wasteful expenditure is widespread and unchecked.
4. Lack of clear policies across various sectors has led to a plunge in confidence and a widespread private sector investment strike.
5. Government, Business & Labour focusing on narrow self-interests instead of working together in unison for the best of the country as a whole.
6. Most interventions by the government in the economy are focused on regulation and red tape as opposed to growth enhancement and confidence building.
7. Protracted political tensions generate policy uncertainty and impede structural reforms.
8. The economy has failed to benefit from the collapsing Rand (the Rand is no longer a traditional shock-absorber.)

The sad thing is that these are mostly factors within our control – not external factors we have no control over. And we must stop blaming the global financial crises – that ended over 6 years ago.

Inflows are but one of 8 major items the stock market and economy needs to give a boost. But even with outflows, if enough other items start showing green shoots we may be able to overcome the effects of mild outflows.

World Bank to SA parliamentarians: The key to economic growth is private investment

Marianne Merten

15 Feb 2017

Amid the niceties that accompany briefings to parliamentary committees, the World Bank on Wednesday delivered a hard message: stop investment tax incentives in sectors where they don't work, such as mining, and move them to manufacturing, agriculture, trade and construction which are generating jobs and add value. Reversing the decline in direct and private investment was key to job creation and boosting economic growth, the World Bank said, as the current negative investment levels meant South Africans have got poorer every year since 2012.

The issue of direct and private investment is a prickly pear. Policy uncertainty, a volatile currency, political interference and state capture are often cited as obstacles both domestically and internationally by bodies such as ratings agencies.

Trade union federation Cosatu and others point out that South Africa's own corporate sector is holding back an estimated R600-billion that could and should be invested locally. And most recently, fingers are being pointed at white monopoly capital by those determined to establish an alternate narrative to the prevalence of politically connected tenderpreneurs.

Government, while maintaining it has the correct policies to sell "Team South Africa" internationally that have staved off ratings downgrades in 2016, also highlights its own prowess: state-driven investment through its R1-trillion infrastructure programme and job opportunities through government initiatives such as the Expanded Public Works Programme.

All this unfolds in a deeply fractured political landscape. And last week's presidential State of the Nation Address (SONA) emphasized the radical socio-economic transformation to change the structural inequalities that the ANC Iekgotla resolved on, some four years after radical transformation was adopted by the governing ANC at its December 2012 national conference.

On Wednesday, a week before Finance Minister Pravin Gordhan delivers Budget 2017, the message from World Bank Group Programme Leader: Equitable Growth, Finance and Institutions, Sébastien C. Dessus, was clear: private investment is vital to achieve the National Development Plan's (NDP) aim to reduce poverty, inequality and unemployment by 2030.

"Key to accelerate (economic) growth is private investment. Private consumption is very much constrained by the debt of households, by unemployment of the households," said Dessus. "By better targeting of investment tax incentives, poverty can be reduced through job creation at no additional fiscal cost."

Private investment, supported through tax incentives, would have a significant impact amid economic growth expectations at best described "modest" and "fragile" at between 1.1% and 1.8% over the next two years.

Yet the current incentive structure appears to be insufficiently focused for economic development. Mining, with its set of incentives, generates a social return 3.4 times lower than manufacturing for investors looking to get a 10% return on investment. Or to put it bluntly: despite incentives, mining investments generate lower social returns than investments in manufacturing, trade, agriculture and services.

In those sectors the multiplier effect of investment on job creation is the greatest – and should therefore be supported, according to Dessus. While some of South Africa's existing investment tax incentives are working, and generating benefits such as jobs, some are not. "If they are not delivering, it is a waste of resources."

He reserved comments on the motor industry incentives of the Industrial Policy Action Plan (Ipap), which government has touted as successful on the back of

multimillion-rand investments by international motor manufacturers. As these incentives were introduced only two years ago, and more research was needed.

However, Dessus cautioned about corporate concentration, saying it would be naïve to think these companies “do not take advantage”, impacting on economic growth through higher input costs and barriers to entry by smaller enterprises. In South Africa, 1% of the top companies generate 60% of added value and 50% of jobs. “The future of South Africa’s economy will depend on how these firms behave,” he said.

About 600,000 jobs must be created annually to achieve the NDP goals, but only around 250,000 have been achieved on average every year since 2012, according to Dessus. This echoes National Treasury indicators in last year’s Budget. Job creation in the first three quarters of 2015 stood as 19,000 in the formal sector and 273,000 in the informal sector, the 2016 Budget Review said, adding, “The number of South Africans categorised as long-term unemployed 5.7% higher than in 2014.”

At these levels, job creation falls short of what is needed to achieve NDP goals. In addition, concerns are being raised over the ballooning public sector wage. While Budget 2016 announced that vacant posts outside crucial sectors like health, teaching and policing were frozen in efforts to cut costs, the outcome of this on government’s cost cutting remains to be seen.

But it wasn’t just about private investment at Wednesday’s World Bank briefing to the standing committee on appropriations. Policy certainty – it seems South Africa’s consultative processes generate confusion among those abroad – was important, but so was quality education.

According to the World Bank’s South Africa Economic Update Issue 9, the South African education sector faces many challenges “in ensuring all children have the knowledge, skills and attributes they need to be successful workers and citizens”. And this is not only because around half of those who start school drop out before reaching matric. “Only 24% of Grade 5 children can answer correctly the following question: ‘Pam has ZAR40. She spends ZAR28. How much money does she have left?’”

Education had one of the largest government expenditure bills, next only to Social Services which pays out social grants to 17-million poor South Africans. This trend is expected to continue in next Wednesday’s Budget.

A tough balancing act in a tough domestic and global economic climate is expected: some R28-billion needs to be found, most likely through additional taxes, as revenue collection has fallen short.

For the past two years National Treasury held off on introducing a carbon tax, an incentive to reduce greenhouse gasses. Although the sugar tax was mooted for

implementation from April 2017, the law needed to do so is still in draft form as Parliament is holding public hearings. It was expected to raise up to R11-billion.

It will be up to the finance minister to ensure South Africans swallow what no doubt will be a bitter-sweet pill. But the World Bank message on private investment as crucial to boost economic growth to redress unemployment, poverty and inequality, may be a bitter pill for a government that has taken political pride in being the main mover in addressing developmental challenges. **DM**

Swelling the state coffers for dysfunctional, corrupt emptying

By Dawie Roodt*

Ineptocracy – it's an appropriate term used by economist Dawie Roodt, especially as Pravin Gordhan prepares to swell the State coffers (at considerable extra cost to the mostly-efficient private sector), which are then quickly emptied by mostly-unaccountable bureaucrats. He's obviously run repeatedly headlong into mindless red tape and, like many of us, has watched the civil service grow bloated and more mindless, consuming a huge portion of the State fiscus while delivering bang for buck that would put you and I into liquidation. As professional politicians and career bureaucrats collude to regulate and dominate our lives at national, provincial and municipal level, tying us up in oft-unnecessary red tape to justify their jobs, parastatals pretending to be businesses swallow billions of taxpayer rands mainly through pure inefficiency, but also through corruption and 'snouting' by well connected, equally dysfunctional service providers. Accountability – the cornerstone of any efficient business – goes by the wayside as the goal to enrich as many close pals as possible too often becomes the driving force of operations. The goods and services for which all these entities supposedly exist become a vague concept that might raise a frown were any 'customer' to query their absence at the front desk. – Chris Bateman

It's budget time again and economists and analysts are expected to say what they think the minister of finance will announce in his speech. This is also a time when economists get the opportunity to "advise" on all things fiscal: taxes, state spending, borrowing, debt, key ratios and mysterious things designated by incomprehensible acronyms. So here I go; but first some context.

Lest we forget, the state is there to serve the people. But civil servants (a contradiction) and their bosses, the politicians, have morphed into a social class of their own. Especially since World War II, a new phenomenon has emerged: the rise of the career bureaucrat and the professional politician.

More magic available at www.zapiro.com

Much of this happened because of the ideas of influential thinkers. Of these thinkers, one individual stands out, John Maynard Keynes. Without going into too much detail, his main thesis was that economies often experience insufficient demand. Under such circumstances, it is acceptable for "governments" (states) to boost demand

(spend more). Since then it has become mainstream for governments to get actively involved in the economy, not in providing goods and services as such, but to emphasise and augment demand.

And they took to their new role with gusto. State spending ballooned, creating the ideal breeding ground for rent seekers; the career bureaucrat and the professional politician (another contradiction). Governments dramatically increased in size and so too did the tax burden and state debt. Today "governments" are by far the most important economic force in just about all countries of the world and consequently, the productive sector – the private sector – carries a massive and rising tax burden. In fact, I think that the Trump- and Brexit phenomenon (and more shocks are likely this year) is partly because people now recognize the new "uber" class for what it is – a suppressive force that imposes an unsustainable tax burden – and the people are getting restless.

South Africa is no different. The relative size of the state has increased massively in recent decades. "The state", of course, is much more than just what the minister of finance is going to talk about in the budget. The state also includes the provinces, local authorities and the parastatals. In fact, the new ruling class has become so interventionist that the definition of "the state" must be extended, for the state now regulates all our economic, social and normal day-to-day activities. The state is everywhere! And to add to this burden, the professional politician and career bureaucrat make sure that they rule, regulate and dominate our lives at just about every level while also ensuring that they get handsomely remunerated. The result is that most civil servants are hopelessly under-worked and overpaid. Compared to the productive sector, civil servants are on average approximately 40% better remunerated than their equivalents. Keep in mind that the risk of working in the private sector is significantly higher than working for the state – a private sector firm can go bankrupt, the state can't. That is the reason why "companies" like SAA, Eskom, PetroSA and many more parastatals are so terribly managed. They can't go bankrupt and they know the productive sector will keep on funding them because their compatriots, the career politician, will see to that. That is also why the service of the civil service is so inferior.

Ironically, these same parastatals have a desire to be part of the productive sector. They pretend to be real companies. They are "companies" with "boards", "chairpersons" and "directors", and they have a "shareholder" that often "converts" loans into "equity". But we all know that they are part of the state and should be categorized somewhere as a sub-division in one or other state department. But once the taxpayer is again required to pay for their incompetence, and all pretence of being companies and businesses are suddenly forgotten as parastatals cite "strategic reasons", "job creation", "transformation" to explain their failures and to justify why they should not be treated as real businesses and be required to face the reality that the productive sector always faces; responsibility for their own actions!

The state and its dependents have become the new god we all must serve

Just imagine telling SARS that I refuse to stand in a queue! They take my money and force me to go to them when it suits them and force me to stand in a queue and force me to talk to a rude civil servant! The arrogance! Or another example: I must apply for an ID, passport, this and that license and what is more, I have to over-pay them and then apply! I don't apply when I pay a salary, I instruct! This nicely illustrates the total arrogance of the system that often gets otherwise decent people to treat us the way they do. What saddens me about our current situation is that some well-respected economists actually argue that the state should increase taxes because, so they argue, higher taxes are better than a possible downgrade. The degree of public admiration for Pravin Gordhan is also anomalous. Sure, he's probably one of the best we have but it was under his watch, during his first stint as minister of finance, that we saw a huge increase in state spending and an explosion in the ranks of the ineptocracy. I know there were "valid reasons": the great recession, a collapse in commodity prices, "job creation" and more reasons like that, but the fact remains that state finance became unsustainable under the watch of Gordhan.

And now we will see more tax increases! The priority should rather be to cut back on the kleptocracy but no, we will keep on feeding the monster and tax the productive sector even more. Just as long as the state chokes more from the taxpayer, the new dominant class grows.

So where is the new assault likely to come from? Obviously the "rich" will have to pay more but the reality is that there are so few rich people and there is very little scope to extract even more tax revenue from the productive. Yet chances are good that we may see an increase in the marginal rate of personal income tax as well as a below inflation adjustment for the other higher income brackets. Also, expect some other "wealth" taxes: estate duties, capital gains tax and a myriad other taxes on transactions and economic activities. But this will not be enough to satisfy the insatiable appetite of the state.

Furthermore, expect a hefty increase in the fuel levy and other arrogant taxes where politicians tell us what we can drink, smoke or sniff. And new taxes, like the tax on fat people, the sugar tax. Obviously, it is for our own good not to eat so much sugar and Gordhan only has your health in mind when he decides what is good for you; the same caring government that has just been implicated in the death of nearly a hundred mentally ill patients!

Should SA be introducing a sugar tax to deal with obesity? More gems available at www.jerm.co.za.

VAT is unlikely to be increased, it would be politically too risky

An appropriate budget for our circumstances should rather be one that does the opposite of what I expect. That is one that unburdens the productive sector of excessive taxes, controls and bureaucracy.

So, there you have it. Expect more taxes, more state spending and more inefficiency. Expect more arrogance, interference and regulations.

What is to be done? I am not much for patriotism, a term often misused by politicians to justify support for the new elite. But if you want to be patriotic, pay as little tax as is legally possible. One rand in your pocket is worth much more than the same rand in the state coffins. To better paraphrase a well-known quotation: do not ask what you can do for your country, ask what your country can do for you!

Mentorship needed for entrepreneurial success in SA – CEO

Carin Smith

Feb 03 2017

Cape Town - The failure rate of start-ups in South Africa is too high and mentorship could be what is needed, according to Adrian Gore, founder and CEO of the Discovery Group.

In his view, "old retired white guys" could give back by helping start-ups and add value through mentorship.

"Perhaps the focus in SA should be on creating opportunities and then the natural entrepreneurs will respond," Gore said at a business breakfast hosted by Deloitte and Accelerate Cape Town on Thursday.

"It is about tech support, training and working with communities to identify challenges and then addressing the problems and needs in the communities in an entrepreneurial way," he said.

Following discussions with Minister of Finance Pravin Gordhan post Nenegate in January 2016, the CEOs Initiative SME work stream, led by Gore and Bidvest founder Brian Joffe, brought together experts in the public, private and NGO sectors to explore solutions for stimulating entrepreneurial activity. One of the outcomes was the set-up of an SME Fund.

"Yes, SA needs jobs or we run the risk of disaster with an army of 5 million unemployed people. If you have no job, you have no hope and no self-esteem," said Gore.

"But who creates jobs? Big business and government can't create jobs. Government has budget constraints and big business grows through efficiencies. Only entrepreneurs and SMEs create jobs. That is why

the SME Fund wants to stimulate this sector by creating a proper environment."

The aim is to create a network for entrepreneurs. R1.5bn has already been raised for the project.

"Where will it lead to? I do not know. As we go along we will learn and listen, but it captures the intent and goodwill of business," said Gore.

"Successful companies make a country more efficient. You don't have to export to create jobs. The supply chain of a company can, for instance, be used to help start-ups."

The aim is for a successful SME Fund to create a knock-on effect.

"I hope the structures we are creating will make a more viable business sector. Small businesses become medium-sized businesses if they are successful and then they create jobs. We should try to coordinate all our lofty goals," said Gore.

"We need to celebrate successful entrepreneurs and maybe also do entrepreneurial training in schools."

Zuma: Treasury standing in way of transformation

The president could be 'preparing the ground' to remove Finance Minister Pravin Gordhan, who is battling Jacob Zuma's family friends, the Guptas

February 2017 - Natasha Marrian

President Jacob Zuma hit out at the Treasury at the ANC's lekgotla for frustrating the party's economic transformation agenda, sources who attended last week's three-day meeting said.

The sources said Zuma had criticized the Treasury for not availing funds for certain projects, saying his ministers constantly complained about being inadequately resourced by the Treasury to carry out their mandates.

Zuma's attack is expected to heighten the tensions between his backers and the Treasury in the run-up to the December elective conference of the ANC.

Finance Minister Pravin Gordhan is embroiled in a court battle with Oakbay Investments, a company owned by Zuma's family friends, the Guptas.

ANC formations, such as its youth and women's leagues, strong backers of the president, have called for the removal of Gordhan from the Treasury.

Gordhan and the Treasury are seen as a stumbling block to implementing projects favored by the president, including the nuclear-build programme.

The sources said Zuma's attack could have been in preparation for the changes he wants to make at the Treasury.

These changes are likely to be elaborated on in discussion documents at the ANC's policy conference in June.

Zuma could be "preparing the ground" for removing the minister or his deputy.

Economic growth in the country has stagnated and unemployment increased to 27.1% in the third quarter of 2016, with the Treasury, along with business and labour, hard at work to stave off a credit ratings downgrade.

Another source said the issue that emerged strongly was that SA was a developmental state and Zuma argued that developmental programmes and projects had to be prioritized.

A "political package" was put together by the ANC to bring about a "radical economic transformation", which relates to the structure of the economy and to ownership," the source said.

"It's not just the South African Treasury that would say there is no money, it's a global thing. The Treasury has to protect the fiscus and it's their job, but it becomes a problem when there is not an understanding that there is a political package that needs to be funded."

Ministers were "conscious" that the "economy is not doing very well and the collection of revenue is not going well, but the reality is there are things that need to get done".

Another source, sympathetic to the Treasury, said the budget was a "participatory process" in which the Cabinet was involved. These "people think money grows on trees".

"When there is low growth, it's simple, you have to borrow money or tax more," the source said. Currently, the government was spending too much money on staff and this was the "elephant in the room", he said.

"No one wants to make hard decisions on the wage bill."

The discussions at the governing party's lekgotla were expected to be carried forward into the Cabinet lekgotla, which started on Wednesday.

Minister in the Presidency Jeff Radebe told reporters ahead of the lekgotla it would focus on the economy. Discussions would include looking at progress with the implementation of the nine-point plan and the infrastructure development plan.

Clawing our way off the fiscal cliff – an economic rescue plan

John Maynard

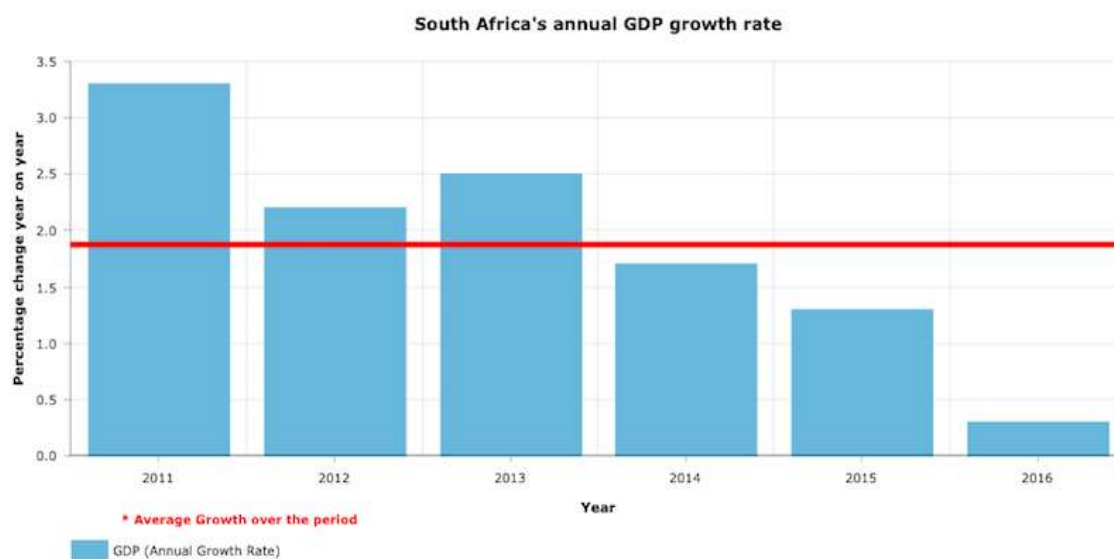
The writer uses the pseudonym John Maynard. He has a Bcom (Hons) Economics degree from the University of Pretoria, and has been working in the economics and statistics related field for the last 10 years. He is a keen follower of South African economy and its stock market, with a few 'alternative' views on the South African economy and stock market.

It is one thing to expose our tragically poor economic performance over the past few years, but quite another to suggest, point for point, what needs to be done. That's what economist John Maynard does below, showing that it's hardly rocket science. What's needed is the political will and an ability to listen and act quickly – which is probably why we're in this mess and why our fearless leaders are ineffectual. Nevertheless, not offering blueprints for consideration would mean the death of hope – and as we all know that springs eternal. Examples of how straightforward it could be; Try not biting the hand that feeds you – in other words don't overtax your citizens; allow them to grow businesses and employ more people, thus creating more taxpayers. Deregulate labour laws to make it easier to fairly hire and fire people, thus attracting foreign investment. Right now, the unions rule, certainly, to my knowledge in the public health sector where they can turf any hospital boss they don't like. It's politically too costly for the MECs to support the doctor-managers who actually deliver health care. Show me one MEC in South Africa who has the political backbone to face down a union. They'd be worth profiling. Then; how about implementing better fiscal policy co-ordination, instead of mutually destructive departmental policies? Also; stop one-way trade (e.g. our R350 billion trade deficit with China) and nurture countries with which we have a positive trade balance. We're not landing a man on the moon here – just trying to stay afloat on our own planet. Grab some of these lifebuoy suggestions, for goodness sake! The sea of junk status below the cliff looks pretty damn rough... – Chris Bateman

Short Recap

We will take a quick look at South Africa's annual GDP growth over the last couple of years in the bar chart below. And it is clear from the graphic that SA's economic growth has been growing at ever lower rates and that it keeps getting worse every

year. So much so that South Africa's economy only managed to grow by a pathetic 0.3% in 2016.



Our suggestions for a prospering SA economy

Below will be a few bullet points we suggest the South African government implements in order to flog the dead horse that is the South African economy. It is currently on life support and it requires a few silver bullets for it to get back on track, And with it leaders with a open mind and a willingness to implement suggestions quickly and effectively. As the longer SA's economy slumbers on the more social issues South Africa is bound to experience with persistently high levels of unemployment and crime and extreme inequality between the rich and the poor.

1. Don't bite the hand that feeds you. And with this we mean overtaxing our citizens. We have been rather critical of SA's tax system and how it is geared to milking the rich (see article here) to the point that they cant take it anymore. And we have seen this starting to manifest with the tax revolt regarding E-tolls.

Taxpayers want more value for money. And currently they feel they are not getting it. Corruption and tenderpreneurs (that charge crazy fees for work that could have been done better and cheaper if reasonable contractors were used), administrative errors and issues, delays in service delivery etc all eat into taxpayers confidence with regards to whether they getting value for their tax money.

Dawie Roodt, well known Afrikaans economist said on a local Pretoria radio station the other day that the only way to force a government to spend less is to pay them less taxes. And it is a simple but profound statement to make. The less money they get in via taxes, the less they can spend/borrow.

2. Lessen the amount of sway labour unions have in this country. And part of this is making SA's labour laws more flexible. We not saying let the employee pull on the short string, just make the hiring and firing of people a less painful and costly experience. Why would foreign companies open up shops here when its almost impossible and relatively expensive to get rid of non-performing staff members?

Labour unions are supposed to fight for workers rights. That we agree with. But they should not be holding government or the private sector to ransom when it comes to wage demands and other pie in the sky demands they come up with these days.

3. Greater policy coordination. And with this we are talking about the whole economics cluster of government. As we have mentioned numerous times and highlighted in the past (in this article), South Africa's monetary and fiscal policy is not very coordinated, and this has a detrimental effect on South Africa's economic growth rate. Coordinated policy helps both monetary and fiscal policies to achieve its goals out faster. In addition to our monetary policy (South African Reserve Bank) and fiscal policy (National Treasury) our other economics cluster departments Trade and Industry and Economic development (heaven knows what they have been doing all these years) should have a coordinated strategy and policies in place that is in keeping with monetary and fiscal policy so that all the departments in this cluster know what the target and aim is and all set out in achieving it. No point in fiscal policy looking to boost foreign direct investment and department of trade and

industry implements policies that adversely affects foreign owned businesses in South Africa.

4. Cut company taxes. Why you say? Government will be losing revenue since corporate taxes will be lower. Sure they will lose on the one hand but can gain significantly on the other if it's done smartly. Firstly lower taxes allows for more funds that can be used to employ more people, more people employed (starts to address SA's unemployment problem), leads to more personal income taxes as the "pool" of tax paying citizens increases.

In addition to this more employed people will lead to greater demand for goods and services and spending (leading to more VAT being collected), greater demand could lead to more staff being employed in these sectors where demand increased to cope with increasing demand, these new employees starts paying taxes and demanding goods and so the cycle continues. (It is called the multiplier effect).

If a policy is set that a company's taxes will be cut if it can prove the tax savings were used to employ more people then this should be considered. As the "multiplier effect" of demand for goods and services from new employees leading to demand for new employees in sectors where demand increased could be substantial.

South Africa's government keeps singing the song of it being "open for business". Really? How? By taxing companies at excessive rates and making it hard to hire and fire people?

5. Allow for greater competition in South Africa's markets. Greater competition leads to more competitive prices, which will assist in keeping inflation in check. ESKOM gets away with charging excessive tariffs on electricity as users have no other alternatives to go to. Unless they have massive amounts of money to lay out for solar installations to take them off the grid. And continue to investigate anti-competitive behaviour of firms such as construction collusion, bread price fixing scandal etc. that all has a detrimental effect on South African consumers.

6. Reduce the "gap" between the REPO rate (rate at which banks borrow money from the Reserve Bank) and the prime rate (the rate at which

banks borrow money to clients). There is no need for such a big basis points gap (350 basis points) between the REPO and prime rate. All this is doing is lining bank's profits more. South African consumers end up paying way more for their debt than what they would have if the "gap" was at say 150 basis points. Former Reserve Bank Governor Tito Mboweni raised this issue in 2009 already. Yet it still persists and no one is talking about it.

Former Reserve Bank Governor Tito Mboweni

7. Foster trade with countries with which South Africa has a positive trade balance (I.e we exporting more than we importing). And this excludes China please as South Africa has a cumulative trade balance with China since 2010 of roughly R385billion since January 2010. Thats right SA has paid R385billion more in imports from China than what we exported to them. This does SA's trade balance and local industries no good.

8. Improve the business operating environment for smaller businesses. As it is there seems little in the way of assisting smaller businesses to become medium sized enterprises. South Africa's revenue and employment is very clustered in the small and large enterprises. And not a lot is happening in the medium enterprises grouping. It suggests that policies and climate is not conducive for smaller firms to reach medium sized levels. Reward entrepreneurship and those smaller firms that need a helping hand it taking their businesses to the next level.

If government implements these eight points instead of their much hyped "9 point plan" South Africa's economy would get back on the road to recovery and eventually flourishing a lot faster than what they are currently doing. The definition of insanity is doing the same thing and expecting different results. Government has been doing the same thing for far too long while expecting South Africa's growth to miraculously hit levels it hasn't seen in many years.

It is time for action. The sooner we start the sooner we can reap the benefits.

CONFLICTING IDEOLOGY

Anonymous

That is the difference between capitalism and a welfare mentality. When you buy something, you put money in people's pockets, and give them dignity for their skills.

When you give someone something for nothing, you rob them of their dignity and self-worth.

Capitalism is freely giving your money in exchange for something of value.

Socialism is taking your money against your will and shoving something down your throat that you never asked for.

I've decided I can't be politically correct anymore. Actually, come to think of it, I never was!

The ANC's 12-point plan to 'radically' change South Africa

By Staff Writer

February 8, 2017

The ANC has published a detailed list of points that will be addressed at a 'people's assembly' ahead of the State of the Nation address on Thursday (9 February).

The plan is seen as a preview to the tone and direction president Zuma's address will take at the main event, with a particular focus being on "radical transformation", a term which has been pushed by Zuma and those in government over the preceding months.

The list – shared by Sports Minister Fikile Mbalula – points to the party's plans to bring "radical economic transformation" to South Africa, which refers to the ANC's desire to shake up the current structures, systems and institutions in the country.

"Our main objective remains the liberation of blacks in general, and Africans in particular," The ANC said.

This includes creating jobs, accelerating inclusive growth and transforming the structure and ownership of production.

Particular emphasis is placed on transforming the country's financial institutions, feeding into the party and government's narrative that the country's banks are not sufficiently transformed, and are still in the hands of "white monopoly capital".

Other highlights include 30% of all government spending going to black businesses, and increasing black ownership in South African mines.

To achieve its plans of transformation, the ANC will call on government to:

1. Return the land to the people using Constitutional means.
2. Invest money in township and rural communities and ensure we build post-apartheid cities in our rural areas and vibrant businesses in our townships.
3. No less than 30% of ALL government spending must go to black businesses and small, medium and micro enterprises.
4. Massive roll-out of broadband infrastructure, ensuring connectivity of schools, universities, hospitals, police stations and other public areas.
5. Implement the Maputo Declaration and ensure 10% of GDP goes to agricultural development.
6. Turn South Africa into a construction site; deliver water, sanitation, roads, electricity and houses.
7. Diversify ownership in the financial services sector, licence the Post Bank, introduce new players and transform the industry in favour of the people as a whole.
8. Finalize the National Minimum Wage to give income security to all our people.
9. Increase the requirement for black ownership in mines, ensure that a significant amount is in the hands of the workers and advance local beneficiation.
10. Implement free higher education for the poor and produce no fewer than 5000 PhDs per annum by 2030, and urgently generate more artisans.
11. Review SA's trade policies to prioritize national interest and support and promote local business.
12. Mercilessly deal with corruption, fighting both the tigers and the flies.

Selected extract from Johann Rupert's acceptance speech at Sunday Times Top 100 Companies, lifetime achievement award

.....'The next thing is that there's confusion between the role of government and 'what is the state'. This has been throughout South America – throughout Africa. Our problem is governance.

If you look at North and South Korea or East and West Germany...if you go back to the 1880's, the standard of living was the same all over the world. It didn't matter

whether you lived in Cape Town, Rio, Buenos Aires, Mexico City, London, or Paris. It was basically, the same quality of life.



Then some societies made certain choices about how they would govern themselves.

The successful countries chose rule of law; separation of church and state of your wish, guaranteed freedom of speech, private property ownership and free transferable currencies. Certain countries chose some ways and others didn't, and the divergence started.

We have created wealth. By the way Mr President, for all of you civil servants here – even Minister Gordhan – says, 'we've got to be caring. Don't make too much money'. I've got news for you. The PIC owns two-and-a-half times the number of shares in both Richemont and in Remgro that our family owns. Now remember that's your pension fund, you may wish to reconsider the 'caring' bit.

Our job is to create wealth and to pay people properly, which we've done all our lives. Creating wealth and creating jobs, creates further jobs. We pay tax. We brought back tens of billions of Rand in foreign exchange and every year our family companies bring back more dividends than the rest of the Stock Exchange together.

You do not expect to hear these narratives, especially not when the narratives are from the Presidency and his close friends.

So the real question is, "Why?"

That you'll all have to think about it ourselves? What is being hidden? Why attack people instead of debating the issues?

Our issues are unemployment and a terrible education system. It is a disaster. Unless we fix that, we have no hope.

Yes, Minister Gordhan, I started in 1979 a small business development corporation and we've created 700,000 jobs. This was done for black people living in cities who did not have the ways and means to build up capital. So I've been in small business.

We've done it since 1979. Been there done that and we'll help again. But we really need to define the roles between business and the government and the state. This is because governments cannot create jobs. The state cannot, otherwise there'd be no unemployment anywhere in the world. It's the private sector that has got to create the jobs and all we need is certainty, rule of law, transparency. When there are tenders, they must be public tenders. It must be transparent.

Nuclear Deal: Case to stop SA from bankrupting itself begins

Rebecca Davis

Rebecca Davis studied at Rhodes University and Oxford before working in lexicography at the Oxford English Dictionary. After deciding she'd rather make up words than define them, she returned to South Africa in 2011 to write articles for the Daily Maverick.

22 Feb 2017

"No nukes, no bankrupting SA, no enriching Zuma and Co," read one sign. "Nuclear costs SA equivalent of 1.2-billion buses!" proclaimed another. On a day when South Africa's economy was already in the spotlight, the small crowd assembled outside the Western Cape High Court had one particular aspect of its future in mind. "Phantsi secret nuclear deal phantsi!" the protesters chanted.

In the legal ring: two NGOs, Earthlife Africa and the Southern African Faith Communities' Environment Institute (SAFCEI), squaring up against Energy Minister Tina Joemat-Pettersson's pursuit of 9,600 megawatts of nuclear power. One media outlet referred to it as a "David vs Goliath battle". That's accurate in the sense that the two NGOs behind the legal battle are modestly resourced. But when David took on Goliath, he didn't have one of the most lethal advocates in the country leading his legal team.

Acting for the NGOs is David Unterhalter, who has appeared in countless of South Africa's most high-profile legal matters – including representing Deputy President Cyril Ramaphosa at the Marikana Commission. In this case, David is armed and dangerous.

The court challenge will not deal with the question of whether or not nuclear power is the right energy source to meet the country's needs. Opening the arguments for the applicants on Wednesday, Unterhalter said that his team would show that the inter-governmental nuclear agreement with Russia "fails to comply with what is required constitutionally".

While the government contends that this kind of international agreement is an instance of "executive action", and thus beyond the purview of review, the applicants maintain that it is "a fairly straightforward case of administrative action" which should have gone before Parliament for resolution. While the Russian agreement was tabled in Parliament, it was not subject to a debate and a resolution of Parliament, despite the state law adviser's counsel to Minister Joemat-Pettersson that this was required.

Lawyer Adrian Pole subsequently told journalists that they will also argue that the public should have been granted more of a voice in discussions about South Africa's energy future.

This point was emphasised by the protesters outside court. Criticizing the government for making use of “flawed” processes and failing to carry out public hearings, Earthlife Africa’s Makoma Lekalakala described the nuclear process as “shrouded in secrecy”.

Lekalakala said: “This case was filed in the public interest to hold those in government accountable and prevent secret deals leading to corruption.” She also hit out at the possible environmental damage of a large-scale nuclear programme. South Africa is currently dependent on a fossil fuel economy, Lekalakala said. “With nuclear it becomes much worse – it’s not just a question of pollution, but also of [how to dispose of nuclear] waste.”

South Korean activist Kim Yong-Bock was outside court on Wednesday in solidarity with South African protesters – and bearing an urgent message focusing on nuclear safety. Kim said that the local court case was similar to the ongoing debate in Japan about the constitutionality of nuclear plants.

“The security of life in your country is supposed to be protected by your Constitution,” Kim said, warning that after the 2011 Fukushima nuclear disaster in Japan, wrangling continues as to the liability of the Tokyo Electric Power Company. To the nuclear industry, Kim suggested, “it doesn’t really matter if you die or not”.

Looking around at the South Africans gathered outside the court, Kim said: “You are potential victims.”

The issue of the prohibitive cost of the nuclear build was also prominent among the protesters’ concerns. “There are many ways of providing the electricity we need now and in the future without spending R1-trillion or more,” SACSEI’s Ven Tsondru said. Both sun and wind, she suggested, could generate electricity quicker and cheaper than nuclear energy.

Tsondru explained that the court case’s major function was to force government to share both the reasoning behind, and financial details of, the nuclear deal.

The legal proceedings have already forced the government’s hand in revealing certain aspects of the previously secretive nuclear deal. The original court application was filed in October 2015. From papers revealed to the applicants in 2016, the NGOs said that it appeared that despite denials from the governments of both Russia and South Africa, a binding commitment to buy a fleet of nuclear reactors from Russia had already been signed.

On Wednesday morning, protesters were keeping one eye on Parliament, where Finance Minister Pravin Gordhan was due to deliver his Budget speech that afternoon. Ears would be pricked for reference to the nuclear deal, which President Jacob Zuma did not mention in his State of the Nation Address a fortnight ago.

Earthlife Africa's Lekalakala told the small crowd outside the Western Cape High Court that they expected the Finance Minister to announce in the Budget that afternoon that "we cannot go ahead with nuclear now". If he were to give endorsement to the nuclear deal, she said, he would be "undermining you and me".

As it turned out, Minister Gordhan's Budget did not mention the nuclear deal at all – unless you count a veiled reference to protecting future generations from today's debt.

To SAFCEI'S Liz McDaid, this was a positive sign.

"We applaud the Minister of Finance for acting in the public interest and not wasting money on the nuclear deal," McDaid told the *Daily Maverick*. "We will continue to monitor government with respect to the nuclear deal. If we are successful with our court case, the decision to procure nuclear will be overturned."

Wiese fed up with being an ANC whipping boy

In probably the most eloquent diatribe yet by a South African corporate leader, retail magnate Christo Wiese rips apart the ANC-fed discourse that big business creams it at the expense of the downtrodden and poor. Whether you're a staunch socialist, a committed capitalist or sit somewhere in between, it makes for gripping reading. Here's a teaser line to illustrate; "Criticism is only directed at people who make money by employing thousands of people and supplying society, also the poor, with goods and services competitively". Disinformation feeds common wisdoms and beliefs and Wiese is out to burst a few of these fondly-nurtured, gleaming bubbles with a few cold facts of his own, some pretty surprising but understandable when you consider the time that's passed and the wide-ranging empowerment measures that have taken place. There's no doubt that this alternative discourse deserves to enter the common weil. It'll be fascinating to follow the debate that this frustrated outburst inevitably provokes... – Chris Bateman

By Jenni Evans

Cape Town – Retail tycoon Christo Wiese is fed up with the rich getting the blame for South Africa's problems.

"There is a perverse obsession about the rich with little or no regard for what would happen to the poor if the rich are pulled down," said Wiese at the FW de Klerk Foundation's conference on the Constitution and governance.

"The question government must ask is: 'What better person is there to be managing and investing money than a person with a proven track record to earn it justly?'" said the man named in an Oxfam report as one of three people in South Africa whose wealth is equivalent to that of the bottom 50% of the country's population.

The other two were Glencore CEO Ivan Glasenberg and Aspen Pharmacare chief executive Stephen Saad.

Wiese said that even if Oxfam was correct in its wealth distribution report released during the World Economic Forum Davos summit in January, this still does not justify radical policy changes based on assumptions.

“To reach their sensationalist conclusion they have to make many dubious assumptions,” the chairperson of Steinhoff International Holdings and controlling shareholder in Shoprite Holdings said. Steinhoff’s South African brands include Pep, Incredible Connection and Shoe City.

“The mere fact that a few who supposedly own too much keep changing, should get them to ponder the fluid and fickle nature of wealth and should prove that there is no such group as the rich.”

‘Silence on black middle class’

Wiese said a closer look at ownership patterns would reveal that the Public Investment Corporation is primarily owned by black civil servants and is the largest shareholder on the Johannesburg Stock Exchange.¹

Half of new title deed holders, most new business owners, vehicle buyers, insurance policy customers are black, he continued, asking why there was a “serial silence” about that.

He said around six million black people in South Africa earn middle class incomes – more than the entire white population – and they did this by themselves.

Policies to alleviate poverty should be evidence based and economically sound, not based on wild statistical claims that blame “White Monopoly Capital” for South Africa’s social ills.

“The harsh truth is that the problem is poverty, whereas the narrative implies that the problem is wealth.”

He said the Oxfam report was part of an ongoing vilification of commercially successful people and that sports stars, entertainers and bestselling novelists seem to be immune to this backlash.

Free market

“Criticism is only directed at people who make money by employing thousands of people and supplying society, also the poor, with goods and services competitively.

“Nowhere have I seen an allegation that what any of the so-called billionaires did to become wealthy was unfair or unjust to anyone.

“It can validly be argued that all they did was to make offers that people were free to accept or reject.”

His worry over the “inequality narrative” is that factually incorrect and extreme claims could lead to reckless policies in the name of promoting a more equitable and just distribution of wealth.

Claims around land ownership and wealth in SA were not properly substantiated, and implied that wealth and land should be seized and redistributed.

“Most of these numbers that are bandied about are malicious and racially charged disinformation,” he said.

These could be used by the government to justify policy changes such as “draconian” land ownership laws that will discourage long-term investment.

‘You cannot help the poor by destroying the rich’

He expressed concern over the rise of “quasi courts”, naming ombuds people, commissions of inquiry and even some courts as a move away from the rule of law towards a trend of “the rule of lawyers”

Wiese said when big business prospers, everybody prospers – like boats that rise with the tide.

The prevailing rhetoric in South Africa appears to have more to do with problems within the ANC alliance, said Wiese.

Claims that transformation has been slow or non-existent, that white people still own everything and inequality is increasing are “dangerous”.

“Our government must ensure that its policies are formulated on the basis of facts, not emotive hype,” said Wiese. – News24

DEVELOPMENTAL STATE

From Wikipedia, the free encyclopedia

Developmental state, or hard state, is a term used by international political economy scholars to refer to the phenomenon of state-led macroeconomic planning in East Asia in the late twentieth century. In this model of capitalism (sometimes referred to as *state development capitalism*), the state has more independent, or autonomous, political power, as well as more control over the economy. A developmental state is characterized by having strong state intervention, as well as extensive regulation and planning. The term has subsequently been used to describe countries outside East Asia which satisfy the criteria of a developmental state. Botswana, for example, has warranted the label since the early 1970s. The developmental state is sometimes contrasted with a predatory state or weak state.

The first person to seriously conceptualize the developmental state was Chalmers Johnson. Johnson defined the developmental state as a state that is focused on economic development and takes necessary policy measures to accomplish that objective. He argued that Japan's economic development had much to do with far-sighted intervention by bureaucrats, particularly those in the Ministry of International Trade and Industry (MITI). He wrote in his book *MITI and the Japanese Miracle*:

In states that were late to industrialize, the state itself led the industrialization drive, that is, it took on developmental functions. These two differing orientations toward private economic activities, the regulatory orientation and the developmental orientation, produced two different kinds of business-government relationships. The United States is a good example of a state in which the regulatory orientation predominates, whereas Japan is a good example of a state in which the developmental orientation predominates.

A regulatory state governs the economy mainly through regulatory agencies that are empowered to enforce a variety of standards of behavior to protect the public against market failures of various sorts, including monopolistic pricing, predation, and other abuses of market power, and by providing collective goods (such as national defense or public education) that otherwise would be undersupplied by the market. In contrast, a developmental state intervenes more directly in the economy through a variety of means to promote the growth of new industries and to reduce the dislocations caused by shifts in investment and profits from old to new industries. In other words, developmental states can pursue industrial policies, while regulatory states generally cannot.

Governments in developmental states invest and mobilize the majority of capital into the most promising industrial sector that will have maximum spillover effect for the society. Cooperation between state and major industries is crucial for maintaining stable macro-economy. According to Alice Amsden's *Getting the Price Wrong*, the intervention of state in the market system such as grant of subsidy to improve

competitiveness of firm, control of exchange rate, wage level and manipulation of inflation to lowered production cost for industries caused economic growth, that is mostly found in late industrializers countries but foreign to early developed countries.

As in the case of Japan, there is little government ownership of industry, but the private sector is rigidly guided and restricted by bureaucratic government elites. These bureaucratic government elites are not elected officials and are thus less subject to influence by either the corporate-class or working-class through the political process. The argument from this perspective is that a government ministry can have the freedom to plan the economy and look to long-term national interests without having their economic policies disrupted by either corporate-class or working-class short-term or narrow interests.

SA's version of "the developmental state" a parody – Silke

Three words slapped me across the side of the head in reading Daniel Silke's excellent pre-State of the Nation address analysis. Talking about the ANC's constant punting of 'the developmental economy,' and how they either threaten or entice, he says the State must first deliver by example and show that it's "efficient, trustworthy and transparent". Right there, for me, his argument is made – and by the time you've read that, he's built a fortress-like case. We have a tragic strike-out on all three fronts. It sets one wondering; has the ANC learnt nothing from adaptive socialist states across the world that are now thriving economic hubs? When you see the posturing and ideological attacks on our increasingly constrained private sector, it seems we're caught in a time warp. We've heard from Alec Hogg how Madiba did a 360-degree turn in his economic approach after talking to an influential and admired socialist leader at Davos all those years ago. We also know what's happened since, as Mandela's "kids in the candy shop," stuffed themselves to collective obesity, exposing us all to the ensuing range of societal 'diseases' among which are the antonyms to Silke's three requirements. So, when Zuma gives his State of the Nation address next Thursday, remember this analysis in translating the rhetoric – it may serve you well. – Chris Bateman

By Daniel Silke

It's that time of year again. In preparation for the State of the Nation address and in an attempt to set yet another policy agenda for the coming year, the ANC and President Zuma have been talking up the notion of a 'state-managed developmental economy'.

The term may be loosely defined as economic planning and implementation undertaken by the state and using state resources or influence to counter poverty, inequality and in South Africa's case, racial bias in the ownership of the economy.

For the last decade, the term has been dangled as either a carrot or a stick – to promise economic transformation to those in need and to threaten those perceived

as the exploiters. Ultimately, what attempts we have seen viz a vie developmental – or its synonym, 'radical economic transformation' have offered few, if any examples of success.

But, that's not to say that the state has no role and should be prevented from intervening. Indeed, an efficient, trustworthy and transparent state can augment the private sector and modify the negative effects of unbridled capitalism.

And there's the rub. The continued bad-mouthing of capitalism and big-business pits this group against those 'statists' in favour of a developmental agenda. Ideally, South Africa needs a thriving corporate sector, an enabled small-business or nascent entrepreneurial component and a state capable of best practice in the implementation of both policy and delivery on the ground.

The current framework satisfies no-one. Attacks on the corporate sector continue to hamper their domestic inward investment and resultant job creation. The fledgling entrepreneurs of this country encounter labour, taxation, regulatory and input cost challenges that set them back. And, most importantly, the state's propensity to deliver efficiently is highly suspect.

It is precisely the ability of the state to really deliver in a reliable and investor-friendly manner that leads one to question a looming 'developmental' shift.

For starters, the state needs to be less ideological. It needs to embrace the requirements of business and demands of global finance in its own regulatory endeavours. Without that, flawed banking regulations, confidence-sapping mining charters, moribund state-owned enterprises and a host of inefficient government agencies will simply erode the ability of the state to distribute to the poor – but instead just allow it to keep its own cronies happy.

A developmental state can only prosper in a climate of cross-sectoral and investor buy-in. Encouraging the corporatist interests should be seen as critical in building and creating wealth. Yes, the state can ameliorate the inequalities that exist through a more effective distribution of resources to the broader society – but without the wealth creation aspect of the economy, this will come to naught.

In order to equitably distribute cumulative wealth and uplift the lives of those in need, the wealth needs to be created in the first place. With onerous regulations, investor-unfriendly policies and a deficient state beholden unto rent-seekers rather than the real poor, a developmental approach is doomed to failure. So as we move towards the President's Opening of Parliament next week, it behoves us all to look beyond the headline rhetoric and assess what we can do better. And what we need is an holistic approach from the state taking government, the unions and both the domestic and foreign private sector on board. Simply put, a unilateralist approach of bad regulation and uncompetitive policy is the last thing we need.

State intervention should be something we all desire – after all, if we lived in Finland or Sweden or even in South Korea and Taiwan of the 1960's, we might all be the biggest proponents of the developmental state. If we trust government through their outstanding examples, it all becomes so much easier.

In the South African context, government has yet to earn our trust to take on these tasks. Until that time, developmental policy-making will be problematic – not just because it causes doubts about policy coherence but because the examples we have thus far, have been so disastrously implemented in the past.

Perhaps, before you ratchet up the notion of the developmental economy – you had better make sure that your existing developmental agencies are thoroughly cleansed. Now that might qualify as real radical transformation.

State companies can't help development if the state is a partisan player

September 8, 2016

Nicola de Jager

Senior Lecturer in Political Science, Stellenbosch University

State-owned enterprises are legal entities required to take on commercial and development activities for the government. They tend to be hybrid by nature in that they have a business mandate with a profit aim combined with a development, social or service delivery mandate.

In South Africa's case there is a particular emphasis on state-owned enterprises contributing to the goals of a developmental state. This development mandate is not unique to South Africa. Governments worldwide use state-owned companies as catalysts for growth, development and employment. The enterprises are also becoming increasingly influential in the global market. China's state companies are notable examples.

State-owned enterprises, also known as parastatals, generally have one shareholder: the state. In South Africa, the respective cabinet ministers act as shareholders on behalf of the state, thus maintaining political oversight of them. The shareholding minister is, in turn, accountable to parliament.

Parastatals are funded from the public purse. As an indirect shareholder, the public has a legitimate interest in their workings. That's why the relevant minister needs to be cognizant that he or she "promotes the public interest".

But South Africa's parastatals are in a dire state. Instead of being the mandated sites of development and profitability, they are costing the country and the public

purse billions. In the 2014/2015 financial year, they made a combined loss of R15,5 billion.

Some of South Africa's state-owned enterprises are being used for personal ends by individuals within the ruling African National Congress. The root of the problem is that the principle of impartiality has been transgressed. Instead, the state is being used as a partisan role player, notably in the distribution of patronage.

Political interference

Two tangible examples illustrate this: the South African Broadcasting Corporation (SABC) and South African Airways (SAA). After disentangling the chaos, dismal performances, financial mismanagement and blatant lack of accountability at these entities, links to President Jacob Zuma become clear.

Mismanagement has left the public broadcaster in financial trouble. This has been blamed on the fact that its controversial Chief Operations Officer, Hlaudi Motsoeneng, enjoys political protection.

In 2014 Public Protector Thuli Madonsela made adverse findings against Motsoeneng. Despite this, he was appointed permanently to the post of chief operations officer by communications minister Faith Muthambi.

Motsoeneng has undermined the central role of the SABC - that is, to be a public broadcaster. For example, he has instructed journalists that 70% of the broadcaster's news output must be "positive". He has also insisted that Zuma be given special treatment.

SAA has a similarly sad tale. The national airline incurred a R2,5 billion loss in the 2013/14 financial year. It has failed to submit financial statements for the past two years and is technically insolvent. Although several of its board members laid complaints against its chairperson Dudu Myeni, no action has been taken against her. Instead, they were summarily removed from their positions. And Myeni has been reappointed chairperson.

Myeni is close to Zuma and serves as chairperson of his charity, the Jacob Zuma Foundation.

Tensions between state and government

The fair distribution of, and access to, public goods in the public interest requires an autonomous or impartial state. Impartiality disqualifies corruption, cronyism, patronage, nepotism, political favoritism and discrimination.

There is considerable tension between the notion of an impartial state – a core value embedded in South Africa's 1996 constitution – and the political use of the state for partisan ends, or in the case of the state-owned enterprises, for personal ends.

Impartiality means being unmoved by considerations such as special relationships and personal preferences.

A crucial part of ensuring impartiality is to maintain the distinction and jurisdictional boundary between the state and government. The political administration of government can change as a result of elections while the state machinery is a distinct set of supportive institutions. These institutions need to continue to operate regardless of changes in political administration.

Governments come and go, while the state remains. It is essential for there to be state autonomy - a precondition for state agencies and personnel acting in the public interest. When state-government lines become blurred the state loses its autonomy, and so its neutrality. When the state becomes "captured" it can be used for partisan ends – serving the purposes or whims of the governing party or its leaders.

The ultimate irony

Even though the recent Presidential Review of state-owned entities acknowledged the need for "neutrality" and "independent autonomy", Zuma has been named as chairperson of a new coordinating committee that will oversee South Africa's parastatals.

The move is possibly a strategy to undermine Deputy President Cyril Ramaphosa, who has since 2014 had political oversight over state companies. This could also be part of the ongoing factional divisions within the ANC. More pertinently though, it will give Zuma more say in the bailing out of parastatals and a closer eye over his personal interests.

If South Africa's parastatals are to fulfil their developmental mandate and be good stewards of the public purse, they must stop being used for partisan ends – even the president's.

The long-term trajectory of not abiding by the principle of impartiality is that state institutions and resources are used for partisan ends. This makes the political contest for governing power a zero-sum game. Access to the political administration becomes tantamount to access to resources for partisan gain, as opposed to being stewards of public resources for the public interest.

WELFARE

Sassa Crisis in Concourt: The Guardians, the People and the Predator State

Ranjeni Munusamy

Ranjeni Munusamy is a survivor of the Salem witch trials and has the scars to show it. She has a substantial collection of tattered t-shirts from having "been there and done it" – from government, the Zuma trials, spin-doctoring and upsetting the applecart in South African newsrooms. Following a rather unexciting exorcism ceremony, she traded her femme-fatale gear for a Macbook and a packet of Liquorice Allsorts. Her graduation Cum Laude from the School of Hard Knocks means she knows a thing or two about telling the South African story.

"There is absolute incompetence." Minister Bathabile Dlamini probably does not care that Chief Justice Mogoeng Mogoeng delivered this damning assessment of her handling of the social grants system. From her performance in the National Assembly on Tuesday, it is clear criticism bounces off her. But if the ANC has any hope of continuing to run South Africa, they should care. Their policy documents say they need to focus on building "a capable and developmental state". But we have reached a situation where the judiciary, civil society and Chapter Nine institutions have to protect us from an executive and Parliament that repeatedly breach the Constitution and fail in their duties.

Last week, the Office of the Public Protector sent letters to Social Development Minister Bathabile Dlamini and the director-general of her department requesting information about the multibillion-rand grant payment contract run by the South Africa Social Security Agency (Sassa). *Daily Maverick* has learnt that the inquiry was initiated by Deputy Public Protector Kevin Malunga as the basis of an investigation into possible maladministration in the awarding of the contract.

The expiry at the end of March of the invalid contract held by Cash Paymaster Services (CPS) to disburse the grants has opened the country to a crisis of epic proportions. The livelihoods of millions of South Africa's most vulnerable citizens are under threat because of the "absolute incompetence" of people charged with their welfare. With Dlamini and Sassa failing to set up a legal and valid contract, National Treasury is unable to authorize the allocation of R11-billion to pay the grants.

The case was brought before the Constitutional Court by non-governmental organisation Black Sash, joined by Freedom Under Law (FUL), to ensure there is oversight over how social grants are paid from April 1 and that Sassa complies with their constitutional obligations to protect the rights of the over 17-million beneficiaries.

Dlamini, who has been insistent that ‘there is no crisis’, is resolute that CPS continues paying the grants, even if it means pushing the country to the precipice to ensure this is achieved. The conduct of both Dlamini and CPS boss Serge Belamant has been an assault on human decency and their swagger is based on the fact that at this late stage, there is no alternative. Belamant was arrogant enough to tell reporters at the court that the only other agency that could step in at this stage, the South African Post Office, would have to send ‘pigeons to fly around’ to deliver the grants.

In court papers, Dlamini and Sassa argued that the Public Protector and Auditor-General should monitor whatever new or extended contract is negotiated with CPS, while the other parties, Black Sash, FUL and Corruption Watch want the Constitutional Court to retain supervisory jurisdiction. With the Public Protector’s office now looking into maladministration in the contract, Dlamini would not be able to use that institution as a buffer and wriggle out of accounting to the Constitutional Court.

The proceedings in the Constitutional Court on Wednesday were a masterclass in examining the failure of a government to perform its functions. The judges were irritated and perplexed as to why, given that the time period of the contract was known and legal advice was on hand, the minister and Sassa were not able to ensure a system was in place to pay the grants.

Chief Justice Mogoeng Mogoeng wanted to know from Andrew Breitenbach, the lawyer representing Dlamini and Sassa, why his clients did not do their jobs.

‘How do you get to a point where they make themselves look incompetent? How do you get to that point? Honestly!’

He said it was ‘embarrassing enough’ that a contract awarded by her department had been declared unconstitutional and enquired why Dlamini had not spent sleepless nights ensuring that there was no recurrence.

‘How it got to this level can be characterized as absolute incompetence?’ Mogoeng asked. Breitenbach was unable to answer.

Mogoeng also asked probing questions of the advocates about why Sassa was not capable of disbursing the grants themselves. ‘Is it unthinkable that a properly resourced Sassa can shoulder the responsibility (to pay the grants)?’

Later he asked Breitenbach: ‘Why can’t we just focus on Sassa? Why can’t we order Sassa to do what it exists to do?’

This goes to the heart of the problem with the ANC government. Because of incompetence and incapacity of the state and its institutions to carry out their basic functions, their roles are outsourced, opening up opportunities for corruption and patronage to thrive.

In the ANC's policy documents distributed for discussion this week, it is clear that the party is not oblivious to the problem. The draft strategy and tactics document says "there is a long way to go in building a capable, developmental state".

"The state should be able to attract the best and the brightest in society, as part of their career paths. Professionalism in the bureaucracy and stability especially in the management echelons are critical."

The document goes on to say: "Corruption and attempts at capturing state institutions to serve the interests of individuals and families should be combatted, both to ensure that the state meets its obligations and to maintain popular confidence in the polity at large."

On paper, the ANC is an expert at diagnosing its own problems. In reality, it continues to promote outsourcing of government work to offset the incompetence of its employees and lack of capacity of state departments and institutions. Recent history has shown that even presidential prerogative to hire and fire members of Cabinet have been outsourced.

But more than that, the ANC continues to shield those in its ranks who fail in their responsibilities, betray their mandate and breach their constitutional obligations. Last year the ANC was humiliated when President Jacob Zuma and the Speaker of Parliament were found to have violated the Constitution on the Nkandla matter. The ANC tried to protect Zuma from accountability for the Nkandla upgrades until he was made to pay back the money by the Constitutional Court.

The ANC is well aware that Dlamini is a hopeless failure and that the Sassa crisis is her doing. The leadership of the ANC has failed to call her to order because she is a bully who enjoys protection from a faction in the party. Zuma protects Dlamini because she is a useful idiot, running the campaign of his preferred successor, Nkosazana Dlamini-Zuma.

When Dlamini stood at the podium in the National Assembly on Tuesday to speak during a debate on the Sassa crisis, she received uproarious applause from the ANC. ANC MPs also ran interference for her during the debate, attacking and interrupting opposition MPs with frivolous points of order so that attempts to hold the minister accountable were disrupted. Like at her appearance before the Standing Committee on Public Accounts, Dlamini did not provide the National Assembly with any details about the way forward. She continued to blame the media and opposition for creating perceptions of a crisis.

Representing Black Sash in the Constitutional Court, Geoff Budlender said Dlamini made no explanation or apology for why she did not exercise her responsibility. He said in the court papers she had simply taken a "gratuitous swipe" at the Sassa CEO Thokozani Magwaza for trying to remedy the situation.

"The painful truth is that executive failed to carry out its duties. Parliament has also failed in its oversight duties," Budlender said.

With the situation again arising of the executive and Parliament breaching their constitutional obligations, the responsibility now falls on the judiciary, civil society organisations and the Public Protector's office to step in to protect the people of our country and state resources from being squandered. It is apparent that the ANC and its deployees in government and Parliament are again betraying those who elected them in order to shield their own and protect the patronage networks.

It is up to non-governmental organisations to represent the interests of the elderly, the poor, the disabled and young children who are dependent on grants for survival because our government does not care. It is up to the judges of the Constitutional Court to, quite ridiculously, have to haggle with CPS over how much of an increase they want in order to pay the grants. It is up to the media to keep asking questions that the minister and her acolytes refuse to answer.

In the words of the Chief Justice: "This is a crisis; we must do whatever is necessary to intervene to avoid the proliferation of the crisis."

It seems that everyone apart from Dlamini and her party understands this.

This case is the point in history when the ANC government effectively became the enemy, the masters of the predator state from which the people of South Africa need to be protected. **DM**

South Africa's social grants system: there's more than just money at stake

March 13, 2017

Wanga Zembe-Mkabile

Specialist Scientist, South African Medical Research Council

In South Africa social grants address key social determinants of health such as food insecurity, access to health services, income and early childhood development. About 17 million South Africans receive social grants every month. Of these, about 12 million are children in receipt of the child support grant.

For many households, the child support grant and the old age grant are the only forms of predictable income that they rely on.

While many in the medical profession – as well as beneficiaries - have long bemoaned the inadequacy of the child support grant to meet even the most basic needs of its beneficiaries, such as adequate nutrition, there has never been any doubt that it's indispensable to millions of households across the country.

The South African government has allocated R151.6-billion to social grants in its 2017/2018 budget. There are four main grants that are disbursed under the system: an old age grant for pensioners over the age of 60 of US\$ 120 (R1600) and for those over 75 a grant of US\$ 122 (R1620); a disability and care dependency grant of US\$ 120 (R1600); a foster care grant of US\$ 69 (R920), and child support grant of US\$ 28 (R380) a month for children under the age of 18.

The importance of South Africa's grants system is worth revisiting in the wake of a crisis unfolding over their disbursement. The country's Constitutional Court ruled 3 years ago that the contract of the current service provider Cash Paymaster Systems was illegal – and the Department of Social Development which the South African Social Security Agency falls under, needed to find a new service provider. It has failed to do so, placing the disbursements of the grants in jeopardy.

The child support grant and the old age pensioner's grant make up by far the biggest allocation. Should they not be disbursed, many households will lose the only source of income they have. The impact on households would be profound.

Why the grants matter

Evidence shows that the child support grant not only supports children within a household. In most instances, it has to help everyone in the household.

Mothers and caregivers use it to buy food; pay for school fees and other school related costs as well as health care. This includes transport to clinics or hospital, and for purchasing medication.

Research also shows that it enhances women's agency, allowing them to mitigate financial crises and access reciprocal exchange networks for informal credit and swapping of food.

The importance of the child support grant becomes ever more salient when one listens to the stories of those who – though they are eligible – are not in receipt of the grant.

Anecdotal evidence in my research has shown that children who don't receive the grant experience extended periods of hunger, have difficulties accessing health care services especially in remote areas where facilities are far, and have problems meeting school-related expenses.

The old age grant is about four times the amount of the child support grant. Despite the fact that the beneficiaries are the elderly, the grant is used to care for entire households, essentially bearing the burden and closing the gap created by high rates of unemployment in the country.

It's also associated with improved nutritional outcomes for children in poor households.

Taken together, these two grants are doing the work of government in South Africa: providing for those who have been left out in the cold.

Catastrophic consequences

Any threat to the distribution of the grants would have catastrophic consequences for individuals and households across South Africa. Households will lose the only source of income they have. Children and adults alike will go without food. Some children who live in remote rural areas far from health facilities will miss important immunization visits at the clinics.

The most vulnerable people in society and those who need the help of the government most face the biggest risk to any threat to their disbursement.

Social grants: why a new contract with CPS may be invalid and what the Con Court can do to fix the mess

7 MARCH 2017

Constitutionally Speaking

The Department of Social Development and SASSA have gone to great lengths to avoid asking the Constitutional Court for help to ensure that social grants are paid in a legal and cost effective manner after the current invalid contract of Cash Paymaster Services (CPS) comes to an end on 31 March this year. To understand why this failure is either catastrophically incompetent or corrupt (or both) it is important to understand why the Constitutional Court's help is needed and what the Court can do to fix the problems created by the Department and SASSA's incomprehensible conduct.

Several years ago, when the Constitutional Court declared invalid the awarding of a tender to CPS to deliver social grants, it suspended the order invalidating the contract until a new tender could be awarded or, if no contract was awarded, until the contract came to an end. As no new tender was awarded, this means that the original (invalid) contract will lapse on the 31 of March.

Because the contract is invalid and because it will come to an end on 31 March, it is not legally possible to extend the contract. SASSA therefore either had to make another plan (which it did not do – despite falsely promising the Constitutional Court that it would) or it had to conclude a new contract with CPS (something SASSA and the Department seemed suspiciously eager to do).

Why the Department and SASSA have been so eager to conclude a new contract with CPS (a company who, in other circumstances, Minister Bathabile Dlamini and other defenders of the Gupta family would have described as a blue-chip member of

White Monopoly Capital), remains a great mystery – especially for those who are reluctant to impute corrupt motives to the Departments, SASSA and CPS.

In any event, the legal problem faced by the Department, SASSA and CPS is that the Constitution, the relevant legislation and Treasury regulations appear to prohibit the role players from entering into a legally valid new contract at this stage. Pertinently, section 217 of the Constitution states:

When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

Even if CPS had not unlawfully been granted the original tender and had not been placed in a unique position to benefit from the unlawful contract by being positioned as the only private company with the ability to deliver grants for the foreseeable future, the new contract would probably have been invalid. This is because the contract would not have been concluded in terms of a fair, equitable, transparent, competitive and cost-effective process.

Treasury regulations allow for a deviation of the normal procedures to contract services in exceptional circumstances such as an emergency situation. But these are not applicable when the emergency situation was created by the parties to the contract. Because SASSA and the Department appear to be responsible for creating the crisis which has placed CPS in the position of being the only private company who are capable at such short notice to deliver social grants, it does not seem as if Treasury has the legal power to grant permission for deviating from the requirements of section 217 of the Constitution.

SASSA insisted that the reason why CPS was originally chosen and why no other private company or the Post Office could deliver grants was because CPS had the technology to validate every grant recipient through a biometric system. CPS said it would be able to verify the identity of each recipient whose money is paid into a bank account through voice recognition technology. It is partly on this basis that it was awarded the illegal tender and why it is now again the only private company in the running to pay grants. But the system is not currently working. If you phone SASSA's voice verification number you are told SASSA no longer requires voice verification.

SASSA has also not done what it promised the Constitutional Court it would do to fix the problem. In this context, it is difficult not to conclude that SASSA and the Department are responsible for the crisis. So even if it wanted to, the Treasury does not seem to have the legal power to allow for a deviation from the normal procedures to contract services as required by section 217 of the Constitution. Entering into a new contract with CPS will therefore almost certainly be unconstitutional and the contract is likely to be found to be invalid if challenged in court.

This is why SASSA and the Department should have approached the Constitutional Court months ago to assist it to deal with the problem.

The Constitutional Court has always maintained that the most pressing concern is to ensure that there is no disruption in the payment of social grants as the paying of these grants affect the lives of millions of vulnerable citizens and because it forms part of the constitutional obligation of the state (contained in section 27(1)(c) of the Bill of Rights) to provide access to social security to everyone.

When confronted with a breach of any provision of the Constitution (including the flouting of section 217 by SASSA, the Department and CPS), the Constitutional must declare that conduct unconstitutional and invalid. This means that the Constitutional Court may have to declare that the new contract entered into between SASSA and CPS are unconstitutional and invalid.

But this is not the end of the matter. In terms of section 172(1)(b) of the Constitution the court has the power to make any order that is just and equitable, including an order suspending the declaration of invalidity for any period and on any conditions, to allow the competent authority to correct the defect.

This means the Constitutional Court can suspend the order that the new contract entered into between SASSA and CPS is invalid for a specific period of time in order to ensure – as the court must and will – that the payment of grants is not interrupted. During this time, CPS would continue to be obligated to pay social grants to all beneficiaries.

The Court can order CPS to continue to pay the grants and can even cite CPS director Serge Belamant directly to comply with this order. If CPS fails to pay the grants and just walks away because the company is unhappy with the size of the profits it will be making, the company and Mr Belamant would then be in contempt of court and Belamant could then be jailed.

Furthermore, as the Court has said in the judgment declaring invalid the original awarding of the tender to CPS, the private company is not supposed to benefit from an unlawful contract. This means that the Court has the power to impose any conditions on the parties to ensure that CPS does not unduly benefit from an unlawful contract, a contract which it was only in a position to enter into because it had previously been awarded an unlawful contract.

What kinds of conditions could the Court impose and why would CPS and its friends at the Department and in SASSA be so eager to avoid this at any cost?

First, the Court could impose limits on the profits that CPS would be allowed to rake in from the unlawful contract. It could prohibit CPS from charging more than a certain amount for handling each grant recipient or could even – in an extreme case – order CPS to deliver the grants without profiting in any way from the unlawful contract. This would obviously not be something that CPS (or their friends at SASSA and the Department) would wish to happen.

Second, the Court will almost certainly also retain supervisory jurisdiction over the matter to ensure that CPS, the Department and SASSA comply with the court order. Given the fact that SASSA previously gave assurances to the Court which turned out to be false, the Court may also want to cite individuals (including Minister Dlamini and Serge Belamant) to take personal responsibility for implementing the court order, which could allow the Court later to find them in contempt of court and to have them jailed for flouting the orders of the court if that turned out to be necessary.

Third, the Court could also require all the parties to report back to it every month or every three months on what they have done to fix the problem. It could also require SASSA and CPS to submit financial statements to the Court so that the Court could check whether SASSA was being overcharged or whether CPS was unduly benefiting from an unlawful contract.

Fourth, as CPS and its associate companies have allegedly abused their privileged position as the distributor of social grants, by selling products to grant recipients and by making deductions from their grants, the Court may well prohibit CPS or any of its associate companies from using the personal details of the more than 10 million recipients of grants to market any products to grant recipients and from exploiting vulnerable grant recipients in any other way.

As CPS and associate companies are said to make much of their profit from exploiting the privileged information of grant recipients that CPS is in possession of because it was given an unlawful contract, one can imagine that CPS would do anything in its power to prevent the Constitutional Court from making such an order. Lastly, the Constitutional Court could also declare that the SASSA grant cards held by beneficiaries as well as the data of all grant beneficiaries held by CPS do *not* belong to CPS, but belong to the state. The list containing the details of the more than 10 million people who receive social grants is an enormously valuable asset and any company wishing to exploit vulnerable and poor people by selling them products they may not need or could not afford, would probably do anything it could (maybe even outside the four corners of the law?) to hold on to such an asset.

It must be clear that the Constitutional Court has been placed in a difficult position. If CPS is the only company who could deliver social grants from 1 April the Court would have to suspend the invalidity of the contract with CPS for a second time. But as I tried to explain, the Court has enormous power to impose conditions on the parties to limit abuse.

While it makes sense that CPS would do everything in its power to avoid judicial oversight for fear of losing out on making huge profits, what does not make sense is that SASSA and the Department similarly acted to try and protect CPS by avoiding the Constitutional Court at all cost.

The unanswered question is why SASSA and the Department have been so anxious to avoid oversight by the Constitutional Court.

Grants crisis worsens

2017-03-05

Rapule Tabane and Hlengiwe Nhlabathi

The fiasco over who will pay social grants and how they will be paid is far from over, prompting a last-minute crisis meeting yesterday between President Jacob Zuma, Social Development Minister Bathabile Dlamini and Finance Minister Pravin Gordhan.

And now the crisis that threatens the livelihoods of more than 17 million South Africans is pitting Dlamini against Treasury and her Cabinet colleagues.

City Press understands that although the department of social development reached an agreement to secure a contract to distribute grants with Cash Paymaster Services (CPS) late Friday night, this still needs to be approved by Treasury, which is not in favour of it.

Treasury officials insist the deal can only be condoned if it is within the law and the allocated budget.

Dlamini's handling of the crisis has also pitted her against her own senior officials, who have refused to follow her orders.

Some have alleged this was a manufactured crisis and the strategy all along was to ensure that CPS continued to hold the contract. They have also accused Dlamini of deliberately blocking all attempts to resolve the impasse.

One senior government official told City Press: "It was clear to me that processes to find a solution were being deliberately delayed so that the contract could go to CPS.

They were even ignoring advice from senior advocate Wim Trengove, who was suggesting possible solutions."

Treasury seems to agree that the crisis was self-made.

In a letter last month, Solly Tshitangano, Treasury's chief director of supply chain management governance, monitoring and compliance, wrote:

"The SA Social Security Agency (Sassa) should have requested a deviation to advertise a new tender for a short period from December 2016 to early January 2017 to avoid a self-created emergency."

Lumka Oliphant, Dlamini's spokesperson, did not respond to requests for comment this week.

Asked to respond to allegations that the grants crisis was created deliberately to benefit CPS, Sassa spokesperson Kgomoco Diseko said: "These remain claims and not fact.

"We put this contract out in the market in a transparent manner and the market failed us."

In 2014, the Constitutional Court ruled that the process Sassa had followed to award the contract to CPS was extremely flawed and had to be scrapped.

The state was given three years to correct it or find a new service provider.

The deadline to do so is March 31.

Sassa has not awarded a new tender and with just less than four weeks to go, it remains unclear how the grants to South Africa's poorest are going to be paid.

No end in sight

After weeks of panic, the social development department announced in a short statement on Friday that the nature of the agreement it had reached with CPS would be communicated "in due course".

No details were revealed.

But government officials say whatever agreement was reached, it would still need to be condoned by Treasury.

But Treasury has long made it clear that it would not support the extension of a contract declared invalid by the Constitutional Court.

A government official privy to developments warned:

"If Treasury condones something this big, knowing that it could have been prevented and that the urgent situation was deliberately created, then you are weakening the fiscus rules of procurement."

Last month, Treasury turned down Sassa's request to be allowed to deviate from the Public Finance Management Act and approve the extension of CPS's existing contract.

It also wanted to hike the company's initially agreed rate of R16.44 per beneficiary to between R22 and R25 per payee.

Turning down the request, Tshitangano wrote:

“Requesting National Treasury to extend a contract that was declared invalid by the highest court will not only be seen as being defiant to the judicial system, but may further be seen as perpetuating the illegal and unconstitutional deviation actions reprimanded by the highest court in the land.”

Political ammunition

However, officials are concerned that if Treasury refuses to condone the agreement with CPS, that could be used as further ammunition to discredit it and portray it as uncaring towards the country’s poor.

Gordhan has come under attack from various Zuma supporters, who have accused him of driving an anti-poor budget.

In a statement after yesterday’s meeting, the presidency said Zuma “is of the view that the matters are solvable”.

“He has directed the two ministers [Dlamini and Gordhan] to mandate their technical teams to work on the outstanding issues in order to ensure that social grant beneficiaries receive their grants on April 1.”

City Press has learnt that Treasury was expected to be pressured at the meeting to “assist” social development.

But Treasury has said it would only regularise an agreement with CPS if the Constitutional Court extended the suspension of the invalid contract.

However, even if Treasury was pushed to sign off on the agreement, there was still no guarantee that the Constitutional Court would endorse it.

Sassa and Dlamini are due to appear before the Constitutional Court on March 15 to defend government in an application brought against them by civil rights organisation Black Sash.

Treasury has warned that even if the department of social development said it no longer wanted an extension while implementing a new contract, this would still be unlawful.

This is because any new contract is required to go through an open, competitive and fair tender process.

If not, other parties would be able to challenge the contract in court because they were not allowed an opportunity to bid.

The shambles Dlamini created

Dlamini has been slammed for her handling of the crisis, particularly for her reluctance to allow officials to report to the Constitutional Court.

On February 28, Sassa filed papers in that court, asking it to authorise negotiations with CPS with a view to entering into another contract.

But the agency later withdrew those papers, allegedly on Dlamini's orders.

This led to a fallout with the department of social development's new director-general, Zane Dangor, who had only been in the position for three months.

Dangor resigned on Friday.

He confirmed his resignation on Saturday, saying it was prompted by a breakdown in the relationship between him and Dlamini, and a deep disagreement about how the crisis was being managed.

"This [dispute] was particularly [about] issues related to Sassa's legal obligations in relation to the Constitutional Court," he said.

Parliament's standing committee on public accounts (Scopa) issued a statement yesterday, saying it noted his resignation with anger.

"In our brief interactions with Mr Dangor, he had proven himself to be an honest and hard-working civil servant.

"He was one of the many officials in the department of social development and in Sassa who have been frustrated by Minister Bathabile Dlamini's heavy-handed interference in Sassa's administrative matters."

Scopa has scheduled a meeting with Dlamini on Tuesday.

Senior social development officials told City Press that Dlamini sidelined Sassa chief executive Thokozani Magwaza and other officials, preferring to work directly with Zodwa Mvulane, appointed as special programme leader on new payment systems.

Sassa and Dlamini claim in court papers, filed on Friday in response to the legal challenge by Black Sash, that they made it clear from the start that a complete takeover by government of social grant payments was dependent on the outcome of "various consultations".

They say this was flagged in November 2015 in a report handed to the Constitutional Court, which had taken on a supervisory role.

The department initially promised to develop the capacity to pay the grants itself, but Dlamini and Sassa say in their legal papers that they were advised by a technical

team that the plan was “overly optimistic, unrealistic and underpinned by insufficient research”.

The reason for this was that Sassa did not have the budget, internal capacity and enough skilled people to implement the plan.

Dlamini went on to claim in court papers this week that she only became aware of the scale of the problem in October.

“As at late August or early September 2016, Sassa officials started to fully appreciate that Sassa will not be in a position to substantially implement the progress report within the time frames specified.

“The minister appreciated the position in October. The minister and Sassa accept that they ought to have been aware earlier,” they say in court papers.

The technical team, they claimed, advised Sassa to continue to use CPS beyond the March deadline for at least the next two to three years.

This contradicted legal advice from Trengove that the proposed interim agreement with CPS would not be legal. Trengove found there would be nothing left to renew with CPS.

Analysis: Endangering social grants is the ANC’s own catastrophic mistake

Stephen Grootes

Many a big crisis is a series of seemingly isolated events in different sectors at the same time. Sometimes they’re a flash in the pan, doing limited damage. But sometimes they arrive at the same historical moment as other events, merging into messy chaos. They are often the work of different actors, pulling in different directions. This makes blame hard to pin down. But we are about to have a crisis that is entirely different. The fiasco around the social grant payments is entirely the making of the people responsible and no one else’s. Should the worst happen, the results of the crisis and their impact on South Africa are too ghastly to contemplate. But the cooler analytical heads now also have to measure the political price the ruling party is going to pay because of the reckless actions by one Bathabile Dlamini.

If there is one big success in this country since 1994, one thing that has improved the lives of people without many resources, it is social grants. There is almost no possible argument against them. The right-wing “people must stand on their own two feet brigade” need only to be told one simple fact, before being forced to sit down. It is this: children who live in homes that receive a social grant are a whole centimeter taller than children who live in homes that don’t. Never mind the importance in overall nutrition, health, and how that knocks on to the ability to learn

at school, etc. It is worth repeating: on social grants, the ANC, government, and the entire nation together (including opposition parties), has a good story to tell.

In some ways, what is really standing between us and the national revolt that so many have been warning about for so long, is social grants. It is a tool, limited as it is, of redistribution in a country with incredibly high, and generational, inequality.

But now, as we all know, this appears to be under threat. By Wednesday afternoon the SA Social Security Agency had confirmed, once again, that it does not know how it will pay the 17-million social grants in April. The lead-up to this has been well reported. SASSA was told its current contract with Cash Paymaster Services was illegal; it knew in October that it wouldn't be able to make the payments itself, there is no one else in the country with the infrastructure to do it, and CPS is now in a better negotiating position than a bully in an orange wig with the world's biggest nuclear arsenal at his fingertips.

The only way to truly ensure that this crisis does not result in millions of starving people now is to do a deal with the devil. Serge Belamant appears to have broken as many regulations as possible to get this contract in the first place. In the end, government will have to pay, and he and he alone gets to set the price.

But even then, there is no certainty that it can all be done. He has complained that the contracts of his own suppliers and staff are due to end in just a month's time. It would take a massive effort to ensure that no one is missed when the payments are due to be made at the end of March.

It is in the very make-up of most politicians to blame someone else for mistakes made on their watch. The ANC government always had foreign intelligence agencies who could be charged with "handling" a public protector, opposition parties for dysfunction in Parliament, non-Alliance unions for Marikana, news media for making the people of South Africa know too much. If there was a problem, there was a reason, sometimes legitimate, sometimes not, why it was not the fault of the ANC. President Jacob Zuma and those around him have taken this to new levels, blaming the new phrase of "white monopoly capital", and even the Constitution, for their failure to act on pressing issues.

But the case of social grants is different to almost all that we have seen before. There is simply no one else to blame.

Social grants as we currently understand them only started to be paid by government after 1994. There is no "past" to blame. This is not a case where government has run out of money – it is there – it is just in danger of not being paid out. There is no ratings agency that has stopped people from investing, no outside organisation that has declared a financial war on us. There is no opposition party that has taken away the grants, no representative of "white monopoly capital" who has gone to court to stop them. (There is, of course, a representative of white capital in whose sole interest Minister Dlamini appears to be acting – Serge

Belamant and his Net1.) There is no judge to blame, no structural reason that we can blame on the past.

All that has happened is that the people in charge are so incompetent, and so uncaring, and allegedly so corrupt, that they are unable to guarantee the distribution of the payments of the next tranche of social grants.

What is supremely baffling in this gambling with South Africa's future, though, is just how crucially important the social grants are for the ANC's continuing viability as a governing party. They have been listed among the main reasons why, especially in rural areas, the voters continue to support the ANC in the national elections. It is an act of supreme political foolishness to cede the social grants high ground to the DA and EFF, who are now seen as defenders of the masses from the ANC's incompetence.

The elections of 2019 are around the corner and it is unlikely that the electorate will forget any time soon that their lives were used as casino chips in a high-stakes gamble. The ANC is already on the back foot with the electorate. Even if, ultimately, the grants are to be paid on time, the damage to their standing will be considerable.

But should they cause the ultimate failure, just imagine what it would do: *Millions* of families affected. *Everyone* would know someone who relies on a social grant. They would know about the misery this governance failure has inflicted on them, even if only for a week or two. This would not be something that can be spun away, or dealt with through clever media manipulation. The story would not be told only by the media, but by the sufferers. That type of damage cannot be undone any time soon, or ever.

The last failure of governance that comes even close to this by the ANC was the electricity crisis of 2008. Then, despite a warning in a government green paper several years before, there was no investment in power stations, and so we ran out of electricity. We are still living with the consequences of that specific disaster. Fortunately, only few people died as a consequence of the crisis. We would not be so lucky this time.

But it is not just the ANC who would suffer from this. The entire state would be damaged. Many aspects of our government are called into question: people do not trust elected officials, the police, the intelligence services, the criminal justice system, even at times the education system. Grants play a role in helping to legitimise the state. They are an example of the state doing good, and helping people who may otherwise feel it does nothing for them, and thus they should not bother to respect it. Were we to lose that, the state would lose a big part of its residual legitimacy.

Every South African must hope, and if so inclined, pray, that none of this comes to pass. But the fact that we are here, so close to the precipice, is a sign that those involved are at the very least incompetent. Social Development Minister Bathabile

Dlamini's behaviour is not just scandalous, or unacceptable or irresponsible. It borders on evil.

If one day in 2019 the ANC finds itself a minority party, they might want to look back to the days in early 2017, when one of their own almost singlehandedly threw away one of the biggest political advantages in modern history. **DM**

Is Sassa protecting the profits of a private company?

Constitutionally Speaking

21 FEBRUARY 2017

The decision by the South African Social Security Agency (Sassa), under the authority of Social Development Minister Bathabile Dlamini, not to approach the Constitutional Court with a request to extend the contract of Cash Paymaster Services (CPS), requiring the private company to continue handling social grant payments, is difficult to understand. Absent a plausible explanation, it will create the suspicion that the decision was taken solely to benefit a private company (CPS) to enhance its profits.

The Constitutional Court noted in 2013 when it declared invalid the awarding of the tender to CPS to provide services for payment of social grants, that "for many people in this country the payment of social grants by the state provides the only hope of ever living in the material conditions that the Constitution's values of dignity, freedom and equality promise".

About 15 million people depend on the payment of these social grants. As the Constitutional Court noted, people who receive social grants are vulnerable and live "at the margins of affluence in our society".

For some reason Sassa previously decided to contract out its constitutional duty to provide social assistance to vulnerable South Africans to a private company (CPS). In effect, it privatized the distribution of social grants.

However, in November 2013 the Constitutional Court declared invalid the tender awarded to CPS for this purpose. One of the reasons why the tender was declared invalid was because Sassa had failed to check the empowerment credentials of CPS before awarding the contract to it. As the Constitutional Court noted:

There was an obligation on Sassa to ensure that the empowerment credentials of the prospective tenderers were investigated and confirmed before the award was finally made. That obligation became even more crucial when there were no other competitors left in the second stage. There is then an even greater obligation for the tender administrator to confirm the empowerment credentials of the winning bidder.

It is therefore unclear whether CPS complied (and currently complies) with its Black Economic Empowerment obligations as stipulated by the law, as these were never checked properly. In the light of the fact that CPS may not have the requisite BEE credentials (as this was not properly checked, the public do not know if it does), it is strange that Sassa seems to have done everything in its power to protect the contract with CPS and to ensure it continued delivering the service it was originally contracted to do.

The Constitutional Court took a dim view of Sassa's attitude in this regard. It is worth quoting the Court at length about this matter.

Before concluding, it is necessary to say something about Sassa's conduct. Sassa is an organ of state. It is bound to the basic values and principles governing public administration set out in section 195 of the Constitution. As is evident from this judgment, and the merits judgment, Sassa's irregular conduct has been the sole cause for the declaration of invalidity and for the setting aside of the contract between it and Cash Paymaster. This Court sought further submissions from the parties to assist in the difficult task of determining appropriate relief. The importance of this is obvious, not only because of the vast sums of money involved but more importantly, because of the enormous consequences of irregularities where the interests of beneficiaries, particularly children, play a pivotal role in assessing the appropriate remedy. Yet, contrary to the obligations it carries under section 195, Sassa has adopted an unhelpful and almost obstructionist stance. It failed to furnish crucial information to AllPay regarding the implementation of the tender and to Corruption Watch in respect of steps it took to investigate irregularities in the bid and decision-making processes. Its conduct must be deprecated, particularly in view of the important role it plays as guardian of the right to social security and as controller of beneficiaries' access to social assistance.

In any event, after many twists and turns and after consistently maintaining that it would be able to move payments in-house, Sassa recently admitted that it won't be able to do so. (I do not have sufficient information to determine whether Sassa misled the Court about this matter.)

Earlier this month Sassa had said that the only way to make the social grant payments from April, was to stick with the current service provider (CPS). This is the same service provider whose contract was declared invalid.

In one of the three Constitutional Court judgments in the case, the Constitutional Court ruled that CPS had no absolute right to benefit from an unlawful contract and held that:

Any benefit that it may derive from the contract should not be beyond public scrutiny. [CPS must therefore] provide [the Court with] the financial information to show when the break-even point arrived, or will arrive, and at which point it started making a profit in terms of the unlawful contract.

The Court thus retained jurisdiction in the case to monitor the situation. As the court noted:

Unless the tender is awarded to a different contractor, [CPS] will benefit from an unlawful contract. In that event, the public is entitled to know the extent to which it has so benefited.

The Constitutional Court did not give any indication of how it would respond if it transpired that CPS benefitted financially from the unlawful contract. But the Court retained jurisdiction over the matter and it is conceivable that the Court would order CPS to pay back some or all the profits it made from the unlawful contract.

As CPS is currently the only body who, in the short term, can deliver social grants, it potentially has enormous bargaining power to strike a deal to benefit it – to the detriment of the state and of all South Africans who depend on the state for services.

Sassa had to approach the Court to request it to extend the contract to CPS, because this would ensure that CPS would not be able to conclude a new contract with Sassa on unfavourable terms dictated by the private company.

Absent oversight by the Court, CPS would be able to charge almost any rate it wished to continue to deliver social grants, allowing it to continue to benefit financially merely because it was placed in an advantageous position due to it previously being awarded an unlawful tender.

For this reason alone, the decision not to approach the court is troubling.

But there is a second reason why Sassa is supposed to approach the Court for an extension of the contract. This is because the Constitutional Court held that CPS became an organ of state when it was contracted to provide social grants to citizens as it was implementing the realisation of a constitutional right.

This was not merely an issue of a contract concluded between an organ of state and a private company with which the Court could not interfere. The Constitutional Court – as the body with the power ultimately to interpret and enforce the Constitution – has a duty to ensure that all bodies fulfil their constitutional obligations to provide access to social security to those in need.

Both Sassa and CPS told the Court that a re-run of the tender process would create legal difficulties, because the Court has no power to make a contract for Sassa and CPS, or to amend the existing contract. They argued that if the contract was declared invalid CPS would have no further obligations towards anyone and would be entitled to walk away from the contract without any sanction for doing so.

The Constitutional Court rejected this argument. First, it noted that the Court had the power to suspend the declaration of invalidity of the contract until any new payment process was operational. During the period of suspension, the contract would remain operational and CPS would stay bound to its contractual and constitutional obligations.

But the contract is coming to an end at the end of March. This does not mean that CPS did not continue to be bound by its constitutional duties to provide access to social security to those in need.

The Constitutional Court noted that the state had asked a private company (CPS) to undertake constitutional obligations by entering into the social grant payment contract with Sassa. Even after the contract came to an end, but before the appointment of another service provider, CPS would have constitutional obligations.

This is because – in certain context – private persons or institutions also have the obligation to respect socio-economic rights. This includes the right to access to social security protected by section 27(1)(c) of the Constitution.

The conclusion of a contract with constitutional obligations, and its operation for some time before its dissolution – because of constitutional invalidity – means that grant beneficiaries would have become increasingly dependent on Cash Paymaster fulfilling its constitutional obligations. For this reason, Cash Paymaster cannot simply walk away: it has the constitutional obligation to ensure that a workable payment system remains in place until a new one is operational.

Approaching the Court to extend the contract would have recognised this reality and would have ensured that the Court retained its supervisory jurisdiction over the case, to ensure that social grants are delivered as required by the Constitution in a cost effective and efficient manner. It would also have ensured that CPS remained accountable.

As the Court noted:

In light of the importance of the right to social security and the impact on and potential prejudice to a large number of beneficiaries, the public clearly has an interest in ensuring that the tender is re-run properly. In these circumstances, it is appropriate to impose a structural interdict requiring Sassa to report back to the Court at each of the crucial stages of the new tender process.

One way to read the decision by Sassa not to approach the Court to ask it to extend the CPS contract, is thus that it amounts to an attempt to avoid this form of accountability. If this is correct, the question that arises is why Sassa is again trying to give CPS a free pass. PS: After publication I was made aware of this article containing evidence that the empowerment deal that was supposed to give CPS its BEE credentials was fraudulent.

Sassa Grants: While pressure mounts from all quarters for a solution, Bathabile Dlamini remains silent

Marianne Thamm

03 Mar 2017

On Thursday, Corruption Watch and Cosatu called for Minister of Social Development Bathabile Dlamini to be sacked for her role in the self-manufactured emergency with regard to the payout of social grants from April 1 while Scopa has summoned her to appear next week to account for the crisis. Meanwhile, officials in her department are scrambling to put an emergency Plan B in place, saying if needs be, trucks transporting cash would be dispatched across the country should negotiations with CPS deadlock. The Reserve Bank has called on the agency to make an urgent decision while Cosatu on Thursday also described the fiasco as "a political own goal that smells of corruption". Minister in the Presidency Jeff Radebe said Cabinet is only set to deal with the matter next week. In the meantime, tensions are running high while little or no leadership is being offered.

The cameras inside Parliament's committee meeting rooms where Minister Dlamini (when she has bothered to pitch) as well as Sassa officials have been called to account to MPs with regard to Sassa's readiness to take over the disbursement of grants to 17-million South Africans on April 1, seldom pan to the rear of the venues.

At Tuesday's disastrous presentation by Sassa and Department of Social Development officials to Scopa, a small battalion of activists from advocacy groups the Black Sash and Right2Know sat silently observing the briefing, providing a stark reminder of the real lives of those who depend on these grants for survival. Dressed in branded, well-worn T-shirts, the activists stood out from MPs in their crisp shirts, smart suits and dresses as they picked at a tray of snacks.

The Black Sash (formed in 1955 and instrumental in monitoring and highlighting injustice during the apartheid era) has been at the forefront, along with partners, in exposing irregular third party debit deductions from social grant beneficiaries.

In 2011 the Black Sash launched the Community Monitoring and Advocacy Project (CMAP) and in 2013, after a drastic increase in third party debit deductions from Sassa beneficiaries' bank accounts, the Stop Sassa-CPS Debits Campaign. It has also repeatedly reminded Sassa that it was placing beneficiaries in a precarious position by not adhering to time frames set out in a 2014 Constitutional Court ruling for the insourcing of social grants payments.

In November 2016 the Black Sash warned:

"There cannot be any further delay in holding Sassa to account for what could potentially become democratic South Africa's biggest national crisis."

By March 1, with only four weeks to go, the crisis is about to get as real as it gets.

On Monday, the day before Minister Dlamini was due to appear before Scopa (a no-show on her part) the Sash filed an urgent application with the Constitutional Court in an attempt to prevent Sassa from extending the Cash Paymaster Services contract without the court's supervision.

In its notice of application the Black Sash's Lynette Maart requested that Minister Dlamini and Sassa file reports on affidavit on a date determined by the court, on "what steps they have taken, what steps they will take, and when they will take such further steps, to ensure that the payment of all social grants is made when they fall due After 31 March 2017."

"Sassa had failed to do what it told the court it would do. Because it has inexplicably only acted upon this knowledge at the 11th hour, there is no longer any alternative but for it to contract CPS. It has thus created a situation in which there will be no effective oversight over what it does," Maart continued, adding, "If Sassa had reported timeously and frankly to the court on its inability to do what it had said it

would do, the court would not have abandoned the supervisory jurisdiction which it had established.”

The SASH said that due to Sassa’s conduct during current and previous litigation it was imperative that the court offered oversight as “events indicate that whatever oversight the minister (Bathabile Dlamini) is able and willing to provide cannot be relied upon to be adequate”.

While officials from Sassa, the Department of Social Development, the South African Reserve Bank and Treasury were reportedly meeting with CPS – whose share price spiked on Thursday, reaching a 12-month high – Minister in the Presidency, Jeff Radebe, in his post-Cabinet meeting briefing on Thursday, said that Cabinet would be meeting next week “to deal with the complexities of the issue”.

Cosatu secretary-general, Bheki Ntshalintshali, speaking after a central executive committee meeting on Thursday, called on President Zuma to intervene in the crisis and fire Dlamini if needs be. He also said the matter was not only due to “administrative bungling but a political own goal that smells of corruption”.

ANC Women’s League Secretary General, Meokgo Matuba, hit back in a press statement afterwards stating that Cosatu’s claim was “just populist posture driven by some CEC members of Cosatu who have abandoned their duties of strengthening and building worker control-Cosatu where workers control the structures and committees of the Federation”.

Matuba added:

“If Cosatu is prepared to lay criminal charges for CEO’s (sic) of companies involved in collusion, what stops them from laying charges on the alleged corruption on Sassa-CPS matter? It is the ANCWL’s view that the grandstanding posture of claiming ‘smell of corruption’ is mainly driven by some in Cosatu leadership that have uncontrollable ambition (sic) to be deployed into ANC led government positions which includes cabinet positions in parliament.”

Scopa committee chair, Themba Godi, announced that Minister Dlamini, who earlier this week said she did not have to account to the committee on public accounts, would be called to appear on Tuesday next week.

“The committee is unhappy with the manner in which the South African Social Security Agency (Sassa) has handled this matter that affects millions of South Africans. This matter has been handled in a manner that is unfair to South Africans and the lack of accountability to Scopa today is unfair to Parliament and to the public,” the committee said in a statement.

DA Shadow Minister of Social Development, Bridget Masango, said Radebe’s announcement that Cabinet would discuss the matter next week was “an outrageous abdication of responsibility and it should leave every South African angry. With just

over three weeks left until the deadline, this clearly demonstrates just how little the ANC Cabinet cares about the 17-million vulnerable South Africans that depend on social grants as a lifeline.”

Masango also called on President Zuma to “hand over the negotiations of the grants payment process to Minister of Finance, Pravin Gordhan”.

Corruption Watch’s David Lewis on Thursday also called for Minister Dlamini to be sacked.

“The organisation views the proposal by Sassa to extend or renew a contract with Cash Paymaster Services (CPS) in a serious light, particularly following the Constitutional Court’s judgment that the award of the tender was invalid, and riddled by administrative irregularities which, in the words of the court, are to be treated seriously because they may ‘betoken corruption’.”

Lewis asked why the Hawks had never taken up the Constitutional Court’s “effective invitation to investigate the underlying reasons for the flagrant administrative irregularities” and added that “it shames our law enforcement authorities to note that the US Department of Justice (DOJ) investigated CPS, a US-listed company, while our own authorities sat on their hands and did nothing”.

The US investigation remains “open but inactive because of the failure of our law enforcement authorities to support their investigation”. said Lewis.

He added that Corruption Watch noted that in 2008, Advocate Norman Arendse, who was then chairman of the adjudication committee for the CPS tender, had alleged, under oath that while he was deliberating the tender, Gideon Sam, who claimed to represent CPS, had made a statement about having “an open cheque book”.

Lewis also noted “the shadowy role played by the President’s legal adviser, Mr Michael Hulley as a ‘strategic advisor’ to Sassa in the adjudication of the R10-billion contract” and, asked Lewis, why was Sassa unable to produce a contract with Hulley or proof that he was remunerated, who was paying him and who he was representing.

“This is arguably the most serious scandal to emerge in democratic South Africa. At stake are the lives of the most deprived people in South Africa. Dlamini and Sassa have ensured that the only realistic option for ensuring the grants are paid is a further contract with CPS.”

On Wednesday, the South African Reserve Bank as well as Sassa and Department of Social Development officials reported back to Parliament’s portfolio committee on social development. The minister also failed to attend this briefing.

Pressed by MPs, Social Development DG, Zane Dangor, said one alternative strategy should negotiations with CPS be unsuccessful would be to pay out grants through banks as at least 90% of beneficiaries had bank accounts. For those with bank accounts and Sassa cards, an option was to use Postbank outlets, but this would mean moving these beneficiaries from biometrics to PIN.

If all else failed, said Dangor, "We will do what we have done in exceptional cases in the past. It is risky, but it has been done before. It is to take cash directly on trucks and pay people. That option will be deployed if all else fails. We don't foresee that happening, though."

(NB: Putting things into perspective – even if Dangor is correct, and 90% of grantees indeed have bank accounts already, that would leave *1.7-million* people without guarantee they could eat after the April 1; if one considers that most of them have dependents, that number can grow to *5-million* people placed in life-threatening danger. The scale of such a catastrophe is difficult to fathom.)

There is clear tension between officials of the department as well as in Sassa who are genuinely desperate to prevent a catastrophe and find a solution before April 1 but who appear to be thwarted at every turn by an absent minister who has been neither transparent nor accountable with regard to Sassa's relationship with CPS.

It is believed that Minister Dlamini might soon be travelling to New York to attend the 61st session of the UN's Commission on the Status of Women which takes place from March 13 to 24 (about a week before the March 31 expiry of the CPS contract). Considering that the vast bulk of social grants go to women, and particularly older women in South Africa, it might be prudent for the errant minister, should she be considering attending the New York conference, to concentrate rather on the status of women in her own country and at least allowing the other people to solve the crisis she has been instrumental in creating. **DM**

'If Sassa breaks the law, it must face consequences' - Treasury

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News24Wire

A Treasury official has warned the South African Social Security Agency that if it breaks the law in extending an illegal contract with Cash Paymaster Services (CPS) in the social grants crisis, it must face the consequences.

Sassa appeared before the standing committee on public accounts (Scopa) on Tuesday to account for its proposed extension to the unconstitutional arrangement with current service providers CPS, who handle the country's grant payments for 17 million people.

Sassa project lead **Zodwa Mvulane** told the committee that it won't be extending the contract, but is rather looking to negotiate a new contract altogether, with new terms.

Treasury official **Solly Tshitangano** spoke at the end of the meeting, and had some stern words of warning for Sassa and the Department of Social Development.

"The concerns that members are raising are some of the same concerns of National Treasury," Tshitangano said.

"The procurement decision rests with the accounting officer or the accounting authority.

"We can only advise. And if they decide to break the law, they must face the consequences."

The accounting officer is the CEO of Sassa, **Thokozani Magwaza**, and the accounting authority is the director general of the department, **Zane Dangor**.

Minister **Bathabile Dlamini**, while still the shareholder representative does not have control over tender processes, he told News24 after the sitting.

MPs bemoaned Sassa's lack of preparedness for both the meeting and in taking over the massive grants scheme.

Both Dlamini and Magwaza were not present at the meeting. The deadline is four weeks away.

Dlamini was chairing a press briefing elsewhere in Parliament, while Magwaza had presumably taken ill, although media reports on Tuesday suggest he has actually been suspended.

'Who is benefitting?'

Scopa chairperson **Themba Godi** said the entire CPS debacle was just a "ruse".

"We all went to school; we know this situation has been engineered. The question is: Why? Who benefits?" he asked rhetorically, acknowledging the officials before them did not have the answers.

He said Sassa was like the driver of a car that is constantly swerving. "Everyone in the car is unsettled."

Economic Freedom Fighters MP **Ntombovuyo Mente** said the person who made the decision over the CPS contract extension must come and explain to Parliament.

Inkatha Freedom Party MP **Mkuleko Hlengwa** said the situation is only a crisis because of "incompetence of the highest order". He said Sassa never took proactive steps in its two years since the ConCourt ruling to get a new provider.

Democratic Alliance MP **David Ross** said they will support a full Parliamentary inquiry into the "horrific" mismanagement at Sassa.

African National Congress MP **Mnyamezeli Booï** said Scopa must call in Dlamini to answer the questions the Sassa officials could not.

If they are not satisfied with her response, they must take further action, which could include a Parliamentary inquiry and a forensic investigation, he said.

Dlamini skips Scopa meeting

Dlamini meanwhile was at a press briefing as chairperson of the social protection, community and human development cluster also in Parliament on Tuesday.

She told journalists there that she had not read a purported letter that Magwaza had been suspended, and repeated that he was off sick.

She did not need to attend the Scopa meeting, as she is accountable to the portfolio committee on social development, she reportedly said.

Her department will hold a press conference on Wednesday to address the issues brought up at Scopa, she added.

She reassured the country that the grants will be paid on April 1, but did not comment on whether that payment would be through an illegal contract.

Serge Belamant, SASSA, and the 'useful blacks'

Craig McKune

15 Dec 2016-

Belamant used a BEE front to win an R10b tender before dumping it for a person with links to social development minister Bathabile Dlamini.

The payment of social grants next year to millions of South Africa's poorest people is in jeopardy – and that appears to have much to do with the chaotic and dubious management of the relationship between the South African Social Security Agency and one company, Cash Paymaster Services. In this investigation, amaBhungane shows how the company got its current multi-billion rand contract using an apparently fraudulent empowerment deal – and then dumped its expedient fronts in favour of a politically connected businessman. Cash Paymaster Services director Serge Belamant used a thinly veiled black front to win a R10-billion South African Social Security Agency (Sassa) contract.

Then he quietly dumped these black partners and used irregularly derived Sassa funds to sign on and pay off a businessman who regularly consorts with a close friend of social development minister Bathabile Dlamini – she oversees Sassa.

The lucky man, Brian Mosehla, pocketed quick R83-million cash in the process. The evidence suggests top Sassa officials turned a blind eye to Belamant's fronting – and together they misled South African courts.

It also raises worrying questions about Dlamini's possible role and whether the R83-million might have been used to pay off officials and politicians.

"Just fuck off"

AmaBhungane's efforts to get answers from those implicated in this article were met with evasiveness, belligerence, accusations of harassment and silence.

In a lengthy email exchange, Belamant sidestepped key questions but said Cash Paymaster and its United States-listed parent company Net 1 UEPS had been "cleared on all counts" in investigations by US and South African authorities.

Belamant is Net 1's executive chairman. His response was not accurate.

The US Department of Justice (DOJ) and the US markets regulator, the Securities and Exchange Commission (SEC), opened bribery investigations into Net 1's Sassa contract in November 2012.

The SEC later closed its investigation with the disclaimer that this "must in no way be construed that the party has been exonerated".

The DOJ investigation remains open.

A Hawks investigation found no evidence of wrongdoing.

Dressing down this amaBhungane reporter in parliament, Dlamini said: "I feel that you are disturbing me. I am not going to discuss anything with you."

Mosehla emailed to say: "I would appreciate if you stop contacting me; I am very disappointed in your journalism and wish you well in righting untrue facts about me (sic)."

Dlamini and Mosehla's mutual acquaintance is Lunga Ncwana, best known for channeling the notorious fraudster Brett Kebble's money to the ANC.'

AmaBhungane visited Ncwana's house in Fresnaye, Cape Town. He said: "Just fuck off. Do you think I'm corrupt? You are fucking mad. If you want to investigate someone, why don't you investigate the fucking Guptas.

"Don't you want BEE (black economic empowerment) guys to make money?"

Then he had his security guard and the man who had been polishing his R1-million Mercedes SUV frogmarch this reporter from the front door of his R65-million home. Sassa declined to answer questions.

Part 1: "Probably not the best BEE deal"

In April 2011, Sassa issued its request for proposals seeking to subcontract for five years the distribution of social grants to about 15-million South Africans.

Sassa promised to favour bidders who gave an equity stake to historically disadvantaged people.

Two months later, Cash Paymaster's chief financial officer filled out Sassa's bid forms by hand.

He claimed Cash Paymaster should be awarded "historically disadvantaged individual" preference points and listed three black companies that Cash Paymaster was putting forward as its black partners.

The accompanying column asked the bidder to describe the percentage of the contract value to be "managed or executed" by each empowerment partner.

The finance officer drew a curly bracket to encompass all three black-owned companies and wrote "74.57%".

Sassa's tender documents had carefully explained that where individuals "are not actively involved in the management and daily business operations and do not exercise control over the enterprise commensurate with their degree of ownership, equity ownership may not be claimed".

Therefore, Cash Paymaster was specifying it would substantially subcontract three-quarters of the Sassa job to its black equity partners. This was not true, as we shall see later.

Later that year, when Sassa considered and compared the bids, two red flags were raised over Cash Paymaster's claim, but they were ignored. The first was a legal opinion drafted by an advocate and an attorney. They recommended that Sassa's bid adjudication committee should investigate to establish "the level of capacity and competency" of the partners and the "veracity of the allocation of the 74.57% contract value".

Tender records show that just one committee member reacted, raising a second red flag.

Discussing this in a meeting with the adjudication committee chairperson, he said: "What is key here, chairperson, the tender does not have a black economic empowerment component." But the complaint was literally laughed out of the room. The committee minutes record another member saying of the complaint: "I am not sure if it's a fair question in any case [laughter]."

And that was that.

In January 2012, Virginia Petersen, then Sassa's chief executive, wrote to minister Dlamini to recommend that Cash Paymaster win the tender. In her memorandum,

Petersen ignored the red flags and simply repeated Cash Paymaster's bald claim that the black partners would "manage/execute" 74.57% of the contract value. The contract was awarded that same month.

But who were they?

When the contract was awarded in 2012, amaBhungane phoned Belamant to ask him about his black empowerment consortium. He seemed uninterested and uninformed: "Our BEE I won't even argue was probably not the best BEE deal. But we thought, you know what, if we're going to win this or lose this because of BEE, well so be it."

Of the three black companies, he knew one well: Born Free Investments 272. Cash Paymaster had previously distributed social grants in a handful of provinces, and for this it had often used Born Free and its owner, Mazwi Yako, as a BEE partner. Yako previously made headlines when journalists discovered he had cut a former social development minister's wife into two of his companies, while he partnered with Cash Paymaster.

They denied this was bribery or related to social grants contracts.

Belamant barely knew anything about his other two partners: "One is led by a woman; I can't remember her name; she's a teacher. So I think there's a lot of teachers involved in that one, which I've always supported because I think that teachers should be supported in a better way." He meant Retles Trading, which involved just two teachers, Bulelwa and Jongi Makoetlane.

Retles Trading address. Just around the corner lives the mother of Lunga Ncwana -- a friend of social development minister Bathabile Dlamini. A married couple, the Makoetlanes founded Retles in 2008. For a few years, they supplied textbooks to Western Cape schools before the company fell on hard times.

By 2011, when they signed up with Belamant, the company was in the process of being deregistered, but with "big money" in sight, it was restored, explained one person with direct knowledge. Retles' business address was the Makoetlanes' humble pink home in a cramped, working class lane off Steve Biko Street in Gugulethu, Cape Town. The property can be distinguished from the neighbors' by a black Mercedes e300 sedan parked behind a security gate. Perhaps coincidentally, the Makoetlanes' house is just around the corner from Lunga Ncwana's mother's house. Ncwana is the one who is friends with minister Dlamini.

Last month, Bulelwa confirmed knowing him: "Yes I grew up with Lunga." But she refused to answer further questions. Belamant knew even less about his third black partner: "The other one is driven... I think it's more like a financial banks company, and I'm not 100% sure what they do to be quite honest." AmaBhungane told him it was called Ekhaya Skills Consulting. Belamant said: "Okay. You can't quote me on that, but I believe you." Ekhaya was not a "financial banks company" by any stretch. It was a small outfit, run by one woman who advertised that she provided "skills

training” for employers – it too was being deregistered and had to be resuscitated before the Sassa deal.

When amaBhungane noticed in 2012 that Ekhaya’s owner’s brother, Patrick Ntshalintshali, was doing work related to Net 1, this reporter called him to ask if he was involved with Ekhaya and the Sassa tender. Ntshalintshali was adamant: “Nah. Not at all. I’m not involved in this deal at all. I was not invited.” This was a plain lie, it turns out. Sassa tender records have subsequently shown that it was Ntshalintshali who signed Ekhaya’s contract with Cash Paymaster and attended Sassa’s bid presentations on behalf of the consortium. It is not clear what Ntshalintshali was trying to hide, but amaBhungane has confirmed that he was at the same time working for Lunga Ncwana, the minister’s friend.

This included being the public face for a company that was secretly 95% owned by Ncwana’s family trust.

Asked recently to explain, Ntshalintshali said: “Clearly in your books the only person that tells and knows the truth is you Craig. The South African courts, FBI and SEC are incompetent to you.

“Continue to create as many stories in your mind as you possibly can. Just leave me out of it. So stop harassing me. Never email or talk to me again.”

An irregular contract

Within days of Sassa giving Cash Paymaster the grants payment contract in 2012, a losing bidder, the Absa-owned AllPay, sued.

AllPay argued that the tender was irregular and the contract should be set aside. It was a titanic and well-publicized case that wound its way to the Constitutional Court.

In sworn affidavits, Belamant and a senior Sassa official confirmed “that Cash Paymaster indicated, when tendering, that grant payment services to the value of 74.57% of the contract would be ‘managed/executed by their BEE partners’”. Again, this was false, as we shall soon see.

In November 2013, the Constitutional Court agreed that Sassa’s tender was irregular because of two main flaws.

The first was a last minute technical change to the tender specifications that had the effect of taking AllPay out of the running and shoeing in Cash Paymaster. The second was that Sassa had failed to investigate Cash Paymaster’s empowerment credentials.

In a scathing ruling, the court described this as an essential failing: “Substantive empowerment, not mere formal compliance, is what matters.”

Allowing “a misrepresentation that historically disadvantaged people are in control and exercising managerial power even when that is not the case ... amounts to exploitation”, it ruled.

Exploited

But misrepresent and “exploit” is what Cash Paymaster and Sassa appeared to do, amaBhungane can reveal. AmaBhungane has obtained a copy of Cash Paymaster’s contract with Retles, Ekhaya and Born Free, the three tendered black partners. Cash Paymaster had submitted the contract with its bid in 2011, but neither Cash Paymaster nor Sassa appear to have disclosed it to the courts.

AmaBhungane reviewed Sassa’s extensive 2011 bid committee records and found multiple references to Cash Paymaster’s claim that the BEE consortium would “manage and/or execute” 74.57% of the contract value – but there are no indications that the bid committees considered the terms of the BEE contract.

This was a serious oversight, because the contract presented a peculiar circular arrangement in which Cash Paymaster will subcontract 74.57% of the Sassa contract to the black partners, as had been indicated – but buried in the fine print was another clause explaining that the black partners would subcontract 74.45% of the work back to Cash Paymaster, apparently leaving them just 0.12% of the contract value.

In other words, the contract materially contradicted what Cash Paymaster stated in its 2011 bid; what then Sassa chief executive Petersen’s 2012 wrote in her memorandum to Dlamini recommending Cash Paymaster should win; and sworn court statements by Belamant and a senior Sassa official.

Petersen recently told amaBhungane that she had read the contract. Asked to explain the contradictions, she said she had performed “to the best of my ability at the time with the knowledge available to me”.

“That sounds like fronting to me, but maybe I’m just old fashioned,” exclaimed a lawyer familiar with the matter when amaBhungane described this to him. He did not want to be named.

Dumped

When amaBhungane heard a rumor a few years ago that Cash Paymaster was replacing its tendered empowerment consortium with another one, one of Cash Paymaster’s tendered black partners, Mazwi Yako, said this would have been irregular. He said: “If you submit a tender, it gets awarded on the basis of what you have submitted. I cannot submit a tender today, and when you award it to me and then say, oh by the way here’s Craig, he’s a friend of mine, and I want my partner to be Craig today. “It was awarded and evaluated on the basis of what was evaluated in those documents, and I have a legally binding agreement that was also submitted, and that still stands.” But Cash Paymaster ultimately did substitute its

tendered black partners in exactly this manner. According to Cash Paymaster's empowerment contract, the black partners were supposed to get 3.2 million shares. According to its bid, these were worth R1.5-billion. But this payoff would happen only once Cash Paymaster had secured the Sassa contract and successfully fended off any subsequent litigation, such as the AllPay suit.

After ruling in November 2013 that the contract was invalid, the Constitutional Court had to rule on what Sassa should do about the problem. It was not an option for grants payments to be interrupted, therefore, in a follow-up ruling in April 2014, the court ruled that Cash Paymaster could keep its contract for now, but Sassa had to run a new tender.

If Sassa found no suitable candidates, Cash Paymaster could keep the contract until it expired on March 31 2017. Sassa only received three bids. Officials decided none of these made the cut, and Sassa cancelled the tender in November 2015. Cash Paymaster now had its already half-executed Sassa contract in the bag, yet it did not consummate its long-outstanding empowerment deal. The black partners' promised payoff of R1.5-billion in Net 1 shares appeared to vanish.

Instead, Belamant had already cut an enormously lucrative empowerment deal with someone else the year before: Mosehla, the one who shares Lunga Ncwana as a mutual friend with Dlamini, the minister.

Part 2: Getting closer to minister Dlamini

"We don't get a R1,7-billion contract without being pretty close to the minister nationally as well as to [provincial ministers]," quipped Belamant when the *Mail & Guardian* cornered him with bribery allegations in 2005.

For more than 15 years, the government has contracted Cash Paymaster to distribute social grants, initially in a few provinces and now throughout the country. In 2005, the *M&G* had stumbled upon proof that Cash Paymaster's then black empowerment partner paid for a former social development minister's home renovations.

At the time, Belamant denied trying to capture the minister in order to influence social grants policies, but he distanced himself from his empowerment partners' activities, claiming that he couldn't force them to comply with Net 1's strict governance rules.

Since the early 2000s, reporters have dredged up more than a handful of bribery allegations involving Cash Paymaster's empowerment partners and politicians and officials with oversight of social grants.

Belamant typically responds with a Gallic shrug and an assertion of deniability. "Between you, me and a bar of soap", he likes to say of his black partners, he does not know what "they" get up to

.

But once more, through his empowerment partners, Belamant has found himself curiously close to a minister.

Lunga Ncwana

The connective tissue is formed by Lunga Ncwana, the one who thinks amaBhungane should rather “investigate the fucking Guptas”. Ncwana became rich and famous when, as an ANC Youth League leader, he and his political comrades signed up as black empowerment partners for the infamous and now dead investor Brett Kebble. Notably, when Kebble did not want to be seen to be currying political favour by donating large sums to the ANC, Ncwana kindly stepped in to funnel Kebble’s political payments for him.

Later entrapped in a web of fraud allegations, Kebble hired hitmen to have himself shot in an “assisted suicide”, a court found. The Kebble saga sullied Ncwana’s name, and he all but vanished from the public eye. But since 2012, amaBhungane has received numerous tipoffs alleging that Ncwana was involved with Net 1 and the Sassa contract.

In one case, a person with direct knowledge alleged: “Look to Brian’s [Mosehla’s] friends [to understand the Sassa tender].... Obviously Brian is not powerful enough to pull this deal off. These guys... are all linked to Brian through Lunga, through Patrick, etc.” According to another: “Lunga tells the minister what to do.” This person alleged that Ncwana advised Dlamini on whom to appoint to key committees that are deciding on Cash Paymaster’s future with Sassa.

Another described how, while Net 1 and Mosehla – who then had an option to become its empowerment partner – were dealing with fallout from the Sassa contract in 2012, “Lunga was always around”.

This person described details of how Ncwana allegedly had direct knowledge of Net 1’s handling of Sassa-related affairs. Another person with good knowledge of Dlamini’s role alleged that Ncwana had been seen in at least one official meeting: “We know he’s there. Senior officials have talked about telling him to piss off.”

These allegations could not be independently verified. On the three occasions when Ncwana did make the news, he was accompanied by Bathabile Dlamini. The first was a small celebration of the homecoming of a prominent politician from a traditional initiation ceremony.

The second was Ncwana’s own party after he bought a Cape Town football club. The third was Ncwana’s own wedding, where his best man was none other than the lucky Net 1 beneficiary Brian Mosehla. They are also business partners elsewhere. In other words, Ncwana, friend of the minister, is intricately tied to both Cash Paymaster’s tendered empowerment partners, as well as to Mosehla, the man Net 1 quietly replaced them with.

Lunga Ncwana's best man

This is how Mosehla got rich, fast. Ten days after Sassa announced in January 2012 that it was contracting Cash Paymaster to pay grants, Cash Paymaster's parent Net 1 signed a BEE deal with Mosehla's consortium.

It was a 15% discounted option for Mosehla and a group of broad-based BEE groups – charities, women's groups, community health support initiatives and so on – to buy Net 1 shares. But almost none of the groups had even heard of the deal or Net 1, amaBhungane revealed at the time. Given the vast majority of Net 1's revenue was to come from the Sassa grant, Mosehla's deal seemed timed to ride on the value of the contract. But Net 1's share price crashed through 2012 as the high profile AllPay case was fought in the Pretoria high court, and Mosehla's option was never exercised and eventually expired.

An R83-million payday

Net 1 and Mosehla did a new empowerment deal the following year. This time they did not mess around. Net 1 sold the shares when the stock was rock bottom, then it bought them all back once the stock had soared, leaving Mosehla flush with cash. Here is how it unfolded. Belamant and Mosehla signed the new deal in December 2013. The terms were much better for Mosehla than the flopped 2012 deal in that they came at a much larger discount and were paid for with a vendor loan from Net 1.

The share price was particularly low because the Constitutional Court had just invalidated the Sassa contract.

Belamant announced that this was a deal "we believe epitomizes the spirit of the meaningful transformation that the late president Mandela fought and stood for". Nelson Mandela had died five days earlier. After a series of delays, the shares were issued in April 2014, at a 25% discount to the rock bottom December price – even though the share price had risen substantially in the interim. It seemed like Mosehla was receiving a free gift from Net 1, but in June 2014 Net 1's operating subsidiary Cash Paymaster received its own R275-million windfall from Sassa.

AmaBhungane recently **reported** that Cash Paymaster and Sassa officials misrepresented their contract to justify the R275-million payment. The auditor general has since declared the Sassa payment to be irregular, and it is now being investigated.

Perhaps coincidentally, four days after announcing the Sassa windfall, Net 1 bought back about half of Mosehla's shares in order to extinguish his Net 1 loan. This left him with a stake worth R241-million; effectively given to him just days after Net 1 had wangled an irregular R275m from Sassa.

Then in August 2014, Net 1 quietly repurchased the remainder of Mosehla's shares, exchanging them for R83-million cash and a 12.5% stake in Cash Paymaster. In other words, with a bit of help from the South African taxpayers, Sassa officials and

Net 1 shareholders, Belamant handed Mosehla huge cash wealth, apparently without the latter having to lift a finger.

By way of comparison, Mosehla made more in this quick Net 1 deal than South Africa's fourth highest paid chief executive in the same year. Coincidentally, Lunga Ncwana bought himself a R28-million mansion in Bishopscourt one month later.

No denial

Belamant did not deny Ncwana's links to his consortium. He said: "I cannot comment on Mr Ncwana specifically (I believe that I have met him a number of times – regarding, amongst other things, the funding of a soccer club – we did not fund it), except that if he did or does form part of our black empowerment lobbying group and assists with our business objectives, we would have no problem with his involvement or that of any other person(s) for that matter as long as these individuals adhere to [the US Foreign Corrupt Practices Act] rules and regulations."

And he said there was nothing untoward in what amaBhungane had discovered about the initial abandoned empowerment contract and the huge payout to Mosehla. He said: "Sometimes things are complicated because they are and not because of any other reason.

"We wanted to do an empowerment deal (we believe in black empowerment for South Africa that is tangible and realistic) which would allow our black partners to be empowered without debt as soon as possible."

Dlamini was irate when this reporter sat next to her in parliament and asked about Ncwana and the Sassa contract. She said: "You are not going to tell me who I am close with. Because then you must look at all politicians and who they are close to and who is funding their parties." In a subsequent written response, her spokesperson said: "You have alluded to a close relationship [with Ncwana] and I would like to believe that a journalist of your caliber would be able to substantiate this claim and ask direct questions as a matter of fact

"It looks like one is being subjected to the court of public opinion. You must be commended for being bold."

Dlamini is now widely ridiculed as being the "Minister of Smallanyana Skeletons" after she warned her ANC comrades not to speak publicly about corruption because "all of us in the [ANC National Executive Committee] have our small skeletons and we don't want to take all skeletons out because hell will break loose".

She is yet to disclose her own skeletons. Meanwhile, hell is threatening to break loose at Sassa.

Why social grants matter in South Africa: they support 33% of the nation

Jannie Rossouw Head of School of Economic & Business Sciences, University of the Witwatersrand

February 16, 2017

The South African government's failure to fix a corrupted R10 billion social grant payment contract has caused a crisis that threatens to disturb monthly payments to millions of vulnerable households. The Conversation Africa's business and economy editor Sibonelo Radebe asked Jannie Rossouw to explain what's at stake.

What would be the impact if social grants weren't paid?

It would have a severe impact on poor and vulnerable households. In the 2017/18 fiscal year there will be some 17 million grant beneficiaries, 11 million of them younger than 18.

But it's important to note that the number of dependents exceeds the number of social grant beneficiaries by a considerable margin. In most cases grants, which include pensions, disability payments and child support grants, support entire households. These households will be destitute if they do not receive grant payments in a timely fashion. They will not be able to buy food as households receiving grants typically don't have savings. To survive they have to spend whatever they receive.

This is why both the Minister of Social Development, Bathabile Dlamini, and her department have been highly irresponsible for leaving the distribution problem in limbo for so long. This was even after they were instructed by the Constitutional Court to make alternative arrangements. It leaves the impression that the minister and her department want to force the country into a crisis, leaving no option but to get approval to continue using the current service provider.

Neither the minister nor the department has shown any urgency to bring this matter to a speedy resolution. It's also disconcerting that the minister seems to live in denial. She's failed to admit that there's a pending crisis of national proportions.

The minister should take political responsibility for this crisis. If she refuses to accept responsibility, it raises the question of whether the ministry she runs is needed at all or can be merged with another ministry, as its largest single responsibility is oversight of the legal administration and payment of social grants.

It is also disconcerting that others in leadership positions in the government have remained quiet. In any other country the head of state would have stepped in to try and defuse the looming crisis. But it seems that expecting any action from President Jacob Zuma in a crisis – except if he stands to gain personally – is too big an ask.

Why are social grants so important in South Africa?

They're very important because of extent of poverty, the consequent number of recipients, and the amount paid out. Total expenditure on grants in the 2017/18 financial year will amount to more than R150 billion.

Grant money is not only used to support beneficiaries. It's also used to provide broader support. Based on research I conducted more than one-third of South Africans depend – directly and indirectly – on grant payments. Any disruption of grant payments will therefore have a massively detrimental impact on a large number of poor households.

In addition, the economies of small towns and villages would be hit hard because they are heavily dependent on grant payments being used to buy goods and services in local shops. One knock on effect would be that shop owners' income streams would be affected and they wouldn't be able to pay employees' salaries.

What impact have social grants had on poverty alleviation in South Africa?

Grant payments redistribute income to poor households and have contributed to a reduction in poverty in South Africa.

The social grant net is the government's biggest poverty alleviation and redistribution intervention. There are others, such as government housing provision and free water allocation. But payments in grants outstrip these by a large margin.

What are the weaknesses in the system?

The main weakness is the fact that the grant system was expanded during a period of rapid economic growth. In 2002 South Africa only had some 4,2 million beneficiaries of social grants.

This grew rapidly to about 17 million beneficiaries as the grants were expanded to include older children.

Because South Africa was going through a period of rapid economic growth at that time it could easily afford new spending initiatives and projects.

But since 2008 the country has suffered a period of low economic growth. And there isn't any expectation that the situation is likely to improve in the foreseeable future. As a result the system has become unaffordable.

An additional concern is that the Minister of Social Development has suggested there may be an extension of child support grants. This is simply unaffordable and will push South Africa closer to the fiscal cliff – the point at which its spending outstrips its revenues and it can't meet its debt obligations.

SASSA Debacle

Marianne Tham

After months of warnings, SASSA officials, presenting on Wednesday to Parliament's portfolio committee on social development the agency's readiness for the April 1 takeover of the payment of social grants to some 17-million vulnerable South Africans, shockingly revealed that it had, in essence and through its own tardiness, manufactured an emergency that will most certainly now hold the Constitutional Court and Treasury hostage. This means that service provider CPS/Net1's tender, which the ConCourt ruled irregular, has to be extended for 12 months if grants are to be paid. SASSA has yet to approach the ConCourt and has presupposed it will rule in its favour "in the national interest" or else plunge the lives of millions into chaos.

SASSA CEO Thokozani Magwaza was clearly feeling the heat. He used a white handkerchief to mop his brow several times during a critical presentation to Parliament's portfolio committee on social development about the agency's readiness to take over the payment of grants to some 17-million South Africans come April 1 when the irregular CPS/Net 1 contract expires.

Only it won't.

South Africans who depend on their grants – which amount to around R10-billion a month – for survival, will still be paid on April 1 even if SASSA might be breaking the law or in fact be in contempt of a Constitutional Court order that the current contract with Cash Paymaster Services/Net 1 is irregular and invalid.

In essence, SASSA is holding the Constitutional Court and Treasury – which in October 2016 reversed an order to condone a R316-million irregular payment made to CPS to re-register social grant beneficiaries – hostage to, as opposition party members phrased it, "a manufactured emergency". Treasury has also said it would not provide the department with any further funding to extend the contract.

On Wednesday, SASSA revealed what everyone keenly watching developments (or rather non-developments since the ConCourt ruling in 2013) had feared, and suspected: that it was nowhere near ready to assume the critical function and had, in fact, not fulfilled even a single one out of the seven deliverables set out by the Constitutional Court.

The agency plans to approach the Constitutional Court on February 8 to apply for a deviation to enter into a new contract with CPS.

There is no plan B, it appears, for the possibility that the court will not grant the deviation, however, Magwaza told the committee that SASSA's legal team had been advised that the ConCourt would grant the option as "it is in the national interest".

In other words it is an ambush.

"If you ask me to choose between irregular [processes] and the country going up in flames, I choose irregular," Magwaza told the committee to some audible gasps in the room.

Earlier SASSA's executive manager of strategy and business development, Raphaahle Ramokgopa, admitted that SASSA had failed in its duty and was also yet to approach the Constitutional Court with an application to extend the already irregular contract. Ramokgopa also set out "risks that need to be managed" including that while the contract with CPS/Net 1 ends on March 31, cards expire in December 2017.

MasterCard had given the agency, she said, the assurance that on April 1 all cards would still be operable. However, cards using the biometric system and predominantly used for the cash payouts – which affected between three and four million recipients – "may not have the alternative PIN activated on their card" and thus may not be able to use the National Payment System infrastructure.

"These encryption keys too can be extended automatically over the next few months when beneficiaries draw their cash, however an agreement needs to be reached with CPS, as their proprietary system is used for these payments."

In other words, even CPS/Net 1 had not yet been approached, according to this version, to determine whether it would indeed be interested in continuing the highly lucrative contract which an amaBhungane investigation recently revealed has interesting links to Minister Dlamini herself.

On Wednesday Ramokgopa said that given the limited time left "it may not be possible for SASSA to successfully issue an expression of interest or for the banks to respond in a meaningful way".

SASSA recommended that the committee support the implementation of a short-term plan to "extend the suspension of the invalidity of the current service provider (for phase-out purposes)". It also requested that the committee support a medium-term plan to use banking infrastructure through "limited banking accounts for the payment of social grant payments" as well as using South African Post Office infrastructure to extend the social grants payment network.

SASSA, said Ramokgopa, hoped to issue a closed bid by the end of March 2017 with banks expressing interest by May 2017 and contracting to begin by June 2017. The finalization of the process, said SASSA, would take place in October 2017 with the first co-branded cards issued in that month.

Earlier the SASSA presentation in committee room 341 got off to a tetchy start when opposition party members refused to accept an apology from Minister Dlamini for not attending as she was at a Cabinet lekgotla in Pretoria.

Dlamini had also not pitched for the January 25 meeting with officials saying she was at an ANC party lekgotla. It turned out, however, that Dlamini had instead travelled to Addis Ababa on ANC Women's League business.

When committee chair, Rose Capa, again tendered the minister's apologies on Wednesday the DA's Shadow Deputy Minister for Social Development, Lindy Wilson, was first to slam on her microphone.

"What is more important – 17-million South Africans or the ANC lekgotla? I do not accept the apology. I think it is a damn disgrace," Wilson lashed out.

She was followed by a clearly irritated Liezl van der Merwe of the IFP, who also rejected the minister's apology and asked whether Dlamini might have misled Parliament on January 25 when she had said she was at an ANC party lekgotla when she was in fact on ANCWL business in Ethiopia.

"She has shown no leadership on a matter that is a national crisis," said Van der Merwe.

Van der Merwe also did not hold back with regard to the extension of the CPS contract, labelling the company "a bunch of crooks".

"What are you going to tell South Africans? This is the very same company that has stolen money from them for years illegally. Pensioners and grant beneficiaries have said that there were deductions on their grants," said Van der Merwe.

ANC committee members attempting to deflect attention and fashion a silk purse out of a sow's ear said it was because of ANC policy that South Africans were receiving grants in the first place. All three ANC committee members in attendance, Hope Malgas, Solomon Mabilo and Sibongile Tsoleli, said they were satisfied with the SASSA presentation and the "journey" it mapped out for the future.

Later DA Shadow Minister of Social Development, Bridget Masango, and her Deputy, Wilson, issued a joint statement announcing a briefing to be held on Thursday to present a plan "to ensure that the Minister of Social Development, Bathabile Dlamini, and the South African Social Security Agency (SASSA) are held accountable for their failure to secure a credible service provider for social grant payments." [DM](#)

Net1 'in the dark' over grant payment plans

Ann Crotty

09 February 2017

Serge Belamant, CEO of Net1-UEPS whose subsidiary Cash Paymaster Services (CPS) is at the centre of the social grant distribution debacle, said on Wednesday the South African Social Security Agency (Sassa) had not yet formally approached them about distributing grants after March 31.

"At this point we're stopping on 31 March. It's not complicated, we don't have the R10bn that has to be distributed but I'm sure they're [Sassa] going to do something within the next few weeks," he said.

Belamant said he was surprised by reports that Sassa intended approaching the Constitutional Court for guidance on the way forward.

Sassa told a parliamentary hearing last week it would apply to the court on Wednesday, February 8. However, that date was subsequently pushed out to February 15.

Last week, opposition parties expressed concern that CPS would have the contract extended to its own advantage seeing that the department was in a desperate position and needed to distribute the grants.

Anxious grant recipients may have to wait until next Wednesday, February 15, for some clarity on the chaotic situation

It is unclear whether Sassa, in a bid to ensure grants are paid on April 1, intends to ask the court for authority to extend the CPS contract or issue a new contract to CPS.

In April 2015 the court, which months earlier had declared the CPS contract invalid, ruled that Sassa had to issue a new tender for the contract

The court assumed a supervisory role over that process.

However, on Wednesday Belamant said he did not understand why Sassa was going to the court.

He said he doubted the Constitutional Court would be interested in getting involved.

"And what do they intend asking for? Permission to extend a contract the court declared invalid?"

Belamant said a new contract would make more sense. "But do they need to go to the court to approve that? What is needed is a new procurement tender."

Given the urgency of the situation and the fact that a new tender would take at least several months to complete, Belamant said Sassa would have to approach the Treasury, as it had the power to allow a government entity to enter into a contract in an emergency situation.

"Of course it can't be an emergency out of their own doing [as is claimed by the DA], but a new tender can't be awarded to someone who is unable to perform it."

Belamant said he was not interested in extending the existing contract but would look at a new contract. "We will have a list and will certainly be very firm about what will be in the new contract," he said.

He said he was particularly keen that Sassa ensures there are no legal challenges to any new contract.

Corruption Watch presents the most serious of the legal challenges facing Net1-UEPS. The non-profit organisation has asked the high court to set aside a R275m payment made by Sassa to Net1 UEPS after the Constitutional Court ruled that the original contract was irregular and invalid.

Belamant said they had filed their heads of argument and Corruption Watch was now trying to get a court date.

Anxious grant recipients may have to wait until next Wednesday, February 15, for some clarity on the chaotic situation.

The Treasury and the Reserve Bank, who are regarded as the key role players, are scheduled to attend a meeting of the social development portfolio committee on their role, position and readiness in the implementation of the institutionalization of the social grant payment

Gravy train greed: How ANC leaders are set to squeeze 16 million very poor people – SASSA controversy

By Zohra Dawood

Director: Centre for Unity in Diversity. This article is from the FW de Klerk Foundation.

President Jacob Zuma might talk about doing the right thing by his supporters. But his actions and the deeds and omissions of his team running the country indicate that no victim is too poor or disadvantaged to squeeze for funds in the race to grab state contracts. Nowhere is this more evident than in the controversy around the payment of social grants. Investigative journalists at Amabhungane uncovered a dodgy relationship between the Minister of Social Development, Bathabile Dlamini, and Cash Paymaster Services, a subsidiary of NET1. The payment of social grants is a highly lucrative contract. Although the tender was declared illegal in the Constitutional Court in 2014, Cash Paymaster Services continues to run the payments. The controversy is floating in the usual cocktail of corruption and cronyism, only this time it is the poorest of the poor and the most vulnerable who stand to lose out as an elite build their wealth through state contracts. The SASSA debacle highlights that the method for awarding state business is not working. The plan may have been to empower the previously disadvantaged, but – with too many loopholes and unethical people operating in state procurement – the system has

been manipulated into a money-for-jam opportunity for some. Without excising the political rot at the top, this situation is unlikely to change. – Jackie Cameron

For the poorest South Africans, 1 April 2017 may indeed be April Fool's Day as they return empty-handed from SASSA collection points, when the contract of Cash Paymaster Services (CPS), distributors of social grants on behalf of SASSA, comes to an end on 31 March.

For more than 16 million beneficiaries, the next few weeks remain uncertain and deeply worrying. For people dependent on the Child Support Grant (R350 pm), the Grant for Older Persons (R1510 pm), the Disability Grant (R1510 pm), the Grant-in-aid (R350 pm), the Care Dependency Grant (R1510 pm), the War Veteran's Grant (R1530 pm), the Foster Care Grant (R890 pm) and the Social Relief of Distress Grant, the unmitigated mess created by the incompetence and leaderless SASSA may be a case of life or death. Government's R10 billion a month spend on the poorest of the poor is in serious jeopardy.

Looming large in this probable 1 April mess is the hand of the Minister of Social Development, Bathabile Dlamini, whose interest in maintaining the profitable role of the incumbent, Cash Paymaster Services, subsidiary of NET1, has been much-publicised.

In its 2014 judgment, the Constitutional Court, while acknowledging that SASSA had seriously compromised the tender process in the award of one of the most lucrative government contracts, nevertheless and very graciously accepted that the poorest South Africans not suffer the consequences and that CPS continue distribution of grants. The Court ruled that the Agency had two years to correct its irregular tender process, with updates to the Court on progress.

Two years are almost up and the Minister, SASSA and the Department of Social Development are no closer to having taken the ruling of the Constitutional Court to heart. The flouting of a judicial order does not bode well but perhaps is not completely surprising in the current political climate.

Equally concerning too, is the arrogance displayed by the Minister and officials of SASSA in numerous appearances (or non-appearances in the case of the Minister) before the Social Development Portfolio Committee in Parliament. On 1 February 2017, the Minister was unable to attend due to her participation in a cabinet lekgotla. On a previous occasion, the Minister found herself in Addis Ababa bidding farewell to former AU Chair Dlamini-Zuma. Democratic Alliance member of the Portfolio Committee, Ms D Wilson, summed up the sentiments of members who, "cannot accept the apology of the Minister because the meeting agenda borders on a national disaster. Party politics cannot take preference over South African affairs".

Where to next?


SASSA representatives and the Special Advisor to the Minister provided an update to the Portfolio Committee on planned proposals, all crafted on the premise that "SASSA will be paying beneficiaries as normal". The presentation, while detailed, is clearly unworkable in the timeframe available.

In sum, the representatives outlined the following progress on meeting the Constitutional Court ruling: despite re-advertising the tender, none of the three bids received were accepted for being, "non-responsive about mandatory administrative functionality", the precise meaning and implications of which are not fathomable, nor were explained. A detailed cover story in the *Financial Mail*, "Welfare Disaster: 17 million lives on the line", provides a more nuanced analysis of the wheeling and dealing that is at the heart of the non-award of a new contract and the nefarious grip that CPS and its mothership have on millions of grant recipients.

Options considered

SASSA representatives and the Minister's special advisor proffered short, medium and long term options and timeframes to the Committee. Top of the list was predictably the maintenance of the status quo with CPS, notwithstanding the fact that this option violates the 2014 ruling of the Constitutional Court and hence an unlawful and illegal contract could be extended.

Other ideas on the table include procuring the services of current banks, the use of the Post Office, with its wide-reaching physical infrastructure, and a mixed modality between continued use of CPS and use of banking infrastructure. The matter of the unbanked was flagged too.

 A medium-term solution includes SASSA and the South African Reserve Bank joining forces to "Establish special accounts as a mechanism to pay banked beneficiaries". While the proposal is lean on detail and robust on timeframes, albeit unrealistic, it begs the question of whether SASSA has the human capacity and administrative systems in place to assume the regulatory functions of a bank and/or qualify for special exemptions as a payment hub.

A long-term plan espoused was that of preparing the ground for SASSA to assume the functions of grant management and distribution in-house, with the requisite legal and regulatory qualifications being met by 2019.

The above notwithstanding, a key question is that of whether the Constitutional Court will extend an illegal contract? Can Treasury, as a bastion of integrity and accountability, accede to the request of a wholly discredited Minister and incompetent SASSA leadership to "negotiate with CPS with a gun to our head", in the words of Craig McKune of amaBhungane, Centre for Investigative Journalism.

Also read: Eating from the poor – SA's social security agency

AmaBhungane's very comprehensive investigation into the SASSA saga has unearthed information that severely implicates the Minister of Social Development, who attempted to use her position to "big foot SASSA with a last-minute plan to boost the role of private contractors – particularly that of the controversial incumbent CPS". The article furthermore states that "Dlamini's plan contradicted an 'open architecture' alternative that SASSA, Treasury, the Department of Social Development and the South African Reserve Bank had fleshed out".

Recent press coverage, including a lead story in *Business Day* (9 February 2017), quotes Serge Belamant, CEO of Net1, as "being in the dark" about the future, post 31 March. Perhaps with the cards stacked in its favour, Mr Belamant can cheekily ask journalists to explain why SASSA needs to go to the Constitutional Court? Why not a new contract, he asks?

The SASSA saga has focused the searchlight on several issues outlined above, but perhaps none as worrisome as the impact of corruption, cronyism, inefficiency and maladministration on the poorest of the poor, for whom social welfare remains a vital lifeline.

The decision of the Constitutional Court is still being awaited and while it has acted as custodian for the poor in this matter, its next move might be viewed as being between the devil and the deep blue sea.

The SASSA matter again highlights the imperative to strive for accountable, efficient and transparent institutions. At its optimal level, these values foster a conducive environment that promotes harmony, goodwill and, vitally, a deep appreciation for the core elements of our constitutional democracy.

The FW de Klerk Foundation, together with many concerned citizens and institutions, is alarmed at the inaction by the Minister and SASSA to give effect to the order of the Constitutional Court and reserves the right to seek legal redress on the expiration of the court order on 31 March 2017

SASSA failed to file papers with ConCourt **Bridget Masango**

17 Feb 2017

The DA can confirm that the Department of Social Development (DSD) and the South African Social Security Agency (SASSA) have failed to file papers with the Constitutional Court today, leaving the 17 million South Africans who rely on social grants in the dark as to what will happen on 1 April 2017, when the contract with CPS expires.

Their failure to approach the court – after repeated assurances that they would be doing so – confirms what the DA believes, that there is massive conflict within SASSA between hard-working officials trying desperately to do their work and the Social Development Minister, Bathabile Dlamini, who is clearly far more interested in campaigning for the ANC than ensuring millions of South Africans continue to receive social grants.

No solutions can be implemented until SASSA and the DSD approach the Constitutional court and lack of political will from the Minister to find a speedy and efficient solution to these impending crises is appalling.

The DA believes that SASSA and the Minister manufactured this crisis, so that they would have no option but to extend the invalid contract with CSP. It is now of utmost importance that a credible and workable solution is found.

Reports also indicate that Dlamini rejected a proposal by Finance Minister, Pravin Gordhan, regarding the distribution of social grants.

The DA have called on the President to fire Minister Dlamini for her complete failure to address this impending crisis and will continue to fight for those who are responsible for the utter failure to be held accountable.

Representation and betrayal

Raymond Suttner

He is a scholar and political analyst. Currently he is a Part-time Professor attached to Rhodes University and an Emeritus Professor at UNISA. He served lengthy periods in prison and house arrest for underground and public anti-apartheid activities. His prison memoir Inside Apartheid's prison will be reissued with a new foreword covering his more recent "life outside the ANC" and will be published by Jacana Media in the first half of this year. He blogs at raymondsuttner.com and his twitter handle is @raymondsuttner

The Nkandla crisis saw MPs and ANC and SACP leaders endorse spending on the President's private home, much of which was found by the Public Protector to have been diverted from poverty relief funding. The SASSA crisis is a more direct betrayal of the poor in that they are playing fast and loose with the very survival of millions of people – their real or metaphorical grandparents, mothers and fathers, brothers and sisters and their core constituency, the people on whose behalf the ANC has purported to act for decades.

What level of urgency do the ANC, its leaders in parliament and other structures attach to this question, when cabinet does not make time to deal with it last week, when the minister previously took a flight to Ethiopia to celebrate Dlamini-Zuma as then AU Commission Chair instead of accounting to parliamentary committees? What

is parliament doing to hold her to account, to hold the government to account and ensure that the poor are not failed again?

When all adults won the vote in 1994 there was an expectation that the notion of representation would be honoured, that MPs would see it as a trust through which they would re-present to the parliamentary chambers what their constituents wanted, or what was in their interests. In the case of the ANC particularly, this trust had been hard won over many decades where leaders had earned respect for their integrity and dedication.

Many of those in parliament and the cabinet today took their links to the masses seriously and paid a heavy price. Some were tortured and served long terms of imprisonment. Some faced great dangers in MK. They served with honour and their supporters expected that that sense of honour, that sense of integrity, that sense of trust would be upheld in parliament and in cabinet.

Many people used to refer to the freedom fighters, some of whom are on the benches of the ANC in parliament, as their sons and daughters. They were connected to the people, they took on their pain as their own and they had themselves experienced apartheid. Alas, what has happened now is a betrayal of that trust and a rupture of the bond that connected the ANC freedom fighters of the past with the people they now fail to represent.

The word betrayal is emotionally loaded, but appropriate. The organisation was trusted and loved by those who supported it. Their sense of loyalty to the organisation related to a sense of common purpose and shared values in striving for liberation from apartheid. They had no reason, then, to doubt the integrity of any person acting in the name of the ANC.

To betray a trust bestowed by those who are vulnerable is treachery. To profit from that treachery, as is likely if this deal with CPS is pushed through, is doubly treacherous.

There was a time when many of us would have given our lives for the ANC, for we believed it represented the best hope for our future. That this is not the case now is demonstrated by shameful and shameless conduct, the SASSA crisis being merely the most recent.

DISPARATE NATION

Christo Wiese takes aim at Zuma, ANC: 'Black-and-white truth about SA – and rich people'

Wealthy businessman Christo Wiese has raised his head above the parapet, taking aim at President Jacob Zuma for moving the country towards a crisis and criticizing everyone who thinks the rich are to blame for poor people's woes. This is an unusual move, because in the past Wiese has resisted commenting on politics on the grounds that his expertise lies in business. However, he has clearly decided that it is in his business interests to speak up. In this speech, consumer retail supremo Wiese – behind the successes of Shoprite, Steinhoff and other SA-grown chains – pulls no punches. He is evidently fed up with false claims that white monopoly capital is holding back the country; he warns that the radical transformation plan, together with draconian expropriation laws, proposed by Zuma will cause enormous damage to the economy. Wiese highlights how commercially successful people, like himself, are vilified. "For some reason people who become very wealthy through sport, entertainment, or writing bestsellers are exempt from criticism. Criticism is directed only at people who make money by employing thousands of people and supplying society, especially the poor, with goods and services competitively," he notes. Wiese is evidently urging the government to see that there is little or no difference between broadly defined business interests and political interests. However, with a succession battle looming, and with much at stake among a corrupted elite, it seems unlikely Zuma and his friends will come to their senses on the say-so of Wiese. – Jackie Cameron

This is Christo Wiese's speech at the FW de Klerk Foundation conference, Cape Town 2 February 2017 – The Constitution and governance – at a crossroads again? (A business perspective)

To state the obvious, there are diverse, sometime conflicting, business interests. The interests of manufacturers seeking protection from imports and subsidies for exports differ from the wholesaler and retailer wanting to offer consumers an expanded product range at lower prices. The interests of a street vendor or spaza shop differ from those of a formal retailer or of a supermarket.


Christo Wiese, billionaire and chairman of Steinhoff Holdings NV. Photographer: Waldo Swiegers/Bloomberg

But in a wider sense they all share the same desire and need for a business-friendly climate created by Government. That might be trite and obvious to everyone who is economically literate, but is often overlooked by anti-business ideologues, activists, officials and politicians. The more important point is that there is little or no difference between broadly defined business interests and other interests.

Maximally favorable business conditions generally coincide with maximally favorable government, labour and consumer interests, creating conditions that favour the rich and also favour the poor. When small business prospers, big business prospers. Like

the tide that raises all boats, when there is prosperity for some, there is generally prosperity for all.

This truth is clearly articulated in the oft quoted wisdom of President Abraham Lincoln: "you cannot help the poor by destroying the rich, you cannot strengthen the weak by weakening the strong, and you cannot bring about prosperity by discouraging thrift. You cannot lift the wage earner up by pulling the wage payer down. You cannot further the brotherhood of man by inciting class hatred. You cannot build character and courage by taking away people's initiative and independence. You cannot help people permanently by doing for them what they could and should do for themselves".

 Rhetoric to the effect that the rich get richer and the poor get poorer is just that, rhetoric. That is not to deny that all over the world there is concern about existing and growing inequality. Most intelligent people recognised the problem – the difference is in how we plan to address it. Thomas Piketty – and this my view. In the real world, the individual living standards of virtually all people rise or fall in unison. The assumption of adversarial interests diverts us from mutually beneficial cooperation to mutually damaging conflict.

The question posed today is: "at the crossroads again". Being at a crossroads is NOT currently a uniquely South African dilemma. Britain with Brexit, Europe with an ageing population and a migrant crisis, the apparent rise of populism across the Western World and the Gorilla in the room – Donald Trump in the White House. This simply emphasizes that as South Africans we always have to evaluate our situation against the backdrop of what is happening in the world at large.

A helpful source to understand the current world situation is the Global Risk Report of the World Economic Forum, which highlights five key challenges that the world now faces.

- 1. Rising income and wealth disparity. This points to the need for reviving economic growth but we may have passed the stage where this alone will remedy fractures in society: reforming market capitalism must also be added to the Agenda.*
- 2. The societal trends of increasing polarization and intensifying national sentiment, pose the second challenge, namely facing up to the importance of identity and community. Rapid changes of attitudes have led many people to feel left behind in their own countries.*
- 3. Although anti-establishment politics tend to blame globalization for deteriorating domestic job prospects, evidence suggests that managing technological change is a far more important challenge for labour markets. 4. To protect and strengthen our systems of Global co-operation. Examples are the increasing number of states seeking to withdraw from various international cooperation mechanisms. Creating a shift from an outward looking to a more inward looking stance. SA appears also to be joining this list.*

5. Finally, over the recent past a cluster of environment related risks, such as extreme weather events and failure of climate change mitigation and adaptation, as well as water crises, have become a feature of the global risk landscape. Regarding the generally negative, perhaps excessive, negative climate of opinion and comment in South Africa we should remind ourselves that there is also much to celebrate.

The most obvious is our peaceful transition, followed by decades of relative peace and stability, with impressive economic growth during the first decade and continued albeit modest, growth subsequently. What is less obvious is impressive gains made in living standards for most black South Africans.

What has been achieved is well documented in various sources, such as the Presidency's Twenty Year Review, and extensive data published by StatsSA. Official sources tend to focus on what government has achieved in such areas as literacy, healthcare, social grants and services, housing and infrastructure. What has been achieved in the economy through free market processes is less well-known and in some senses more impressive and significant.

Government sources mention the fact over four million mainly black households received RDP houses, but few people realise that today more than half of the buyers of freehold title houses are black South Africans. Most new companies are registered by black people.

Christo Wiese, billionaire and chairman of Steinhoff Holdings NV. Photographer: Waldo Swiegers/Bloomberg

The biggest investor on the Stock Exchange (PIC) is owned by mostly black civil servants. Black people account for most new vehicle sales, most cellphone sales, most new medical scheme members, most new insurance contracts, and so forth.

Despite HIV-AIDS, we have one of the world's highest rates of increase in life expectancy and even with lamentable serious problems in our education system, nearly all youth are achieving literacy. It is true that we have one of the world's highest enduring unemployment rates; yet the black middle class has grown from less than one million in 1994, to six million; that is more than the entire white or coloured population.

This has implications few seem to have considered, politically, economically and socially. The phenomenon manifests itself visibly in shopping centres and business environments. The majority black middle class people have achieved this status by themselves in the private sector. The figures go on and on. Yet there is a surreal silence, even denial about them.

What inspires the prevailing rhetoric appears to have more to do with problems within the ANC Alliance. A common response is to call for "radical transformation", including erosion of constitutional protections against discrimination and of property

rights. What is clear is that some of the policies being proposed will cause lasting harm to our economy and retard progress in all respects.

Also read: Majozi: Why does anyone care that Christo Wiese, Stephen Saad, are 'stinking rich'?

There are factually incorrect claims to the effect that “nothing has changed”, that “whites still own everything”, that there’s a “slow pace of change”, that there is “increasing inequality”. These are dangerous claims. Our government must ensure that its policies are formulated on the basis of facts, not emotive hype. We must build on and learn from our successes, rather than reverse successful pro-market policies.

Let me refer to but one example: according to research done by Intelledix, the value created by BEE transactions implemented by the Top 100 companies listed on the JSE was R317bn at 31 December 2014 – net of all debt. This excludes other (non-top 100) listed companies, unlisted companies, large commercial farmers etc.

To put the number of R317bn in context – at 31 December the total market capitalization of the Nigerian Stock Exchange was (\$62.5bn) R715bn (in December 2016 it was only half that). In other words, if the beneficiaries of SA’s BEE deals in the Top 100 acted collectively in December 2014, they could have bought 44% of the Nigerian Stock Exchange listed companies. Pretty impressive if one considers that the GDP of Nigeria is slightly bigger than that of SA.

To deal with our current problems we have, inter alia, the National Development Plan and our world-class Constitution. Both will serve us well if implemented and upheld respectively. Our Constitution declares in its first section, that South Africa is founded on the “supremacy” of the Rule of Law. Unfortunately, old fashioned rule of law principles have been eroded. The most serious seems to me to be the erosion of the separation of powers principle.

The Constitutional Court and jurists have given erudite justifications for this, but the effect of which is: the ominous conflation of legislative, executive and judicial powers in the executive branch of government. Not only is this a problem because it dilutes one of the essential checks and balances against real or suspected abuse of power, but because of the practical reason that the three branches are structured to be fit for purpose.

When substantive laws are made by the Executive, few if any of the carefully crafted legislative checks and balances are implemented, such as public participation, public hearings, green papers, white papers, readings in two houses of Parliament, multi-party portfolio committees, constant media scrutiny and so forth. Quasi-courts in the Executive, called ombuds, tribunals, boards, and even courts, they also by-pass crucial checks and balances, meant to ensure due process.

We need to restore and protect the idea that the legislature legislates, the executive executes and the judiciary adjudicates. The Rule of Law simply means that rights and obligations should be derived from unambiguous laws rather than the exercise of administrative discretion. Care should be taken that the Rule of Law is not perverted to come to mean "the rule of lawyers".

It seems to me that too much discretionary power in the so-called "public interest" is being created. This not only generates uncertainty, but promotes opportunities and incentives for abuse, corruption and nepotism. I believe that what promotes prosperity can no longer be seriously debated. The plain fact, apparent from all the empirical studies comparing economic systems, is that market economies outperform non-market economies.

Much fuss is made by anti-market fundamentalists that the recent financial crisis disproved the market hypothesis. It did nothing of the sort. Apart from the evidence that the crises in the USA ("subprime crisis") and Europe ("sovereign debt crisis") were caused or aggravated by preceding government policies. The fact remains that the world's market economies are the strongest and richest economies.

There is absolutely no reason to question the superiority of free or nearly free markets, unless you regard North Korea as a paradise. Leading sources on the subject include the World Economic Forum's "Competitiveness Index". In essence, it defines market economies as more "competitive". The countries towards the top of the index tend to outperform those towards the bottom. Then there is the Freedom House Index, which measures mainly civil liberty and democracy, but includes an economic component. It too shows that the market-oriented economies tend to outperform ones that are less so. As do a host of other studies.

The government should not be flirting with notions of "a bigger role for government" and "market conduct" regulation, and should rather promote an appreciation within government for how and why competitive markets work. Despite PR campaigns and repeated assurances by ministers and officials, we are faced with the prospect of draconian expropriation laws.

One of the cornerstones of our Constitution and one of the preconditions for a prosperous economy is secure property rights. No one will invest optimally, especially not with a long-term view, if their future rights are uncertain and insecure. We need to walk the talk. One of our most serious scourges is unemployment. There are many who doubt the wisdom of introducing a minimum wage under these conditions.

Many studies conclude that it will increase unemployment and differ only as to the degree. It seems obvious that making something more expensive and difficult will reduce demand. In principle, I do not object to the introduction of a minimal wage (example UK living wage). However, if there is to be a minimum wage as contemplated, the damage it might do can be off-set by high rates of economic growth.

That can be achieved only by such market-friendly policies as radical redtape reduction and the benefits of competitive outsourcing and policy certainty. That we have a governance problem in some parts of government is no secret. Poor governance promotes and rewards inefficiency and corruption. It appears that the government does not accept that King Governance Principles should apply not only to state-owned enterprises, but to all of government.

Turning to the issue of inequality: the hysteria that followed the release of the Oxfam report at Davos is part of an ongoing vilification of commercially successful people. For some reason people who become very wealthy through sport, entertainment, or writing bestsellers are exempt from criticism. Criticism is directed only at people who make money by employing thousands of people and supplying society, especially the poor, with goods and services competitively.

Also read: Capitalism's ultimate disruptor: Oxfam's billionaire-shaming Winnie Byanyima

Nowhere have I seen an allegation that what any of the other "billionaires" did to become "wealthy" was unfair or unjust to anyone. It can validly be argued that all they did was make offers people were free to accept or reject. The problem with the mounting "inequality" narrative in South Africa is that factually incorrect and extreme claims can lead to reckless policies to promote a supposedly more "equitable" and "just" distribution of wealth.

There is a perverse obsession about the rich with little or no regard for what would happen to the poor if the rich are pulled down. Money is not idle. It is always invested. The question government must ask is who are better to be managing and investing money than those with a proven ability to earn it justly? Even if the wealth distribution suggested by Oxfam and others were true, no case will have been made for the ideologically radical policies recommended. But the alleged facts are not proven. To reach their sensational conclusion, they have to make many dubious assumptions.

The mere fact that the few who supposedly own too much keep changing, should get them to ponder the fluid and fickle nature of wealth. That will prove that there is no such group as "the rich". I am not suggesting that policies to alleviate poverty are not needed – they certainly are – but they should at the very least be evidence-based and economically sound.

The harsh truth is that poverty is the problem, whereas the narrative implies that the problem is wealth. Let us also consider the question of race. Whether there really is growing racism "on the ground" or whether the perception is driven by people with racial agendas is unclear to me. What I do know is that it is very ugly.

The degree of racial harmony we achieved is what matters. It would be tragic to lose it. References to "white monopoly capital", an undefined term, are accompanied

by real or implied suggestions that it should be seized and redistributed. All sorts of numbers float around as if someone somewhere researched and verified them.

Whites supposedly own 80% of "the land", 94% of the stock exchange, all the banks and all the mines, etc. etc. Most of these numbers bandied about, are malicious and racially charged disinformation. "The land" is never defined. Does it include all land including state land, commercial land, residential land, farm land, traditional land and so on?

Is the supposed percentage by area, number of properties or, what matters, value? We are also never told what is meant by stock market "ownership". Does it refer only to personally held shares? What about foreign ownership, and institutions (many of which are predominantly black-owned). Where do institutions like the IDC and the PIC fit in? For example: it is, alas wishful thinking that politicians often will place the interests of our country above pure party political interests.

Yet, in spite thereof there are so many aspects of our national life on which South Africans can agree without getting into ideological standoffs. I agree with Julius Malema when he says that what white people do not seem to understand is that Black South Africans also want to be owners. This is indeed an achievable ideal for instance, FMF initiative.

In this regard, it can also be noted that according to the Institute of Race Relations in the 300 years since the arrival of Jan van Riebeeck up to 2001 we built six million formal housing units in SA. In the decade thereafter we built another six million. These are two examples of how we can intelligently address one of the many problems resulting from our unfortunate past.

In conclusion, as South Africans, in these turbulent times, we should remember firstly, in the words of Adlai Stevenson, that the fearful are never free. Secondly, that we have every reason to continue to rely, in Lincoln's words, on: "the better angels of our nature", and thirdly, Lincoln's guidance: "a majority held in restraint by constitutional checks and limitations and always changing easily with deliberate changes of popular opinions and sentiments, is the only true sovereign of a free people".

EDUCATION

Stepping Stones: Chapter on Education

Bryan Britton

October 2012

In the introduction to this book we quoted John Ruskin, British social commentator (1819-1900) as saying: "Let us reform our schools and we shall find little reform necessary in our prisons". Unless you have been on an extended visit to Mars you will know that both of these institutions are under severe pressure in the not-so-new South Africa.

The prisons are overflowing. The justice system cannot cope. Offenders enjoy benign bail conditions because there is no room at the inn. This allows them to become repeat offenders without even being incarcerated. Our South African lives, Black, White, Colored and Asian are worth less than a cell phone. Is this the life God planned for us? Do we ordinary South African citizens, Black, White, Colored and Asian, deserve this?

I think not.

In a report on education, Jonathan Jansen recently said in a national newspaper: "A five-minute walk through the school and all South Africa's education problems are on display. The roof is rusted throughout; the toilets stink; litter is everywhere; one teacher is dozing inside a noisy class; and a number of children can be found drifting on a playground.

On to the next school and things get worse. Children are outside washing the cars of their teachers, and a number of adults occupy the school grounds, selling their wares. The school is literally falling apart, with huge holes in the ceiling of the room in which I am to speak. By the time we get to the final school the pattern is familiar; filthy grounds, lack-lustre teachers, crumbling infrastructure and poor results". As ordinary South African citizens, Black, White, Colored and Asian, should we accept this appalling excuse for the education of our precious youth?

I think not.

A 15-month study of township youths' morality has concluded that most of them are good kids, but many are neglected. Adult guidance is what is missing from their part-schooled, part-parented lives. Sharlene Swartz, a fellow at the Human Sciences Research Council conducted the research at a school in Cape Town amongst pupils aged between 15 and 19 years. Swartz believes the moral makeup of township youth needs to be the focus of educational attention, and has called for innovative interventions by policy makers and educators.

Skollie Vuma, when interviewed in the study on his take on corruption, said: "If apartheid didn't affect my parents, then maybe we wouldn't be staying in that shack house... maybe if my parents were staying in the suburbs, I wouldn't know about those things (drinking, drugs and criminal behaviour) and I wouldn't see so many people smoking dagga".

Can you argue with that lost young South African's view Young Vuma's plight is borne out by a recent survey, says Servaas van der Berg of the Department of Economics at Stellenbosch University. An analysis of the earnings of employed matriculants aged 20 to 24 showed that those from households headed by a parent without matric earned on average R2,262 per month, while households with a matriculated head earned on average R4,512 per month. The correlation between education and relative poverty is plainly evident in this small sample.

Unisa's Bureau of Market Research in their report on personal income patterns and profiles says that there is a strong correlation between education and income levels. Adults with no schooling earn R50,000 per year or less, while incomes between R300,000 and R500,000 per annum were earned by people with a secondary or tertiary qualification.

The survey further notes that South Africa ranked last among 45 countries in 2006 in terms of literacy and mathematics. Further, one white child in 10 and one black child in 1,000 achieves an A aggregate matriculation.

How, in good conscience, are we as a country able to dream of an African Renaissance and spend billions of taxpayers' funds pursuing this frivolous ideal, when we are last in the class?

The Cape-based Centre for Higher Education and Transformation, together with the University of the Western Cape's Further Education and Training Institute, in their Ford Foundation funded research, found recently that nearly three million of South Africa's 6,7 million youngsters between ages 18 to 24 were, in 2007, neither employed nor receiving any form of post-matric training or higher education. Of this idle population 41 percent are Coloured and 44 percent are African.

The state of play 15 years into the not-so-new South Africa may be seen from the 2009 matriculation results, as reported by the Centre for Education Policy Development:

1998 GENERATION OF SCHOLARS

	NUMBERS	PERCENT
Passed Matric in 2009	334,609	22%
Failed Matric in 2009	217,331	14%
Wrote Matric in 2009	551,940	36%
Dropped out 1998 to 2009	998,850	64%

TOTAL GENERATION	1,550,790	100%
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South Africa is recognised as one of the biggest spenders on education in the world, forking out about five percent of Gross Domestic Product. Despite this, it remains one of the poorest achievers by international standards. How can we, as a nation, possibly tolerate a drop-out rate of 64 percent? This is far worse than the 39 percent fail rate for those who actually wrote the matric exam in 2009? Education expert, Graeme Bloch, says: "It's a ticking time bomb. An enormous number of children will not be doing very much with their lives and will probably not get a second chance at basic education".

How the poor South African economy has continually absorbed these horrific numbers of lost children each year, over the last 15 years, is indeed a miracle. Certainly, this aggregate of lost children is growing to become a very significant portion of the Rainbow Nation.

Graeme Bloch continues: "It will take about 30 years to fix this problem. By then the dropouts from the 1998 generation will have been unemployed for most of their adult lives".

Veteran journalist, Allister Sparks, further highlights this debacle: "We have betrayed a whole generation of young people and left more than a million of them with no prospects for the future. That is failing in a sacred responsibility that the ANC had to the youth of this country. For it was the youth, more than anyone else, who fought the real war of liberation in this country.

They represent the future, and to fail them is to ensure the failure of the future of South Africa.

A subject so grave it must surely top the 'to do list' of the President. Alas no. He gives credence instead to the notoriously retrogressive SA Democratic Teachers' Union (SADTU) backed by that ever grasping dalliance partner, Cosatu. Over the past five years SADTU has the dubious distinction of topping the list of days lost through strike action. Of all working days lost in this period, 42 percent were incurred by our infamous teachers' union.

Andrew Levy, veteran labour specialist, says: "We hope one day teachers will realise their moral obligation and use strikes responsibly". Servaas van den Berg, Professor of Economics at Stellenbosch University, adds: "Strike action puts at risk the chances of children getting a good education". And economist Mike Schussler goes as far as saying: "SADTU is keeping apartheid alive".

So, let me try to understand. The future of South Africa lies in the hands of the youth of the nation. The key to that event lies in the education of that youth. The success of that endeavour depends on teachers being at school to teach and having the moral obligation and incentive to teach. And finally, the government having the

will to prioritize education above all else. That scenario seems too simple. Perhaps those entrusted to execute these plans have a greedier and more devilish agenda?

And as Rome continued to burn, the modern-day Nero and his merry fiddlers continued to fiddle-late into the night.

Against this highly untenable background we, as a government, happily allow more than two million foreign work seekers to enter our job market. Are we as a country crazy or is it just that too many favorite nephews and nephews have leap-frogged the education process and now form part of the moronic elite that makes uninformed decisions, whilst chomping happily at the trough.

The number of members of the lost generation grows annually and by the time we have achieved the African Renaissance Agenda of Gaddafi, Mbeki, Zuma and Mugabe, the population of Neanderthals that these gentlemen would have created in their quest, won't give a rat's arse.

This is but the tip of the iceberg. We must anticipate that future leaders, Parliamentarians, mayors, councillors, ministers and indeed a president, must evolve from this morass.

It matters little who is to blame. What matters is that this is unfortunately the de facto situation. Of more importance is-who will rise to the challenge of fixing the problem? The future of South Africa will be in the hands of the youth of today. If we, the elders of this country, do not intervene and help these young citizens to meet their future democratic obligations, then, in the words of our nation's moral beacon, Archbishop Emeritus Desmond Tutu, "We are for the birds and our nation will self-destruct

DA: Gavin Davis says why is SADTU afraid of accountability?

16 Feb 2017

DA Leader Mmusi Maimane's announcement last week that the DA will introduce a national education inspectorate has SADTU bosses running scared.

The SADTU General Secretary's hysterical response to the idea of a national inspectorate is to be expected from a union whose greatest fear is being held to account for the destruction it has wrought in our education system.

The fact is that SADTU bosses have been allowed to operate with impunity for too long. The ANC government has allowed the SADTU leadership to capture our education system for its own nefarious purposes.

The Ministerial Task Team on the 'Jobs for Cash' scandal found that SADTU is at the apex of a national network of bribery and corruption involving the buying and selling

of educator posts. It found that SADTU does this by deploying its cadres into provincial governments and that SADTU is in de facto control of 6 of the 9 provincial education departments.

SADTU's dominance is a key reason why our education system is failing in poor, mainly rural provinces. Weak educators are shielded from being held to account for failing our children, and teachers are actively encouraged to stay away from schools as we saw in Limpopo a few weeks ago.

This is why SADTU is afraid of a national education inspectorate. It is scared that this inspectorate will fully reveal the extent of SADTU's culpability in our failing education system. It is afraid that the balance of power will shift away from corrupt union bosses and towards the children of our country.

It is time to restore balance in our education system by holding those who fail our children to account. We must celebrate the thousands of capable and dedicated teachers both inside and outside of SADTU. But we must make sure, at all times, that the children of our country receive the educational opportunities guaranteed in our Constitution.

What "decolonized education" should and shouldn't mean

February 14, 2017

Brenda Wingfield

Vice President of the Academy of Science of South Africa and DST-NRF SARChI chair in Fungal Genomics, Professor of Genetics, University of Pretoria

University students in very different countries – South Africa, England and the US – argue that it's time to decolonize higher education. What does this mean? What would acquiescing to the students' push mean for research, science and academic collaboration?

First it's necessary to understand those two words: "decolonization" and "education". The Cambridge dictionary calls decolonization "the process in which a country that was previously a colony controlled by another country becomes politically independent".

"Education", meanwhile, is what the Oxford dictionary calls "the process of receiving or giving systematic instruction, especially at a school or university".

Placed together, then, the decolonization of education means that a nation must become independent with regards to the acquisition of knowledge skills, values, beliefs and habits. This makes a lot of sense. It's surely what any nation should be doing. But I would argue that the term is being badly misinterpreted among South African students. As one student at the University of Cape Town has explained it:

For decolonised education to be introduced, the existing system must be overthrown and the people it's supposed to serve must define it for themselves.

This is not an isolated view espoused by an individual.

These are very dangerous ideas. What's really important is that South African teachers, lecturers and professors must develop curricula that build on the best knowledge skills, values, beliefs and habits from around the world. These cannot be limited to one country nor one continent – be it Africa or Europe.

And while it may surprise many calling for “decolonized education”, South Africa's universities are not ivory towers: they are hotbeds of research solutions for the nation, drawing on local and global theories, thinkers and science. Much of this work could be undone if students push their thinking about “decolonized education” into practice.

Good science transcends geography

Most of the research done at South Africa's universities and by its research councils focus on South African and African questions. The National Research Foundation (NRF) which funds most of the active university researchers in the country has as its object of foundation:

...to support and promote research through funding, human resource development and the provision of the necessary research facilities in order to facilitate the creation of knowledge, innovation and development in all fields of science and technology, including indigenous knowledge and thereby to contribute to the improvement of the quality of life of all the people of the Republic.

The first six centres of excellence funded by the country's Department of Science and Technology focused on tuberculosis, biodiversity, invasion biology, tree health, catalysis and strong material. These are all important areas of research for South Africa. Likewise, the Square Kilometer Array is a project which, while funded nationally and internationally, will result in the training of a generation of new knowledge workers – young scientists and engineers. Many of these will be South African and benefit the local economy hugely.

Most of the successful researchers in South Africa I know are dependent on research funding from a local industry. This research helps South African industries to solve problems and is an essential part of their success. These industries employ the citizens of South Africa.

My own research programme is a good example. I collaborate nationally and internationally. I use cutting edge technology and the most recent knowledge from top science journals to study organisms which are of local relevance. I sequenced the first fungal genome in Africa by Africans. I could have done this by outsourcing to technology platforms off the continent, but I didn't.

As a consequence the University of Pretoria, where I hold a South African Research Chairs Initiative (SARChI) position has an internationally competitive research programme on genomics. Our focus is on locally important organisms, but we use the best techniques and methods developed internationally to achieve our research goals. The field is a fast moving one and there are new developments published every day. We need to keep up with what's happening internationally but also be publishing our own research in the international arena.

Our work in the Forestry and Agricultural Biotechnology Institute isn't unique. Thousands of researchers around South Africa are using a combination of local skills, local knowledge, global knowledge and technology from different worlds, whether in Africa or elsewhere. It's only by "standing on the shoulders of giants" that, as 12th century theologian John of Salisbury put it, "We can see more and farther than our predecessors, not because we have keener vision or greater height, but because we are lifted up and borne aloft on their gigantic stature".

Balance is crucial

The risk of adopting student protesters' stance on "decolonizing education" is that South Africa rejects all the advances of modern medicine, education and science that originated elsewhere in the world.

This would, for example, mean rejecting the use of penicillin, the yellow fever vaccination and HIV ART drugs. None of these were developed in Africa.

If we isolate ourselves, knowledge wise, South Africa's own amazing advances would be lost to the rest of the world. Other countries are happy to benefit from our discoveries. We should continue to benefit from their discoveries, too.

I'm not suggesting that South African students shouldn't learn about their own country, continent and the remarkable work that's being done by African researchers for African nations. But they should also be learning about advances and theories developed in the rest of the world.

This is already happening in places: Life Science departments at the University of Pretoria, for instance, boasts a curriculum that performs this epistemological balancing act. Students use the best textbooks available. The information in these books is then supplemented with local knowledge and context. Students are taught about DNA and heredity, which is international, but then they learn about the biodiversity of African plants, birds and mammals.

They learn about the organisms that are models internationally for the study of genetics – Yeast, *Drosophila*, *Neurospora* and *Arabidopsis*; they also learn about the research that's being done at the university and elsewhere in South Africa to solve local problems.

The challenge for tertiary educations in South Africa is to ensure that the curriculum presented is based on international best practice. We cannot limit the knowledge base of South Africa's next generations to only regional knowledge and culture. This would be tantamount to "throwing the baby out with the bathwater". We must however, be locally relevant and celebrate the research and researchers in South Africa.

My hope for South Africa is that in some cases we will lead internationally that "best practice"; in some cases we already do

From California, Prof Jansen frets SA now "living in the age of unreason."

Respected South African academic leader Prof Jonathan Jansen has been away from the media spotlight for a while, reflecting as a fellow at one of his alma maters, ivy league Stanford University in California. Jansen earned his PhD at the famous US institution a quarter century back. Leading American journalist Barry Wood travelled to Stanford to meet with Jansen and discovered the Prof's time away from home hasn't changed his forthright opinions. The former vice chancellor and rector of Free State University concludes that because of mismanagement by its leadership "UCT is essentially destroyed". And he frets that a growing crisis in SA's education sector portends a grim future for the country. As he might well have reminded the country: if you thought education was expensive, try ignorance. – Alec Hogg

By Barry D. Wood*

PALO ALTO, CA: Jonathan Jansen was in a sombre mood when we met on a fresh January morning at Stanford University's Centre for Advanced Study in Behavioral Sciences. Jansen is a fellow at the prestigious institute nestled among the pines and eucalyptuses in the Santa Cruz foothills that overlook the campus.

A prolific and fast writer, Jansen is completing three books during his sojourn in California. His writing cottage opens onto a planked deck where, between the trees, there's a magnificent view of Palo Alto and San Francisco Bay.

Barry Wood

Tranquility is interrupted only by occasional conversations with other scholars who abide by the institute's sole requirement that they show up daily for lunch.

Asked about the turmoil at SA universities, Jansen stuns his interlocutor by asserting that, "UCT is essentially destroyed."

The former vice-chancellor of the University of the Free State has no time for what he calls the small group of anarchists who led the #RhodesMustFall campaign. Their misguided protest, he says, gained traction because of the liberal appeasement and white guilt that is pervasive among many UCT faculty. Their ambivalence about allowing police on campus to restore order and respect the rights of the majority, he

says, put Vice-chancellor Max Price in an untenable situation. UCT is Africa's oldest, most prestigious university.

As readers of his newspaper columns know full well, Jansen is fiercely critical of the lack of standards in SA's largely dysfunctional primary and secondary government schools. Students who do matriculate, he complains, often lack analytical skills and are ill prepared for university study. This deficit is reflected in their high dropout rate from universities.

The biggest culprit, Jansen argues, was the apartheid government's closure of mission schools, a consequence of the 1953 Bantu Education Act that downgraded African schools, putting the professions off limits and educating the majority only for menial tasks.

Zimbabwe stands above SA in basic education – particularly in science and maths, he says, because its mission schools remained open throughout the years of anti-colonial struggle.

Black students at UCT, he says, comprise an elite group but they are often conflicted by guilt. "They are a minority within the student body and a minority in the western Cape, where tens of thousands of their brethren in Langa and Guguletu are living in poverty."

Jansen believes the #RhodesMustFall campaign began with good intentions before descending into anarchy and violence. Most students and staff were intimidated and retreated into silence. Lacking an analytical foundation, when challenged the instigators fell back on anger as legitimate demands became a violent insistence on decolonization.

An activist in the anti-apartheid struggle and conversant with the 1950s Marxist rhetoric of Frantz Fanon, Jansen dismisses the suggestion that Fanon's teachings on violence have relevance in today's SA. The protestors, he says, are misusing Fanon's language of de-colonization. Today's students, he fears, are not being prepared for a globalized world and the old analytics of us versus them no longer apply.

Jansen worries about a growing mood of intolerance within SA. He sees the Zuma government as impotent in the face of a violent minority of student protestors. But he concedes that by gradually reducing university funding it hastens the demise of higher education.

"We are living," says Jansen, "in an age of unreason."

The books Jansen is preparing at Stanford include *As By Fire*, a study of the student protest movement and how it contributes to the end of the SA university. A second book, *Making Love in a War Zone* concerns interracial intimacy in the conservative Free State, and the third is about the Western Cape where he grew up. It is a

counter-narrative to the literary images of mothers in the Cape Flats as vulgar, vain and victims.

Asked about the future of Afrikaans, Jansen says its inescapable association with apartheid renders it unacceptable to most blacks. It is only a matter of time, he says, before it is abandoned as a language of instruction at Stellenbosch University.

Jansen's future is unclear although he plans to return to SA. Last August, after seven years on the job, he resigned from University of the Free State.

UNEMPLOYMENT

Scary truth about SA unemployment: Half of young adults can't find jobs – new research

Have South Africans have become inured to the high unemployment rate just as we ignore high crime? The scary truth about unemployment is that pretty much half of all adults under the age of 35 are unemployed. While many will be poorly educated, anecdotal evidence indicates that this problem cuts across the education divide. Black economic empowerment legislation also means that many educated young white people are also unable to find work. With a staggering unemployment statistic like this, it is not surprising that many young people look beyond the country's borders for employment opportunities. This is very sad for their families because global job hunting en masse ultimately breaks up communities. It is also a disadvantage for the country, with millions poured into the education system going to waste as young people take their talents elsewhere. Youth unemployment is a massive problem requiring structural changes to the economy, note Lauren Graham and Ariane de Lannoy in a research paper. They don't even touch the other side of the unemployment problem: The burgeoning population aged 35 and above who are also struggling to find jobs as the economy remains under pressure. Private sector players are encouraged to do their bit to take a chance in hiring individuals who might not obviously be employable. But with business conditions generally tough and no sign that the ANC is planning to stimulate the economy to the benefit of entrepreneurs and private enterprise, that solution is unlikely. Expect higher crime and rising political tension as more people find themselves stuck in a hopeless cycle of poverty with no real options to fend for themselves in the formal economy. – Jackie Cameron

By Lauren Graham and Ariane de Lannoy

A longer version of this article was first published on the ECON 3X3 website. Lauren Graham, Senior Researcher at the Centre for Social Development for Africa, University of Johannesburg and Ariane De Lannoy, Senior Researcher: Poverty and Inequality Initiative, Southern Africa Labour and Development Research Unit, University of Cape Town. This article was originally published on The Conversation.

South Africa's youth unemployment rates are now considered to be chronic. The latest figures show that about 48% of South Africans between 15 and 34 were unemployed in the third quarter of 2016.

The situation has worsened over the past eight years despite a great deal of policy attention and the implementation of a range of public and private interventions.

If not addressed as a matter of urgency, the situation is expected to increase levels of frustration and impatience among the youth. In addition to this, the situation will contribute to a cycle of chronic unemployment and poverty: these young people are

likely to become the parents of children who will then also grow up in a context of poverty.

Our paper provides an overview and assessment of the problem and discusses some of the structural features that drive youth unemployment in South Africa. We argue that focusing solely on the structural, long-term issues may prevent the country from considering important aspects that could be addressed more speedily, including local level barriers that constrain young people's entry into the labour market.

Disturbing trends

Apart from the very high jobless rate, the other particularly disturbing trend is that more and more young people have given up looking for work. Between 2008 and 2015, the number of youth who have become discouraged has increased by 8%.

When focusing on 15 to 24 year olds – those who would ideally be finding their first jobs or continuing their studies – just under a third are “not in employment, education or training” (NEET). This group is arguably the most vulnerable to chronic unemployment, poverty and social exclusion, as they are neither improving their skills through education nor gaining the work experience needed to progress in the labour market.

Racial and gender inequalities continue to play a significant part in the youth unemployment landscape in South Africa. African and colored youth are far more vulnerable to unemployment than their white or Indian counterparts; young women are more likely to be unemployed and to be NEET than their male counterparts. (Apartheid era racial classifications, under which all South Africans were designated African, colored, Asian and white descriptors, are still used for official purposes in the country.)

Tackling Youth Unemployment

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that focusing solely on the structural, long-term issues may prevent the country from considering important aspects that could be addressed more speedily, including local level barriers that constrain young people's entry into the labour market.

A multifaceted challenge

Why is youth unemployment in South Africa such a seemingly intractable problem? The evidence suggests that it's a multifaceted issue.

The biggest factors are the evolving nature of the labour market and mismatches between the skills needed in the labour market and those provided through the educational system. Research indicates that a key difficulty facing young work seekers, in particular, is the fact that South Africa's labour market favours highly skilled employees.

The high demand for skilled labour is high. This means that those with a post-secondary qualification are far more likely to find employment than those with only a matric certificate.

In addition, South African employers, in their apparent distrust of the quality of education received by young people, have raised the bar for entry into low level jobs ever higher. But by escalating the educational requirements for entry-level jobs, employers are effectively shutting out a large pool of potentially good young employees.

The uneven quality of South Africa's public schooling system further entrenches inequality in finding employment. Many of the poorer children at schools that are often under-resourced and ill-managed very quickly fall behind in their learning, later on drop out of school and then become part of the excluded groups.

Geographic location also acts as a barrier to employment. Young people living outside the major metropolitan areas have to spend more time and money on looking for work. Other barriers include limited social capital and limited access to information.

A recent national study of participants in a youth employability programme reported that the average transport and other work seeking costs for young people were around R560 per month. This stands against the average per capita household income for the same group of youth of R527 per month.

Poverty at the household and community level further complicates the situation. More than half of young people aged 15-24 live in households with a per capita monthly income of less than R779 (the "upper bound poverty line" as defined by Statistics South Africa). Many lack access to information as they are unable to afford the high costs of data so can't use mobile phones or Internet cafés to search for job opportunities or for post-secondary education opportunities.

And, unlike their middle-class peers, poorer young people lack “productive social capital” – social networks that can be used for information about and access to the labour market. These are important for navigating entry into the labour market.

Short term interventions

It’s clear that the challenge of youth unemployment is a structural issue requiring massive policy investments, political will and time. But it’s equally important to concentrate on what can be done in the interim.

Ways must be found to shift the labour market to be more youth friendly. One option is “impact sourcing”. This involves employers being encouraged to review their recruitment criteria to reach candidates who might not normally be seen as employable. An example is the Harambee Youth Employment Accelerator (www.harambee.co.za) which involves working with employers across sectors to promote inclusive hiring practices that focus on young people.

Another solution could be a national transport subsidy for job seekers. A pilot study is being run by the Abdul Latif Jameel Poverty Action Laboratory. This is a simple solution with a potentially high impact.

Local-level youth employability programmes, often run through non-governmental organisations, are another possible intervention. They can help young people access information about jobs and support them to be more effective in looking and applying for jobs. But many operate on a small scale and are expensive to run. Evaluating their impact and finding ways to take the most efficient ones to scale could make a difference.

South Africa faces the risk of seeing the challenge as being insurmountable and doing nothing in the short term. The evidence suggests that, while there are major structural challenges, there are also some promising options to pursue.

Manufacturing stimulus is vital for job creation in SA

André de Ruyter is chairman of the Manufacturing Circle and CEO of listed packaging group Nampak

15 February 2017

There’s no need for new special economic zones with settled areas such as Vaal Triangle available.

Statistics SA said on Tuesday that unemployment was 26.5% in the last quarter of 2016. There had been a small fall in the total, with 44,000 new manufacturing jobs. However, the jobless number is still far too high.

Many young people have given up looking for work. From any number of perspectives, this is a crisis, and deserving of every bit of effort and attention that we as a country can throw at solving this problem.

Jobs cannot be created by legislation, however. They can only be created through growing our economy. And the employment opportunities we want are decent jobs that will contribute to social stability and cohesion through meaningful participation in the formal economy. These jobs can be created in the manufacturing sector, which at the moment is idling at 13% of GDP instead of revving at 30%, where comparative studies suggest SA should be performing for our stage of economic development.

If we could lift manufacturing output so that it does, indeed, account for 30% of GDP, we would give a major boost to the economy. Reversing the loss of close to 500,000 manufacturing jobs that has occurred since the early 1990s would be a first. The Manufacturing Circle estimates that getting manufacturing to 30% of GDP would create close to 1-million jobs.

So what is holding back South African manufacturing? Imports are one reason for the erosion of our manufacturing base and there is no shortage of examples

SA's automotive industry has demonstrated that we can be globally competitive in manufacturing given the right regulatory structure and investment climate. Cars made in SA drive on roads all over the world. We need to replicate this success story across other sectors and it starts by making products consumers want to buy.

Indian Prime Minister Narendra Modi has realised that manufacturing is the key to growing his economy. His Make in India campaign puts focus and effort into attracting investors to set up shop in India. Trotting out the old mantra that SA is open for business is not enough to persuade international investors that we are the preferred investment destination.

So what is holding back South African manufacturing? Imports are one reason for the erosion of our manufacturing base and there is no shortage of examples where a boost in local manufacturing could not only reduce the volume of imports but give a boost to our exports as well. A recent statement by Department of Trade and Industry director-general Lionel October that SA is "naïve" to lower tariff barriers is spot on: there will always be a competing country where governments will give higher subsidies and where workers are prepared to work for lower wages.

So a race to the bottom to outcompete lowest-cost countries on an uneven playing field only leads to the decimation of your own manufacturing base and exporting of jobs.

Blunt protectionism is not the answer, but a carefully modulated import tariff structure, targeting tariff code evasion, quick responses to dumping and a full

understanding of nontariff barriers, subsidies and support by their own governments for exporters to SA, will go a long way to helping local manufacturing to compete.

Raising a wall of tariff barriers to protect inefficiency and low productivity at the expense of the consumer clearly isn't the way forward either.

Manufacturing in SA needs to invest in skills and machines to be globally competitive. It is my contention that the skills gap is not particularly severe at shop floor level, but rather at middle management. We need to get better at the hard-core skills of running a factory, planning production and optimising inventory, while meeting customer requirements.

The Department of Trade and Industry-led incentive scheme under section 12i of the Income Tax Act has been very successful in fostering investment in new productive capacity. Competing for scarce resources against other government priorities, however, has led to other incentive programmes, such as the Manufacturing Competitiveness Enhancement Programme (MCEP), to be suspended. The one thing investors crave above all is certainty and incentive programmes have to be sustained if they are to be effective.

Just as the fiscus giveth incentives, so it also taketh through taxes. While we understand that revenue is under pressure, the flurry of new taxes being considered (carbon tax, sugar tax, packaging tax) is not going to entice investment that, through job creation and company profits, enhances tax revenue in the long run.

When investments are made in new factories, billboards are put on lampposts, ribbons are cut and plaques are unveiled by dignitaries. When a factory shuts down it is very often not reported. Workers are paid severance packages, supplier contracts are terminated and products are imported from India or China.

Lots more work is necessary, but this is not a moon shot; the taxpayer will not be asked to invest huge amounts in infrastructure in the middle of the veld

And thus deindustrialisation happens. Not with a bang, but with a whimper. Driving through the Vaal Triangle, where job losses have been particularly severe, it is clear that the once proud home of some of our major industries is turning into a rust belt of disinvestment.

The government has published a policy on special economic zones (SEZs), which seeks to create new hubs where manufacturers can set up shop for exports. But what about stretching the concept to include the Vaal Triangle, where existing infrastructure is in place, where there is a large population of unemployed workers, where we already have schools, universities and hospitals and where we are on the doorstep of the biggest regional market in SA, Gauteng?

Work is already under way to prepare the groundwork for a Vaal Triangle SEZ. It's one of the proposals being considered by the task teams set up by the Treasury to

ignite job creation and growth. CEOs of large companies that have operations in the area have given their support to this initiative.

Lots more work is necessary, but this is not a moon shot; the taxpayer will not be asked to invest huge amounts in infrastructure in the middle of the veld, like an apartheid-era decentralization policy.

Nor will years of work be required to build new roads, pipelines and railway lines. It's already there and by and large it is not used to full capacity. What we need is the package of investment incentives under the act that will allow investors to create growth and jobs. We don't think government should pick industries and winners. That should be left to the market. What government can do is to create the ecosystem in which business can set up factories. The SEZ policy provides the ideal vehicle for this.

Aiming for 1-million new jobs by boosting manufacturing through a competitive and responsive global trade policy, improving competitiveness and making products in SA that consumers clamour to buy may seem like a pipe-dream. But surely the alternative of waiting for the decline and fall of industry through inaction is just not on? Business, labour and government can and must solve this equation in the national interest.

STATE CAPTURE

South Africa's Public Protector finds "state capture" by the president's pals

The Economist

This article appeared in the Middle East and Africa section of the print edition under the headline Friends with benefits A clock has been started that could lead to Jacob Zuma's removal

On the day that Jacob Zuma, South Africa's president, was due to meet his Zimbabwean counterpart in Harare, an anti-corruption ombudsman back home released a report that may make his continued rule every bit as precarious as that of the ailing Robert Mugabe. The report into "State Capture", compiled by the former Public Protector, Thuli Madonsela, details a disturbing web of influence exerted over parts of the South African state by a powerful family of Mr Zuma's chums.

The report does not provide proof of criminal wrongdoing by Mr Zuma. But it presents more than enough evidence to suggest that his wealthy benefactors—the brothers Atul, Ajay and Rajesh Gupta—were involved in the firing and appointment of government ministers and the award of large contracts by Eskom, the large state-owned electricity utility.

Mr Zuma's dwindling band of supporters will, no doubt, argue that the report exonerates him of any wrongdoing. But that would be to misread the nature of Ms Madonsela's findings; for this is but a first salvo in a legal barrage that may see Mr Zuma out of office before the end of 2017. All that Ms Madonsela had to do in this report was show that there was enough apparent evidence of wrongdoing to justify her binding order that the government establish a judicial commission of inquiry that, in turn, must now investigate alleged influence-peddling by the president more fully.

Take the details in her report of testimony by the deputy finance minister, Mcebisi Jonas, who said that he had been offered 600m rand (\$44m) by Ajay Gupta. All he had to do in return was agree to be appointed finance minister and then to replace key executives in the National Treasury, which was a "stumbling block" to the Gupta family's business ambitions. When Mr Jonas declined the offer Mr Gupta upped it, asking if he had a bag big enough to hold 600,000 rand in cash that he could take with him right away. A few months later the finance minister, Nhlanhla Nene, was abruptly fired and replaced by an unknown backbencher who appears to have spent more time with his friends the Guptas than he did in his ministerial office.

The call for a judicial commission is worrying in that it would seem to suggest that Ms Madonsela had little faith in the independence of her successor, Busisiwe

Mkhwebane. But it is also tactically astute. Throughout her report Ms Madonsela complains of how her investigation was hamstrung by a shortage of money and obstruction by the president. Her order (which Mr Zuma may now try to block) that the government appoint a commission that is “adequately resourced” and run by a judge chosen solely by the Chief Justice ought to lead to a robust probe into the relationship between Mr Zuma and his friends. Ms Madonsela has ordered that the commission report back in no more than 180 days after its appointment—starting the ticking of a clock that may count down Mr Zuma’s last days in office.

Patrick McLaughlin: FICA may trigger end-game for Zuma

Jan 30 2017

Who is pulling President Jacob Zuma’s strings? That’s the question as Zuma drags his heels on signing the Financial Intelligence Centre Act legislation.

The law is aimed at giving the Centre huge powers to initiate investigations. It already has the right to investigate individuals based on suspicions by banks that its clients are laundering money, however it will also be able to widen its probes to bring more people into the net and undertake lifestyle audits.

Individuals close to Zuma have fiercely resisted attempts by Parliamentarians to have this law passed. Many of Zuma’s friends are known, with specific names repeatedly emerging in the public domain connection with state capture. But these friends appear unfazed by the allegations and, so far, no action has been taken in connection with claims of bribes amounting to hundreds of millions of rands – nor is action likely soon.

The Hawks investigative squad appears to be in Zuma’s pocket as does the National Prosecuting Authority.

So if the Guptas and others are untouchable, why worry about the FICA law? Zuma’s paper shuffle with the FICA documents suggests that there might be others who have not yet been identified, have a lot to lose and who need to hide. Who are these people? – Jackie Cameron

By Patrick McLaughlin*

The extraordinary circumstances under which Parliament closed before Christmas, mainly caused by an increasingly obdurate President clearly acting in his own interests on such issues as the long-delayed FICA legislation and party succession matters, will hopefully not be repeated in the forthcoming session for 2017.

The change may happen because the parliamentary melee, including most of the portfolio committee chairpersons, might have realised that President Zuma cares not

one iota about parliamentary procedure and merely sees the Constitution as a refuge of appeal to buy time.

The same seems to go for many “prominent persons” who would obviously be corralled in by a **process such as envisaged by the FICA Bill** and would obviously prefer not to have the uncomfortable gaze of a portfolio committee peering into their money movements.

Finance first

One particularly busy area of the 2017 Parliament will be the Standing Committee on Finance under Yunus Carrim who is responding in hearings to legal opinion in submissions on the Financial Intelligence Centre and its **search** powers.

This will be in response to the return of the Bill unsigned by President Zuma. His claim is that those in search of facts to support money laundering by prominent persons may abuse the constitutional rights of those they visit with a warrantless search, using the weapon of surprise if necessary.

The Standing Committee has decided to return the FICA Bill to the President’s office with indisputable legal evidence that the Bill is constitutionally sound in an attempt to box the President in and obtain his signature.

So far, in hearings, attempts have been made to stop the Bill but in the end, between advice from legal counsel and those who followed the rules set down for the hearings, a common understanding seems to have been secured.

How much of this parliamentary stalling exercise is being orchestrated by players in the state capture camp and to what extent this confrontation is President Zuma’s own fight with the banking institutions, we leave to those in the know, the Hawks and the courts.

Meanwhile, in Paris.

When the FICA Bill is finally signed into law, and if the President decides not to waste more time of the Constitutional Court, then National Treasury can write to the Organization for Economic Cooperation and Development and ask them to tell their Financial Task Team (in practice the international money laundering police) to get off our backs and inform them that South Africa has agreed to what was promised.

When this is done, if it is done, then Carrim can sort out the Insurance Bill combining prudential factors on long and short term insurances, delayed by the FICA Bill fracas. After this, his Committee must host representations from the public sector on sugar tax. Busy times.

High profile

We have also seen for ourselves over the last few weeks how busy the public enterprises committee has been in dealing with SABC mis-management. Further meetings on what the SABC board did wrong will keep chair Vincent Smith busy and occupied for a few weeks and more. Although this hardly affects the business front, to the extent only of what business persons read and hear, the findings so far by Parliament on what has happened in this State utility beggars belief.

Energy

To have a very busy time also will be Fikile Majola, Chairperson of the Energy Portfolio Committee, who had some bruising meetings with Eskom last year and must deal with the issue of the sale of strategic stocks of oil and finalise oversight on the awful R14.5bn write off by PetroSA.

His list of "must get dones" is extensive, not the least of which is to find out more about the nuclear deal for on line energy delivery in 2030, a deal that clearly has been entered into by somebody who wishes to stay mum.

Then Majola must deal with the legitimate requests of the Independent Power Producers in their relationships with Eskom on renewables and sort out politics from scientific truths to get the Integrated Resources Plan re-mapped. He will be under much pressure in his attempts to get the right storytellers to come forward and extract the truth on the "formula for electricity costs" put forward by Eskom's acting CEO Koko.

Trade and Industry

If one adds to this that Minister Rob Davies has now shot back from Davos and will de-brief all; get stuck into poultry issues and answer the complaint from the World Bank that SA is not offering enough in the way of tax incentives to new investors, it will buy times for DTI. Already DTI DG, Lionel October, has said he is unhappy from an investment point of view about the delay with FICA. If October says it, Davies feels it.

Davies did well last year in that DTI received a "highly recommended" in audit terms and for targets reached but it looks like another rough ride for 2017.

But what is interesting in all this, is that by mentioning those members as chairpersons of particularly active Portfolio Committees, the chairperson in each case is a senior member of the South African Communist Party.

From this observation, one can reasonably assume that the SACP takes Parliament seriously and is using it. Probably only half the Cabinet attend Parliament on a regular basis.

It was therefore satisfying to see the 2016 Parliament bare its teeth; that there is still a strong movement to maintain parliamentary oversight on financial issues and not follow the example of a wayward President.

CORRUPTION

Deadly Sins

Bryan Britton

The Ten Commandments and Beatitudes prescribe good and moral behaviour. These are solid principles of 'good'. But then what is evil? What should we avoid? Listed below are the roots of evil. These are traits of mankind that should be avoided because they are synonymous with evil.

Pride or vanity

Has been called the sin from which all other sins arise. It is the belief in oneself above a belief in God. It does not recognise the grace of God but places the individual's priorities and egotistical wants above God's wishes.

Envy

Is the desire for other people's wealth, abilities, traits and possessions.

Gluttony

Is the personal desire for more than is required by any one individual.

Lust

Is a craving for the pleasures of the body.

Anger or wrath

Is an absence of love and in its place a tendency to fury.

Greed

Is the desire for material wealth, thus ignoring spiritual achievements.

Sloth

Is the avoidance of physical and/or spiritual works.

If we become slaves to these sins or endorse their existence in the way we live our lives, we invite negative and anti-spiritual influences to dictate our behaviour. You cannot build a moral life on any of these evils.

Sir Isaac Newton said: "To every action there is always opposed an equal reaction".

The opposed reaction to these deadly evils, is the existence of good.

Morality

The evolution of morality refers to the emergence of human moral behavior over the course of human evolution. Morality can be defined as a system of ideas about right and wrong conduct. In everyday life, morality is typically associated with human behavior and not much thought is given to the social conducts of other creatures. The emerging fields of evolutionary biology and in particular sociobiology have argued that, though human social behaviors are complex, the precursors of human morality can be traced to the behaviors of many other social animals. Sociobiological explanations of human behavior are still controversial. The traditional view of social scientists has been that morality is a construct, and is thus culturally relative, although others argue that there is a science of morality.

Morality, from the Latin *moralis* meaning manner, character or proper behavior, is the differentiation of intentions, decisions, and actions between those that are distinguished as proper and those that are improper. Morality can be a body of standards or principles derived from a code of conduct from a particular philosophy, religion or culture or it can derive from a standard that a person believes should be universal. Morality may also be specifically synonymous with goodness or rightness.

Moral philosophy includes moral ontology, or the origin of morals, as well as moral epistemology or knowledge about morals. Different systems of expressing morality have been proposed, including deontological ethical systems which adhere to a set of established rules, and normative ethical systems which consider the merits of actions themselves. An example of normative ethical philosophy is the Golden Rule, which states that: "One should treat others as one would like others to treat oneself."

Immorality is the active opposition to morality (i.e. opposition to that which is good or right), while amorality is variously defined as an unawareness of, indifference toward, or disbelief in any set of moral standards or principles.

From Wikipedia, the free encyclopedia

In his attempt to explain the theory of moral virtue and for that matter, the central goal, eudaimonia, Aristotle describes the important concept of finding middle ground in one's life or, achieving a balance. In line with the theory of moral virtue Aristotle contends that to achieve these aims and reach eudaimonia, one of the most important lessons Aristotle teaches in the theory of moral virtue is strike a balance, or hit a mean between extremes in behavior, thought, and action. In the theory of moral virtue, Aristotle states that we must act knowingly and do the right thing because it is right, not because there is a personal stake in terms of the future possibility of pleasure or pain. In short, in this theory, what is morally right or wrong is something we understand in an intellectual sense and we apply this knowledge of moral behavior through our practice and habituation of moral virtues.

The Holy Bible defines immorality in Proverbs 6:16-19:

“There are six things the LORD hates, seven that are detestable to him: haughty eyes, a lying tongue, hands that shed innocent blood, a heart that devises wicked schemes, feet that are quick to rush into evil, a false witness who pours out lies and a person who stirs up conflict in the community.”

People have always been immoral, shiftless, and self-gratifying. For ages, humankind struggled to find a conceptual system to operationalize their spiritual shortcomings. Here is a basic Christian definition for morality. A guide, if you will, as to the difference between right and wrong, good and evil, moral and immoral and deadly sins and opposing virtues.

Pride is excessive belief in one's own abilities that interferes with the individual's recognition of the grace of God. It has been called the sin from which all others arise. **Humility** is the opposing virtue.

Envy is the desire for others' traits, status, abilities or situation. **Kindness** is the opposing virtue.

Gluttony is an inordinate desire to consume more than that which one requires. **Abstinence** is the opposing virtue.

Lust is an inordinate craving for the pleasures of the body. **Chastity** is the opposing virtue.

Anger is manifested in the individual who spurns love and opts instead for fury. **Patience** is the opposing virtue.

Greed is the desire for material wealth or gain, ignoring the realm of the spiritual. **Charity** is the opposing virtue.

Sloth is the avoidance of physical or spiritual work. **Diligence** is the opposing virtue.

The report Eskom doesn't want you to see

Financial Mail is publishing the unsanitised version of one of the earliest versions of the Dentons report, as it is fundamental for SA to judge the evidence for itself

15 February 2017


Eskom has stymied all requests for the notorious Dentons report for two years.

After being misled by SA's electricity parastatal about the status of the probe, the Financial Mail today publishes the unsanitised version of one of the earliest versions of the Dentons report.

Eskom has chosen not to provide this sort of transparency, but we believe it is fundamental for the South African public to judge for itself the evidence detailing the near-meltdown of the electricity parastatal.

Two weeks ago, Eskom finally yielded to pressure to release the report — for which it paid more than R20m — but disappointingly; it released a heavily redacted version.

The public deserves to know what caused Eskom's near-collapse at a time when it had run out of money to pay staff, continue operating and build power stations.

 The fact that Eskom has chosen not to adopt an approach of full transparency only strengthens our conviction that there ought to be a full and transparent judicial commission of inquiry into what went wrong, and how to fix Eskom. Employees, directors and suppliers accused of corruption should be given an opportunity to defend themselves, but must ultimately be held to account.

Eskom's board should also be held accountable.

The document you will read here is the second Dentons report prepared for the board. An earlier "interim report", which contained far more explosive details — including, allegedly, names of executives and directors implicated in corrupt deals — was destroyed by the board under a formal resolution adopted on August 14 2015.

Two weeks ago, Eskom chairperson Ben Ngubane admitted that Eskom had done little to investigate these allegations. In this respect, the board should be held accountable not only for doing nothing to probe these claims of corruption, but also for destroying this evidence.


This is critical, as many of those accused of enriching themselves at the taxpayers' expense are still working at Eskom.

"We had to make a trade-off. We could choose whether to continue with a prolonged investigation into a company that was already depressed, which would demoralize staff, or we could fix what was wrong with Eskom," Ngubane said. Rather, he said, the board chose to fix Eskom, "and that is why we today have electricity".

But in the 304 pages disclosed today, Dentons reports how senior managers and directors of the electricity supplier set themselves up to do business with the utility.

It includes the following findings:

- Eskom wasted about R200m over two years by failing to negotiate proper discounts with diesel suppliers. The company paid billions to companies without having received proper invoices, in many instances paying for services without evidence of having received the supplies for which it was paying.
- Eskom contributed to its own financial problems, and contravened the Public Finance Management Act, by failing to put proper controls in place.
- It consistently overpaid for diesel, coal, logistics and other contracts. This made its financial position worse, which was used to justify electricity price increases and further bailouts by the taxpayer.
- Senior executives handpicked suppliers they wished to negotiate with, which meant that other, more capable and more cost-effective contractors were excluded.
- Eskom employees diverted business opportunities to themselves, at the expense of the utility. This meant that staff was not focused on fixing the organisation, but on feathering their own nests.

 These are just some of the allegations contained in this version of the report, which, as we have explained, was already sanitized from the earlier “interim report”. But even these were kept hidden from the public for two years.

The background to this investigation needs to be explained.

In the three years to mid-2015, Eskom implemented daily load shedding the country was in darkness, and business and the mines were told to slash electricity demand by about 20%. Foreign investors pulled the plug on big projects.

Eskom then collected an R23bn bailout from the government, plus another R60bn loan, which was converted into equity — which means it was effectively written off.

The taxpayer was the ultimate loser. Evidently, this is why Eskom would rather the public had no insight into this report.

Corruption and the Decline of Rome

Ramsay MacMullen

To Roman moralists the empire was always in decline, ever since some imagined state of republican virtues in the dim past. It is small wonder that most modern historians have shunned as hopelessly misleading the whole vague notion of 'moral decline'. But MacMullen, looking steadily into this blind zone and assembling plenty of evidence, has traced a neglected but very influential process in the political and social changes that eventually permitted the dismemberment of the Western empire. This is an important book which will initiate a long debate.

His thesis is that a sea-change occurred in the dominant ethic of government and civil life. The earlier Principate operated not through impersonal administration, but rather through favour, patronage, recognised ties of family, kinship, class, city and guild membership, and so on. This network of mutual obligations was stable and pervasive enough to mesh with government in managing, more or less effectively, the huge empire: that is, providing for basic security, rule of law and the conditions of economic livelihood.

Bribery and abuses always occurred, of course. But by the fourth and fifth centuries they had become the norm: no longer abuses of a system, but an alternative system in itself. The cash nexus overrode all other ties. Everything was bought and sold: public office including army commands and bishoprics, judges' verdicts, tax assessments, access to authority on every level, and particularly the emperor. The traditional web of obligations became a marketplace of power, ruled only by naked self-interest.

Government's operation was permanently, massively distorted. Imperial authority was of course upheld, since it was precisely the source of illicit gain. But its power was dissipated into thousands of private channels in a way that did not happen in the earlier empire. The very officials charged by emperors with investigating corruption would simply use their authority as hugely profitable protection rackets. Military commanders habitually avoided serious fighting, preferring armed extortion from civilians, embezzlement of army supplies, and the lucrative sale of exemptions from irksome duties all down the ranks. After all, they had to recoup the enormous sums they had borrowed to purchase their commands originally.

On the real size of the armies, MacMullen is not just sceptical but outright dismissive of even the 'paper' numbers – about half a million men – derived from the *Notitia* ("that dream book"). As well as being near-useless, the actual forces were a tiny fraction of this. The great gulf between paper and reality is explained by a century or more of inflated rosters, by legions of dead men's pay and rations.

What is new in MacMullen's argument is not the existence of this corruption but its sheer scale and long-term global effects. Just how important a cause was this process in bringing things to the deplorable state they had visibly reached by the time of Honorius and Stilicho? How did it interact with other known factors, including attempts to curb it?

There certainly were honest and energetic commanders, prefects and emperors, pace Ammianus, who knew of this debilitating venality only too well. Yet while we hear of plenty of individuals being sacked (and often executed), we rarely hear of whole military units being disbanded and hence deprived of valuable supplies. How much of the military ineffectiveness was due to ghost legions still absorbing resources, and how much to the steady deterioration of the *limitanei*, the static border militia condemned to neglect and isolation by Constantine's apparently deliberate preference for defence of the throne, over defence of the frontiers?

If we accept the evidence that the total tax demands increased perhaps several-fold even after the already high levels of the Tetrarchy (when they had supported genuinely enlarged armies winning real victories on several frontiers simultaneously) then the later loss of real control must have amounted to virtual paralysis in many areas of the empire.

The official tax assessments were not arbitrary inventions, nor was their collection just random plunder. Legal warrant, however grossly abused, still counted: after all, the purely abstract units of tax liability, *iuga* and *capita*, were a commodity that was occasionally auctioned. But how were the assessments made, how many people calculated them, collected them, milked them and disbursed them, at what stages in the fiscal chain? The vastly elaborated fourth-century machinery of taxation and civil bureaucracy, however apparently necessary originally, may itself account for much of the eventual arteriosclerosis of government, even without the decay of the earlier service ethic.

These are just a small sample of the questions prompted by MacMullen. Far from leaving us in any mood of serene melancholy of the *sic transit* variety, it presents a vivid and frightening picture of how a great state and civilisation, the construction of centuries of painfully acquired political culture, can be cripplingly undermined. Despite its superbly sophisticated system of law, the slow acids of atomised, selfish individualism dissolved larger loyalties and ties on a widening scale until they became, in the manner of the untrammelled market, the rational norm of behaviour, which only the unusually brave and honest could swim against.

Guptas and the banks can now provide a court with details of the 72 suspicious transactions

Constitutionally Speaking

OCTOBER 19 2016

The decision by Finance Minister Pravin Gordhan to approach a court for a declaration that he was not permitted to intervene in the relationship between various Gupta-owned companies and the banks was surely a tactical move aimed at uncovering some of the financial dealings of the Guptas and the companies they own. The move provides the banks with the legal justification to break their client confidentiality and places pressure on the Guptas and the firms owned by them to explain 72 transactions – which the banks flagged as suspicious – to the appropriate court.

The Financial Intelligence Centre Act (FICA) is a complicated piece of legislation adopted in 2001 to combat money laundering and the financing of terrorist and related activities.

The Act places a duty on anyone who manages a business (which would have included the now suddenly retired CEO of Gupta-owned Oakbay Investments) and on any other institution with knowledge of a business (which would have included

those banks who provided banking services to Oakbay Investments) to report certain suspicious transactions to the Financial Intelligence Centre (FIC).

Section 29 of the Act lists a series of transactions which must be reported to FIC. The list of transactions that must be reported relate both to the financing of terrorist and related activities and other suspicious transactions. The latter category includes transactions or series of transactions to which the business is a party that:

- has no apparent business or lawful purpose;
- is conducted for the purpose of avoiding having to report to the Financial Intelligence Centre;
- may be relevant to the investigation of an evasion or attempted evasion of a duty to pay any tax, duty or levy imposed by legislation administered by the Commissioner for the South African Revenue Service; or
- transactions which may show that the business has been used or is about to be used in any way for money laundering purposes.

Section 29 makes clear that the Guptas, businesses like Oakbay Investments and their bankers have a legal duty to report not only suspicious transactions that they know fall into the list above, but also suspicious transactions that they “ought reasonably to have known or suspected” to fall within the list above. Banks will therefore err on the side of caution and will report any transactions to FIC which they suspected to fall into the list of transactions set out above.

Section 31 of the Act also requires banks to alert FIC if one of its clients instructs it to make an electronic transfer in excess of R25 000 out of the country or receives money in excess of R25 000 from abroad.

The papers lodged on Friday by Minister Gordhan as part of his court application do not provide sufficient information about the 72 suspicious transactions reported to FIC by those banks who held accounts for the Guptas and their various businesses to determine whether the banks alerted FIC about these transactions because of concerns that the Guptas and their companies were trying to launder money to hide corruption, theft or fraud, because they were trying to avoid paying tax, because they were trying to move money out of the country, or for some other suspicious purpose.

We do know that the banks reported various suspicious transactions by the Guptas and many of the businesses they own (amounting to almost R7 billion) to FIC because the banks believed that they had a legal duty in terms of section 29 of the Act to do so. We also know that a lawyer for the Gupta-owned companies denied that there was anything wrong with the transactions but this blanket denial was not accompanied by detailed information to back up the denial.

But at this stage it is not clear whether the banks suspected the Guptas and several of their companies of involvement in money laundering, or whether they suspected them of other illegal activity.

It is also not known whether FIC reported any of the suspicious transactions to the Hawks or to the National Director of Public Prosecutions as it is legally empowered to do by section 34 of the Act in cases where it has reasonable grounds to suspect that a transaction or a proposed transaction constituted money laundering.

If some or all of the transactions were reported to FIC because of fears that it formed part of a money laundering scheme by the Guptas and their companies, it would raise questions about whether the Guptas are being investigated by the Hawks and if they are not being investigated, why the Hawks are not pursuing the matter.

Recall that money laundering is defined as an activity which has or is likely to have the effect of concealing or disguising the nature, source, location, disposition or movement of the proceeds of unlawful activities or any interest which anyone has in such proceeds.

It usually occurs when individuals try to hide the facts that money in their possession was obtained from criminal activity like corruption, fraud or theft. Money launderers "launder" the money obtained from crime by moving it from one bank account through various other banks accounts to the recipient to try and conceal the fact that the source of the money was some or other criminal activity.

When various businesses owned by the same family start moving around large sums of money between these businesses or between bank accounts without any obvious purpose, it would immediately raise questions about whether this is being done to launder money.

This often occurs when a person or entity is trying to avoid prosecution for the original criminal offence (which may include fraud and corruption) and to hide the fact that an individual or entity is benefiting from such fraud or corruption.

As noted above, there is not sufficient evidence in the public domain to make any credible assessment about whether the Guptas and their companies have been involved in activities which could amount to money laundering.

But some facts are now in the public domain which otherwise would never have seen the light of day. South Africans may never have heard about the almost R7 billions of suspicious transactions concluded by the Guptas and several of their companies over the past few years. Had the Minister of Finance not lodged his court application late last week this information would have remained secret.

This is because the Financial Intelligence Centre Act prohibits anyone from disclosing confidential information held by or obtained from the FIC except in defined situations which include "for the purpose of legal proceedings, including any proceedings before a judge in chambers". Thus section 41 of the Act states that:

No person may disclose confidential information held by or obtained from the Centre except (a) within the scope of that person's powers and duties in terms of any legislation; (b) for the purpose of carrying out the provisions of this Act; (c) with the permission of the Centre; (d) for the purpose of legal proceedings, including any proceedings before a judge in chambers; or (e) in terms of an order of court.

This is one reason why the banks would have refused to provide the so called ministerial task team with any reasons for the closure of the Oakbay bank accounts.

The task team (which practically appears to have consisted only of Mineral Resources Minister Mosebenzi Zwane) was appointed by cabinet to approach the banks about their decision to cut ties with Oakbay Investments.

The cabinet might not have been aware when it asked the ministerial task team to approach the banks for an explanation of why they closed the Oakbay accounts, that it was mandating the task team to request the banks to commit a criminal offence in terms of section 60 of the Financial Intelligence Centre Act. This section prohibits the

banks (and anyone else) from disclosing confidential information held by or obtained from FIC except under the prescribed circumstances listed in section 41 of the Act.

The Guptas themselves could of course have approached a court of law to challenge the decision by the banks to close their accounts. While case law suggests that such an application would not have been successful, it would have forced the banks and FIC to provide reasons why the 72 transactions by some of the Gupta brothers and by some of their companies were flagged as suspicious.

Whether this failure to approach a court was the result of an ignorance of the relevant legal provisions of FICA or because the Guptas were reluctant to ventilate the matter in open court because it did not want the banks to make public the reasons for the closure of the accounts, is not clear.

But this reluctance of the Guptas to approach a court has now become irrelevant after the Minister of Finance decided to do so instead.

The court application by the Minister – which is, quite frankly, legally unnecessary as the Minister already knows that he is not allowed to intervene in the dispute between the banks and Gupta-owned companies – was probably launched exactly to allow the banks to break their silence and to force the Guptas and their companies to explain the nature of the 72 suspicious transactions flagged by the banks.

The Guptas, through their lawyer, have welcomed the court application by Minister Gordhan claiming it will allow the Guptas to clear their name. If this is correct, it will allow the banks to provide the court with details of the 72 suspicious transactions and with reasons why they believed these transactions were suspicious. The Guptas will then be required to provide explanations of the suspicious transactions to try and explain why the 72 transactions are all above board.

It is only after all sides have submitted all the evidence they have about the 72 suspicious transactions by the Guptas and some of their companies to the court that a clearer picture will emerge. It is only then that we will have some indication of whether the Guptas should be investigated and perhaps prosecuted for corruption, fraud, theft or money laundering, or whether the banks all made a terrible mistake.

ANC municipalities have been robbing you dry

Staff Writer

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The City of Johannesburg recently tabled its Integrated Annual Report for the 2015/16 financial year, which showed rampant maladministration under the previous ANC-led government.

Mayor Herman Mashaba said the total balance for unauthorised expenditure under the ANC regime in the city reached R3.4 billion.

“A shocking lack of attention to financial management practices resulted in a failure to adequately investigate cases of unauthorised, irregular, and fruitless and wasteful expenditure,” said Mashaba.

The total balance of irregular expenditure in Johannesburg reached R1.8 billion, due to the contravention of supply chain management procedures under ANC rule.

“Disgracefully, unauthorised expenditure identified in previous financial years was not investigated to determine whether a person was liable for the expenditure,” said Mashaba.

Mashaba has started to take action, with arrests of allegedly corrupt city officials.

“The days of blatant maladministration in the city going unpunished have come to an end.”

Massive corruption and maladministration under the ANC

After the DA took over the country’s major metros and gained access to their finances, it uncovered a slew of corruption and maladministration under the ANC.

Tshwane mayor Solly Msimanga unveiled a series of schemes to enrich city officials and irregularities related to the R90-million renovations of the Pretoria City Hall.

Nelson Mandela Bay mayor Athol Trollip launched an anti-corruption hotline shortly after he took office, which has already resulted in 38 internal investigations.

Below are several of the prominent revelations in former-ANC-led metros which are now governed by the DA.

Revelations about former-ANC-led cities

- The total balance for unauthorised expenditure in the City of Johannesburg under ANC rule reached R3.418 billion.
- The total balance of irregular expenditure in the City of Johannesburg reached R1.78 billion.
- Five contracts worth R399 million were procured without inviting competitive bids in the City of Johannesburg.
- 10 contracts and quotations worth R52 million were procured in the City of Johannesburg from suppliers without valid tax clearance.
- One contract worth R19 million was awarded in the City of Johannesburg to a bidder who did not meet the minimum threshold for local production and content.
- 32 City of Johannesburg officials failed to disclose their interests or that of a close family member, partner, or associate in contracts. These contracts were valued at R309 million.
- 80 suppliers in the City of Johannesburg were found to have submitted false declarations of interest to the amount of R955 million.
- The Executive Mayor of Tshwane, Solly Msimanga, has laid criminal charges against senior city officials implicated in corruption in a forensic investigation.

- The City of Tshwane under ANC leadership spent R300 per light bulb on a unit that would have cost R79 at wholesale price.
- The Nelson Mandela Bay Municipality has instituted legal action against two service providers to recover misspent Metro funds and monies due to the Metro to the value of R300 million.
- The Nelson Mandela Bay Municipality Internal Audit department is processing 38 investigations thanks to the new anti-corruption hotline.

Positive developments since the DA took over

- The Nelson Mandela Bay Municipality will no longer procure expensive luxury vehicles. Money will instead be spent on improving service delivery.
- The Nelson Mandela Bay Municipality mayor Athol Trollip has issued an instruction to prohibit all Business and First Class domestic air travel for Nelson Mandela Bay officials and public representatives.
- Msimanga has opened the tender process in Tshwane, making it transparent and open to scrutiny.
- Msimanga has put a stop to all purchases or leasing of luxury cars for politicians and officials.
- The City of Johannesburg has intensified its Compliance Unit to interrogate compliance in detail and scrutinise supply chain management contracts.
- The City of Johannesburg made amendments to the administration of its tender system to improve efficiency and promote transparency.
- Mashaba has capacitated the city's internal anti-corruption unit which will scrutinise cases in need of investigation.

If Zuma gets Treasury, it will be game over for SA

Sipho Pityana

Save SA convenor Sipho Pityana said National Treasury "is the last frontier between [President Jacob] Zuma and unfettered access to the coffers of the state of this country" in an address at the Cape Town Press Club on Thursday.

Pityana, who is also chairperson of AngloGold Ashanti, said "Zuma and his cronies' attempts to loot the fiscus are frustrated by National Treasury".

"When our National Treasury is overrun it will be game over for South Africa," He said. "If you have no sense of what a nuclear deal will mean for SA, think about this: we'll work for the Russians for the rest of our lives. Our children would be slaves of the Russians."

"When Project State Capture is complete our state-owned entities will provide unfettered access to state resources for Zuma and his cronies and family members," he said.

"There is a cabinet lekgotla currently taking place, but will the real issues be addressed," he asked. "Such as the hard questions about why the FIC Bill was sent back on the flimsiest of grounds. Or why the President pushes for the black industrialists programme, yet, the richest of them all is his friend Ajay Gupta."

"The cabinet lekgotla should also demand that firm steps be taken to defend South Africa's sovereignty from forces that are hell bent on undermining it."

Business Day reported on Thursday that Zuma "could be 'preparing the ground' to remove Finance Minister Pravin Gordhan, who is battling Jacob Zuma's family friends, the Guptas".

An unnamed source, referring to Zuma's speech at the three-day ANC lekgotla last week, told the paper that Zuma criticised Treasury "for not availing funds for certain projects, saying his ministers constantly complained about being inadequately resourced by the Treasury to carry out their mandates".

Gupta, close friend to President Jacob Zuma and chairperson at Oakbay Resources and Energy, is wealthier than Richemont chairperson, Johann Rupert.

This is according to the Business Times Rich List 2016, released on Sunday. According to the report by Sunday Times, Atul Gupta is the seventh wealthiest South African and the top earning black businessman.

Save us from this man of consequences

Only the Treasury and the Reserve Bank remain out of the Zupta's clutches and the fight for these two is on.

Barry Wood

03 February 2017

Barry Wood, who started his career at the Financial Mail in Johannesburg under the legendary George Palmer, is among the most respected financial journalists in his native USA. Based in Washington, after two decades as the chief economics correspondent at the Voice of America, he now contributes regularly to mainstream outlets USA Today and Marketwatch.com – but retains an interest in the land where he started. Access more of his work at econbarry.com.

I have got to the stage where I study photographs of Finance Minister Pravin Gordhan with a forensic regard. Is he healthy? Is he becoming more or less puffy in the face? Is puffy in the face a sign of anything bad?

The onslaught on Gordhan is immense. President Jacob Zuma insults him almost every time he stands before an audience. Emboldened, the wealthy Gupta family is more than comfortable, in court papers, to call him a "weak-kneed politician" — a bit

rich when you consider they arrived here only when it was safe and if you remember Atul Gupta's quivering apology to the nation after his family used Waterkloof airbase as the arrivals lounge for a family wedding.

Between them, Zuma and the Guptas (the Zuptas, as Julius Malema fabulously named them) have hijacked the South African state for their own gain. Only the Treasury and the Reserve Bank remain out of their clutches and the fight for these two is on. Sure, it starts with the Treasury but the central bank would have to be the final frontier.

The Zuptas want to take money out of the country, to "alienate" it as it were, just like the Russian oligarchs. The Reserve Bank's job would be to stop them, or at least control them. But political leaders in serious countries (Helmut Kohl in West Germany) and less serious (Cristina Kirchner in Argentina) have already shown us that central bankers can easily be dislodged when they cross swords with political power.

Zuma's latest assault on Gordhan and the Treasury is that they are a barrier to "radical economic transformation". In Zuma's mind, radical economic transformation simply means making white monopoly capital black monopoly capital (the blacks being the ones he chooses). He has never ventured an opinion about how to make our economy more inclusive or fairer or more productive or more diversified or more competitive or more skilled or more secure.

Oh, wait, he did say something. Hours after appointing Des van Rooyen on December 9 2015, he pitched to speak to business leaders from across Africa. The pooh had not yet hit the fan, so Zuma was in a confident frame of mind. He muttered something about "some things just have to be done". He meant firing Nhlanhla Nene.

Then he said this: "I am not a businessman or professor. But I am rebelling against [the idea that] what determines the value of a commodity is the law of supply and demand. I am against this definition.

"The value of a commodity is the labour time taken in production of that commodity. That's what determines the value of a commodity." His audience was silent.

Zuma was articulating the labour theory of value, a Neanderthal and by now discredited dictum, even among communists. Zuma learned it from fellow prisoners on Robben Island half-a-century ago and he has never thought to question it. You can be sure it doesn't come up in conversation with the Guptas.

But there's still a lesson in it. It is that economics, our South African economics, the way we create wealth and the way we distribute it, is and should be up for discussion.

What Zuma doesn't realize though, when he insults his own finance minister, is that it is only the Treasury functioning solidly and ethically under the guidance of an authentic public servant that uniquely guarantees this country at least the chance of radical economic transformation.

National economies are like household economies. It's easy. You borrow too much and the bank manager (or ratings agency) wants to talk to you. You save and live off what you save and you can pretty much do what you like.

Transform away, but "do not save what is left after spending but spend what is left after saving". Warren Buffett, the man who said that, knows a thing or two about money.

What Gordhan needs out of the ANC is a programme of economic change and reform that safeguards and carefully invests the national wealth but dramatically draws the masses into ownership. It can easily be done if the social partners trust each other, and I suspect traditional capital knows it must happen.

But it is the knowledge that the Guptas and Zuma's other cronies are waiting just over the hill with a string of, erm, other proposals that stops so-called "white monopoly capital" doing business with Zuma.

He poisoned an already toxic well with his friends and it is probably beyond repair.

Ultimately, Zuma is the president and, as Donald Trump is proving in Washington DC, he can literally do what he wants. But it is not forever and not without consequence. He may fire Gordhan, but not without consequence. He may appoint Brian Molefe in his stead, but not without consequence.

Someone who still reckons the labour theory of value has something to offer the human condition is probably not going to change his mind about anything at age 74. But if he had the courage to ask the right people the right questions and actually listen to the answers, he could still change his destiny and ours.

Why growing corruption is a threat to South Africa's national security

March 14, 2017

Evangelos Mantzaris

Senior Researcher and Extraordinary Professor at the Anti-Corruption Centre for Education and Research, Stellenbosch University

Corruption has a debilitating effect on the lives of billions of people around the world. And usually it's the most vulnerable members of society that are the hardest hit.

Corruption comprises of a range of unethical and deviant activities that pervade the private and public sectors of a given country. Of the two, corruption in the public sector has greater consequences for the majority of citizens.

Corruption continues unabated despite efforts by the United Nations, various institutes, NGOs, specialised units and international organisations to eliminate it. This is certainly the case in South Africa. The country's media are replete with reports of corruption at all levels of government.

And there's growing evidence that corruption has resulted in the ineffective use of state resources aimed at providing essential services. Corruption in both urban and rural areas has led to neglect in providing health care, education, employment opportunities, housing, roads and security.

Personal interests, greed and avarice continue to undermine the government's capacity to allocate resources effectively and to deliver services. The result is poverty and deprivation which in turn has led to frustration, disillusionment and relentless protests. All are a clear illustration that people's support for those who rule them has dissipated.

Instability is the result. This is why I believe it's possible to argue that corruption is a threat to national security when measured by, among others things, socio-political stability, economic solidarity and strength, ecological balance and internal peace.

Threat to national security

Corruption undermines the national security of a state in a number of ways.

Firstly, it manifests itself in the growing lack of legitimacy of the state among communities.

This is true across all layers of society. The fact that South Africa has seen unprecedented levels of protest in recent years can be attributed to corruption and its serious consequences.

The problem is not that the country's anti-corruption laws are wanting. The Municipal Finance Management Act is in place "to modernize municipal financial management in South Africa so as to lay a sound financial base for the sustainable delivery of services". The Public Finance Management Act regulates the management of finances in national and provincial government. Its aim is to secure sound financial management in government and public institutions.

The real issue is that personal financial interests intersect with public interests. And personal interests take precedence of the interests of the people of the country. Tragically, the state is shown that it's too weak to mount an effective fight against such interests.

The notion of corruption as a threat to national security is not just applicable to South Africa. Internationally major economic powers, such as China and Russia, have declared that corruption, particularly in the public sector, is a national threat.

At the Chinese Communist Party's Central Committee meeting in 2016 the Chinese President Xi Jinping as well as the heads of the country's anti-corruption bureaus painted a disastrous picture of public service corruption . This despite the fact that China has perhaps the most rigorous and severe legal punishments for corruption in the world.

A bit closer to home the chairperson of the Nigerian Economic and Financial Crimes Commission Ibrahim Lamorde has described corruption as the biggest threat to the country's national security and economy and the foundation of its economic crisis.

Taking the fight to corruption

Although many ideas have been put forward to eliminate corruption, I would like to suggest at least three measures that could be helpful.

It's imperative that South Africa intensifies the fight against corruption. This requires strategic and comprehensive arrangements and implementable initiatives that are multi-dimensional.

The first key issue to be tackled is the appointment of people loyal to the African National Congress in key public service and state enterprises positions. This has laid the foundation of a new upper middle class – known as “tender entrepreneurs”.

Many, if not most, have been instrumental in building and enjoying their own rewards and, at the moment they are untouchable. Unless the state acts against those who are corrupt there's no hope of defeating corruption. This applies particularly to public servants who do business with the state or distort the supply chain management systems.

There's also no hope of fighting corruption unless private consultants contracted throughout government become a thing of the past, especially consultants appointed to manage other consultants.

Secondly, plans need to be backed up by thorough research. Research by a range of institutions including NGOs, universities as well as the media, can help identify the causes, effects and types of corruption. This is crucial in understanding and fighting corruption.

An example of how this can work is the Poznan Declaration signed by 700 university

professors from across the world in which they made a commitment to do research on ethics and the effects of corruption. Adopted by the World University Consortium and the World Academy of Art and Science, it's an example of how academics can commit themselves to fighting corruption.

But none of these interventions can be implemented without strong political will, effective law enforcement, an efficient and corrupt free judiciary, free press and an independent and active civil society. South Africa is fortunate to at least have an active civil society, free press as well as a respected judiciary.

PUBLIC VS PRIVATE SECTOR

Communist State

Wikipedia, the free encyclopedia

A communist state is a state that is usually administered and governed by a single party representing the proletariat, guided by Marxist–Leninist philosophy, with the aim of achieving communism.

There have been several instances of Communist states with functioning political participation processes involving several other non-Party organisations, such as trade unions, factory committees, and direct democratic participation. The term "Communist state" is used by Western historians, political scientists and media to refer to these countries. However, contrary to Western usage, these states do not describe themselves as "communist" nor do they claim to have achieved communism; they refer to themselves as *Socialist states* or *Workers' states* that are in the process of constructing socialism.

Communist states can be administered by a single, centralized party apparatus, although countries such as the DPRK have several parties. These parties usually are Marxist–Leninist or some variation thereof (including Maoism in China and Juche in North Korea), with the official aim of achieving socialism and progressing toward communism. These states are usually termed by Marxists as dictatorships of the proletariat, or dictatorships of the working class, whereby the working class is the ruling class of the country, in contrast to capitalism, whereby the bourgeoisie is the ruling class.

Since the collapse of the Berlin Wall in 1989 and the fall of Communism in Eastern Europe only the following nations persist with communism. The following countries are one-party states in which the institutions of the ruling communist party and the state have become intertwined. They are generally adherents of Marxism–Leninism

in particular. They are listed here together with the year of their founding and their respective ruling parties:

Country	Since	Ruling party
China, People's Republic of	October 1949	Communist Party of China
Cuba, Republic of	July 1961	Communist Party of Cuba
Lao People's Democratic Republic	December 1975	Lao People's Revolutionary Party
Vietnam, Socialist Republic of	July 1976	Communist Party of Vietnam



The Berlin Wall falls in 1989

Adam Smith and the Invisible Hand

The father of modern economics, Adam Smith, supported a limited role for government. He believed that, "Government should limit its activities to administer justice, enforcing private property rights, and defending the nation against

aggression." The point is that the farther a government gets away from this limited role, the more that government strays from the ideal path. How this issue is handled by governments will decide whether the country can more closely follow Adam Smith's prescription for growth and wealth creation or move farther away from it."

Adam Smith was an 18th century philosopher renowned as the father of modern economics, and a major proponent of laissez-faire economic policies. In his first book, "The Theory of Moral Sentiments," Smith proposed the idea of the invisible hand—the tendency of free markets to regulate themselves by means of competition, supply and demand, and self-interest. Smith is also known for his theory of compensating wage differentials, meaning that dangerous or undesirable jobs tend to pay higher wages to attract workers to these positions, but he is most famous for his 1776 book: "An Inquiry into the Nature and Causes of the Wealth of Nations." This Scottish philosopher argued against mercantilism to become the father of modern free trade and was the creator of the modern-day concept commonly now known all over the world as Gross Domestic Product.

The Wealth of Nations was published during the first Industrial Revolution and the same year as the American Declaration of Independence. Smith's invisible hand became one of the primary justifications for an economic system of free market capitalism.

As a result, the business climate developed with a general understanding that voluntary private markets are more productive than government-run economies.

Even government rules sometimes try to incorporate the invisible hand. Former Fed Chairman Ben Bernanke explained the "market-based approach is regulation by the invisible hand" which "aims to align the incentives of market participants with the objectives of the regulator."

The End of Apartheid

Apartheid, the Afrikaans name given by the white-ruled South Africa's Nationalist Party in 1948 to the country's harsh, institutionalized system of racial segregation, came to an end in the early 1990s in a series of steps that led to the formation of a democratic government in 1994. Years of violent internal protest, weakening white commitment, international economic and cultural sanctions, economic struggles, and the end of the Cold War brought down white minority rule in Pretoria. U.S. policy toward the regime underwent a gradual but complete transformation that played an important conflicting role in Apartheid's initial survival and eventual downfall.

Although many of the segregationist policies dated back to the early decades of the twentieth century, it was the election of the Nationalist Party in 1948 that marked the beginning of legalized racism's harshest features called Apartheid. The Cold War then was in its early stages. U.S. President Harry Truman's foremost foreign policy goal was to limit Soviet expansion. Despite supporting a domestic civil rights agenda to further the rights of black people in the United States, the Truman Administration chose not to protest the anti-communist South African government's system of Apartheid in an effort to maintain an ally against the Soviet Union in southern Africa. This set the stage for successive administrations to quietly support the Apartheid regime as a stalwart ally against the spread of communism.

Inside South Africa, riots, boycotts, and protests by black South Africans against white rule had occurred since the inception of independent white rule in 1910. Opposition intensified when the Nationalist Party, assuming power in 1948, effectively blocked all legal and non-violent means of political protest by non-whites. The African National Congress (ANC) and its offshoot, the Pan Africanist Congress (PAC), both of which envisioned a vastly different form of government based on majority rule, were outlawed in 1960 and many of its leaders imprisoned. The most famous prisoner was a leader of the ANC, Nelson Mandela, who had become a symbol of the anti-Apartheid struggle. While Mandela and many political prisoners remained incarcerated in South Africa, other anti-Apartheid leaders fled South Africa and set up headquarters in a succession of supportive, independent African countries, including Guinea, Tanzania, Zambia, and neighboring Mozambique where

they continued the fight to end Apartheid. It was not until the 1980s, however, that this turmoil effectively cost the South African state significant losses in revenue, security, and international reputation.

The international community had begun to take notice of the brutality of the Apartheid regime after white South African police opened fire on unarmed black protesters in the town of Sharpeville in 1960, killing 69 people and wounding 186 others. The United Nations led the call for sanctions against the South African Government. Fearful of losing friends in Africa as de-colonization transformed the continent, powerful members of the Security Council, including Great Britain, France, and the United States, succeeded in watering down the proposals. However, by the late 1970s, grassroots movements in Europe and the United States succeeded in pressuring their governments into imposing economic and cultural sanctions on Pretoria. After the U.S. Congress passed the Comprehensive Anti-Apartheid Act in 1986, many large multinational companies withdrew from South Africa. By the late 1980s, the South African economy was struggling with the effects of the internal and external boycotts as well as the burden of its military commitment in occupying Namibia.

Defenders of the Apartheid regime, both inside and outside South Africa, had promoted it as a bulwark against communism. However, the end of the Cold War rendered this argument obsolete. South Africa had illegally occupied neighboring Namibia at the end of World War II, and since the mid-1970s, Pretoria had used it as a base to fight the communist party in Angola. The United States had even supported the South African Defense Force's efforts in Angola. In the 1980s, hard-line anti-communists in Washington continued to promote relations with the Apartheid government despite economic sanctions levied by the U.S. Congress. However, the relaxation of Cold War tensions led to negotiations to settle the Cold War conflict in Angola. Pretoria's economic struggles gave the Apartheid leaders strong incentive to participate. When South Africa reached a multilateral agreement in 1988 to end its occupation of Namibia in return for a Cuban withdrawal from

Angola, even the most ardent anti-communists in the United States lost their justification for support of the Apartheid regime.

The effects of the internal unrest and international condemnation led to dramatic changes beginning in 1989.



South African Prime Minister P.W. Botha resigned after it became clear that he had lost the faith of the ruling National Party (NP) for his failure to bring order to the country. His successor, F W de Klerk, in a move that

surprised observers, announced in his opening address to Parliament in February 1990 that he was lifting the ban on the ANC and other black liberation parties, allowing freedom of the press, and releasing political prisoners. The country waited in anticipation for the release of Nelson Mandela who walked out of prison after 27 years on February 11, 1990.

The impact of Mandela's release reverberated throughout South Africa and the world. After speaking to throngs of supporters in Cape Town where he pledged to continue the struggle, but advocated peaceful change, Mandela took his message to the international media. He embarked on a world tour culminating in a visit to the United States where he spoke before a joint session of Congress.

Impact of the collapse of the USSR on South Africa

This article was produced for South African History Online

22 Mar 2011

There were many reasons why apartheid collapsed. The collapse of communism in the Soviet Union was another major cause of the end of apartheid.

Under apartheid, South Africa was a fascist state with a capitalist economy. The National Party was strongly anti-communist and said they were faced with a 'Rooi Gevaar' or a 'Red Threat'. The apartheid state used the label 'communist' to justify its repressive actions against anyone who disagreed with their policies.

During the Cold War, there was a contest for influence in Africa, between the US and Western powers on the one hand, and the Soviet Union and Eastern bloc countries on the other. Most of newly independent ex-colonies in Africa received military and economic support from one of the Superpowers.

Despite its racist policies, the South African government was supported by many governments in the West, particularly Britain and the USA. This was because the South African government was anti-communist. The British and American governments used political rhetoric and economic sanctions against apartheid, but continued to supply the South African regime with military expertise and hardware.

The collapse of the USSR in 1989 meant that the National Party could no longer use communism as a justification for their oppression. The ANC could also no longer rely on the Soviet Union for economic and military support. By the end of the 1980s, the Soviet Union was in political and economic crisis, and it was increasingly difficult for the Soviet Government to justify spending money in Africa.

In 1989, President F.W de Klerk, the last apartheid Head of State, unbanned the African National Congress, the South African Communist Party and the Pan Africanist Congress. He states that the collapse of the Soviet Union was decisive in persuading him to take this step:

"The collapse of the Soviet Union helped to remove our long-standing concern regarding the influence of the South African Communist Party within the ANC Alliance. By 1990 classic socialism had been thoroughly discredited throughout the world and was no longer a serious option, even for revolutionary parties like the ANC.

At about the same time, the ANC was reaching a similar conclusion that it could not achieve a revolutionary victory within the foreseeable future. The State of Emergency, declared by the South African Government in 1986, and the collapse of the Soviet Union - which had traditionally been one the ANC's main allies and suppliers - led the organisation to adopt a more realistic view of the balance of forces. It concluded that its interests could be best secured by accepting negotiations rather than by committing itself to a long and ruinous civil war."- Quote source: www.fwdklerk.org.za

The Difference between the Private and Public Sector

It is important to understand the difference between the private sector and public sector because your privacy rights will differ depending on the legislation that an organization is governed under.

The Private Sector

The private sector is usually composed of organizations that are privately owned and not part of the government. These usually includes corporations (both profit and non-profit) and partnerships.

An easier way to think of the private sector is by thinking of organizations that are *not* owned or operated by the government. For example, retail stores, credit unions, and local businesses will operate in the private sector.

The Public Sector

The public sector is usually composed of organizations that are owned and operated by the government. This includes federal, provincial, state, or municipal governments, depending on where you live. Privacy legislation usually calls organizations in the public sector a public body or a public authority.

- Some examples of public bodies in Canada and the United Kingdom are educational bodies, health care bodies, police and prison services, and local and central government bodies and their departments. *Anthea Jeffery, Head of Policy*

Research, IRR. Jeffery is also the author of People's War: New Light on the Struggle for South Africa and BEE: Helping or Hurting?

- - Anthea Jeffery, Head of Policy Research, IRR. Jeffery is also the author of People's War: New Light on the Struggle for South Africa and BEE: Helping or Hurting *Anthea Jeffery, Head of Policy Research, IRR. Jeffery is also the author of People's War: New Light on the Struggle for South Africa and BEE: Helping or Hurting?*

The wider threat still overlooked – all roads lead to Communism...

Anthea Jeffery

Anthea Jeffery, Head of Policy Research, IRR. Jeffery is also the author of People's War: New Light on the Struggle for South Africa and BEE: Helping or Hurting?

With all that has happened over the past few days, it's incredible to suggest that despite the threat to Treasury there is still a much wider and deeper problem. There are few with the insight that the Institute of Race Relations' Anthea Jeffery holds, and what she unpacks in the piece below is most likely the final piece in the ANC's jigsaw puzzle. And the key to her summation goes back to the 1950s when she says the ANC was in effect captured by the SACP, which also highlights why President Jacob Zuma went to them first with the news he wants to fire Finance Minister Pravin Gordhan. Jeffery says the end goal is to ultimately create a Communist state, and it's all being achieved under the auspices of the National Democratic Revolution. This is another brilliant piece of analysis. – Stuart Lowman

UPDATE: Cape Messenger editor Donwald Pressly asked Jeffery how SACP deputy secretary general Solly Mapaila's press conference on Thursday fitted in with her analysis. He appeared to signal SACP unhappiness with the axing of Pravin Gordhan and Mcebisi Jonas. Also the SACP also has a special meeting in April to decide on the road forward with the ANC/SACP/Cosatu alliance

This is what Dr Jeffery had to say: I think this is just a minor blip. The SACP put Zuma into the ANC presidency in 2007 to help advance the NDR, but now they are concerned that his obvious flaws and close ties to the Guptas are so reducing support for the ANC that the horse they've successfully ridden into power for two decades might now not win. Hence, they'd like to hold him in check, so as not to turn the electorate still more against the ANC. If they think the ANC has become too hopelessly tarnished, they might perhaps want to distance themselves from the party and they might even seriously consider standing for election in their own right.

But in the end the ANC brand that they've so assiduously built up for so long is too important for them to jettison, especially as their own electoral support would be very limited. Plus the ANC's growing emphasis on radical economic transformation is exactly what they want. So I expect they'll remain in close alliance with the ANC, no matter how much they might criticize Zuma now (effectively, for weakening the brand). Their key aim will be to influence the succession in favour of someone who can help ensure an ANC victory in 2019 (if necessary, with the help of a deal with the EFF) and who will then continue moving towards the socialist/communist end goal without evoking the public anger that Zuma has unleashed.

President Jacob Zuma's peremptory recall of finance minister Pravin Gordhan from an investment roadshow in London shows how little Mr Zuma cares about the economy or the plight of the poor.

The president is clearly reckless as to how much his vendetta against Mr Gordhan undermines the country's growth prospects, pushes up the costs of servicing R2.2 trillion in public debt, or brings closer a ratings downgrade to junk status.

President Jacob Zuma meets with Finance Minister Pravin Gordhan and Deputy Minister Mcebisi Jonas to discuss the final touches to Budget 2016. (Photo: GCIS)

Yet South Africa's growth prospects are already very poor. As *Africa Confidential* reports, South Africa is one of the slowest growing states on the African continent, with a projected growth rate in 2017 of 1.1% of GDP. This is far below the growth rates projected for Ethiopia (8.9%), Cote d'Ivoire (8.0%), Ghana (7.5%), Tanzania (7.1%), Senegal (6.8%), and Rwanda (6.0%).

Most South Africans are of course rational beings who find it difficult to believe that the government could deliberately undermine the economy and hurt the poor and disadvantaged. Mr Zuma's recent conduct shows that his faction of the ANC, at least, has no such concerns.

If the president can act so recklessly against Mr Gordhan at so critical a moment for foreign investor confidence, then expropriation without compensation – whether supposedly 'within' the Constitution as now written, or following a constitutional amendment – cannot be ruled out.

Dr. Anthea Jeffery is Head of Policy Research at the IRR.

However, the real problem is much wider and deeper than what Mr Zuma has done this week. Ever since it was captured by the SACP in the 1950s, the ANC has effectively been the junior partner in an alliance aimed at the gradual crippling of the capitalist economy in pursuit of a socialist and then communist order. This is being achieved under the rubric of the national democratic revolution (NDR), to which the ANC plans to recommit itself in December this year – and which the SACP openly describes as offering the 'most direct' path to communism.

The ANC has long downplayed this objective, for it knows that any open acknowledgement of this goal would greatly weaken its popular support. Most South Africans have no wish to adopt the flawed ideology and centralized controls that so signally failed in the Soviet Union and Eastern Europe. Rather, they want to retain the political and economic freedoms that the ending of apartheid ushered in.

To disguise their real goals, the ANC and its communist allies have long been masters of propaganda: the constant repetition of a narrative which includes key elements of truth that give it credibility, but which nevertheless profoundly distorts reality. This narrative shifts according to the needs of the time, but it always

includes a careful choice of culprits to help deflect attention from the ANC's own agency.

In the ten years (1984 to 1994) of the ANC's people's war against its black rivals, the key culprits in the narrative were initially Inkatha 'warlords' and 'impis' in KwaZulu/Natal and later a sinister 'Third Force' made up of Inkatha and the South African Police. Both Inkatha and the police were of course to blame for many of the killings in this period. However, the narrative was also utterly misleading in obscuring the ANC's own major role in the deaths of some 20,500 black civilians.

Once the people's war had brought the ANC to power in 1994, political violence came to an end and the narrative shifted once again. To increase the state's control, weaken the economy, and prepare the way for ever more racial scapegoating, the narrative then targeted the commercial farming sector, the mines, the banks, the private health care sector, the supposedly white-owned media, and the many businesses (which despite the huge sums put into BEE and the practical obstacles to its success) had reportedly been dragging their feet on transformation.

Now that ANC/SACP policies have done so much to reduce growth, increase unemployment, and frustrate hopes of a better life for the poor, the ruling party is gearing up to fetter the economy still more firmly. It now wants 'radical economic transformation' to change the 'structure' of the economy. It is also seeking to push the BEE ownership requirement up from 25% to 51%, and is increasingly echoing EFF calls for the nationalization of land and other assets.

Not surprisingly, the dominant narrative has now shifted once again. Its current targets have expanded from the specific sectors listed above to include racism, colonialism, and 'white monopoly' capitalism. Increasingly, these factors are identified as the key reasons for economic malaise and worsening destitution. Moreover, as so often in the past, there are many commentators outside the ANC who uncritically endorse and echo this narrative and seek to punish those who step outside its limits.

This narrative is helping to prepare the way for ever more state ownership and control. It is also damaging the economy in other ways, by raising racial tensions

and eroding the social trust vital to investment. At the same time, it is calculated to play a particularly useful role in demonizing the DA and shoring up the ANC's failing support in the run-up to the 2019 general election.

What Mr Zuma has done in recalling Mr Gordhan from London is so obviously damaging that many South Africans will rally to the finance minister's defence. They might even persuade Mr Zuma not to go ahead with his proposed cabinet reshuffle. But the wider threat to the country from the ANC/SACP alliance and its NDR objectives generates little opposition because it is still so little understood.

The current narrative is thus likely to continue unchecked. So too will the impetus towards the radical economic interventions which the narrative legitimates. In time, the weakening of property rights and increased racial scapegoating will help to marginalize or drive out the established middle class. This in turn will greatly weaken the new middle class. It will also (if all goes to plan) culminate in a proletarian dictatorship under the incontestable control of the ANC/SACP alliance. This, as the ANC coyly puts it in its draft Strategy & Tactics document for 2017, will help to usher in 'a higher form of human civilisation'.

Do SOEs pose a threat to government's finances?

Charles Collocott

Charles Collocott, researcher, Helen Suzman Foundation

With little room to manoeuvre financially, the last thing government needs is for State-Owned Enterprises, (SOEs) to continue losing money hand over fist – especially SAA which has no developmental mandate and should be competitive. Several of the others have a monopoly and straight-out dysfunctional leadership, poor management and corruption are responsible for their ongoing debilitating drain on the fiscus. In this comprehensive and fact-filled analysis, Helen Suzman Foundation researcher Charles Collocot, unpicks them one by one. His review makes for worrying reading, but the most striking observations come from Treasury and the State Capture report. Treasury says operational inefficiencies, poor procurement practices, weak corporate governance and failures to abide by fiduciary obligations have plagued several SOEs that are now in serious financial difficulty. Madonsela's State Capture report urges a full probe into

Transnet's shifting of contracts to Trillian Capital, a mere 11 months after its registration. Trillian Capital is 60% owned by Salim Essa, a former business partner of Transnet board chairwoman Linda Mabaso's son Malcolm and a former business partner of Iqbal Sharma (chairman of Transnet's tender committee until December 2014) – and a Gupta associate. Her report on PRASA was aptly named 'Derailed'. We have a nine-month gestation period to the ANC's elective conference this December. What's born there will determine whether this cynical, corrupt deployment of incompetent Zuptoid functionaries to head up SOEs (and any other State entity you care to think of), will continue. That's the real problem. – Chris Bateman

Capital expenditure by state-owned enterprises ("SOEs") over the next three years is projected at R432bn. To put this all into context: capital expenditure by SOEs represents about 42% of total public sector infrastructure expenditure. For the 2015/16 period Eskom and Transnet made up 74% of the R128bn total borrowing by state-owned companies. Government's borrowing requirement for 2016/17 is R32.8bn higher than projected due to higher borrowing estimates by SOEs, primarily Eskom and Transnet.

Some of the major SOEs are dealt with below individually. All statistics and quotes are taken from the Budget Review [1], unless otherwise specified.

Eskom

Government has extended its existing guarantee of R350bn in favour of Eskom to 31 March 2023, which will allow it to complete its current capital expenditure programme up to that date (Note: this does not include any new nuclear construction). At the end of 2016, R187bn had been drawn under these Government guarantees (out of Eskom's total debt of R322bn). Foreign loans are expected to account for over 77% of total funding for Eskom by 2017/18.

Even if not mentioned in the Budget Review, it is clear that the potential nuclear construction programme needs to be included in any analysis, simply because of the sheer amount of money involved. If this programme goes ahead, Eskom has

declared that it will finance it on its own balance sheet. If a cost of R650bn is assumed (accepting Government's extremely conservative estimate, widely seen as unrealistic), this will have to be funded by foreign debt, to be supported by whatever country provides the power stations. There is insufficient liquidity and appetite within South Africa to fund this locally. It is assumed that debt of this magnitude will have to be covered by a South African Government guarantee – and this would increase total Government guaranteed debt for SOEs from the current R469bn (of which R350bn is for Eskom), to well over R1,000bn. This excludes Government guarantees to Independent Power Producers of R200bn under the renewable energy programme.

In the normal course of events, one would not assume that Government would be called on to honor its guarantees for any substantial part of the SOE debt that it has guaranteed. However, if the guaranteed SOE debt reaches very significant levels, it is to be expected that concern will rise in the financial markets as to the possibility of some guarantees being called. This is especially so if negative reports regarding SOE governance and financial management continue to hit the headlines. Calls on the guarantees would lead to an increase in Government expenditure and the question would then arise: how are these increased spending levels going to be funded? Current Government revenue is insufficient to fund such payments (unless spending in other areas is cut, which is highly unlikely) and Government debt already represents 50.7% of GDP. Whilst this level is not in itself excessive, red lights will start flashing at increases of any substance beyond this level. Current debt service is already at 11.2% of Government expenditure and any further debt service will simply eat into other budget items, especially against the background of an economy which is showing very modest annual growth of 1.3%. This pedestrian growth makes any significant increase in Government tax revenue highly unlikely.

It must be added that a major advantage for South Africa's financial position is that its Government debt is only held in foreign currencies to a limited extent (11%). Government debt is therefore shielded, to a large degree, from a substantial depreciation in the local currency – and this is a luxury most emerging market

economies do not have. However, keeping in mind the implications of a large increase in Eskom's foreign debt in connection with any nuclear construction programme that is backed by a Government guarantee, not only could Government's contingent exposure (and potentially, its actual exposure) change to a substantial degree, but its exposure may potentially balloon at the same time to frightening levels as a result of any meaningful currency depreciation.

Transnet

Transnet's revenue grew 1.7% to R62.2bn during 2015/16 and capital investment came to R34.3bn. In the past 5 years Transnet has spent R122.4bn on capital expenditure. It plans further investments of R273bn over the next 7 years to be funded by earnings and borrowings. According to the Budget Review foreign borrowing will decline.

Transnet currently benefits from a very limited Government guarantee of R3.5bn.

The Public Protector stated in her State of Capture report of October 2016 that her office will be investigating Transnet regarding the awarding of contracts previously held by Regiments Capital, to another company, Trillian Capital, a mere 11 months after Trillian Capital's registration. Trillian Capital is 60% owned by Salim Essa who is a former business partner of Transnet board chairwoman Linda Mabaso's son Malcolm, a former business partner of Iqbal Sharma (chairman of Transnet's tender committee until December 2014) and a Gupta associate.

The Road Accident Fund (RAF)

The RAF received a lot of attention in the Budget Review. It has been insolvent for over 30 years. Its liabilities exceed its assets by R145bn for 2015/16 and this is set to increase to R329bn by 2019/20. The Budget Review states that the "marked decline in solvency poses a risk to the RAF's operations and the fiscus".

After a long delay in implementing reforms, Treasury expects draft legislation to create a new Road Accident Benefit Scheme to replace the RAF to be tabled in

Parliament this year. "The new arrangement is designed to provide equitable, affordable and sustainable compensation".

South African Airways

SAA pared its losses from R5.6bn in 2014/15 to R1.5bn in 2015/16, mainly due to lower fuel prices and lower asset impairments. Despite this, the Budget Review states that "SAA remains technically insolvent" and relies on government guarantees totaling R19.1bn. Treasury further states that "SAA's liquidity constraints are expected to persist over the medium term.

Duduzile Myeni, chairwoman of South African Airways (SAA), speaks during a visit to the company's offices by South Africa's President Jacob Zuma in Johannesburg on May 6, 2016. Photographer: Waldo Swiegers/Bloomberg

Government will work closely with the board to reduce associated risks...Advisors are assisting government with a review of the state's aviation assets. The review is expected to be complete by the end of March 2017."

South African Post Office

The South African Post Office (SAPO) aims to return to profitability by 2017/18. Postbank (owned by SAPO) has a temporary banking licence and will be corporatized over the medium term. Postbank's application for a full banking licence has been submitted to the Reserve Bank. SAPO has also been cited recently as a potential service provider to the South Africa Social Security Agency (SASSA) in the distribution of governmental social grants. SAPO CEO Mark Barnes said that he is "finding it difficult to understand" why SAPO is not tasked with distributing social grants and that "we do believe that the Post Office is the right vehicle for this in the long term – well, in the immediate term for that matter." [2]

Passenger Rail Agency of South Africa

The Passenger Rail Agency of South Africa (PRASA) yielded savings of R403m in 2015/16 through cost-containment efforts but had a 7% (R205m) decline in

revenue. PRASA is in the third year of a fleet renewal programme which is expected to cost R53bn in total with the Department of Transport providing a R49.3bn capital transfer over the medium term.

In 2014/15, PRASA audit findings reported irregular expenditure amounting to R550m prompting the board to institute a forensic investigation. Subsequently the Public Protector issued a damning report on PRASA entitled *Derailed*. Within the report the Public Protector made the general observation that “a culture of systemic failure to comply with the Supply Control Management policy, particularly involving a failure to plan for bulk procurement, test the market appropriately for competitive pricing and to manage contracts, which culture may have cost PRASA millions in avoidable expenditure and preventable disruption of services.”

The Public Protector has commissioned Werksmans Attorneys to conduct a forensic investigation into PRASA based on the *Derailed* report. By August last year the amount owed to Werksmans came to R80 million, with no end to the investigation in sight.

Government Employees Pension Fund

The fund holds R1, 600bn in assets, which is sufficient to cover 115.8% of its liabilities (down from 121.5% in 2014) on a best estimate basis. This liability measure refers to the present value of future pension payments should the fund theoretically be required to immediately fulfil its obligations. On a stricter liability measure, assuming the fund is a going concern and reserves are required to take into account inflation, pensioners living longer and financial markets risk, the assets cover 79.3% of liabilities (down from 83.1% in 2014). The assets are managed by the Public Investment Corporation (PIC), which delivered returns of 9.2% in 2015/16.

South Africa Social Services Agency (SASSA)

SASSA has received a lot of publicity of late but was not addressed in the Budget Review. A crucial date prior to the expiry of the current service provider contract on 31 March 2017 will be the Constitutional Court hearing on 15 March 2017.

Treasury's overall assessment of the SOE sector

The Budget Review states that "At a consolidated level, the financial position of public entities improved in 2015/16", but acknowledges that in spite of a sound legal framework that governs SOEs, "operational inefficiencies, poor procurement practices, weak corporate governance and failures to abide by fiduciary obligations have plagued several companies that are now in serious financial difficulty...While state-owned companies have a developmental mandate, the 16 largest companies are required to be financially sustainable under the Public Finance Management Act. In 2015/16, their combined return on equity, which measures how much profit is generated with shareholder funds, was 0.8%. Using the R186 bond as a proxy, government's average cost of borrowing is 8%. When government borrows at 8% and provides capital to state-owned companies that are generating a lower return on equity, it represents value lost to public finances".

Conclusion

In assessing the overall financial performance of those SOEs which have a developmental or social mandate, it is not always helpful to draw comparisons with the financial achievements of large companies in the private sector. However, in the case of SOEs such as SAA which operate in competition to private commercial entities, this comparison is more than appropriate and the question may be asked as to why such SOEs are effectively subsidized by Government. Another factor that should be taken into consideration is that many of the important SOEs have an effective monopoly (for example Eskom, Sanral, ACSA and Transnet) and it is not difficult for them to survive in spite of their own inefficiencies – also since the public/taxpayer will be there to plug any financial holes that may appear. Recent news reports have indicated that the quality of general corporate governance at a number of these entities is clearly not up to scratch and the main concern therefore

remains the effect of inadequate governance not only on the SOEs' own financial management but also on the national finances. In the current economic situation, Government does not have much room to manoeuvre in a financial sense and if any of its contingent exposures are realized to a substantial degree, it will be faced with serious problems.

A government fighting its own people

Gideon du Plessis

Gideon du Plessis is Solidarity's General Secretary

The question then arises: What does the ruling party have against its own people, and the unemployed in particular, by disadvantaging them to such an extent through poor governance? Government and Cosatu often refer to the so-called triple enemy of poverty, inequality and unemployment which is supposedly caused by "white monopoly capital". The real triple enemy of the country, and especially its poor, comes in the form of an obsolete ideology that the state has to control everything, individual obsession with power and corruption.

While all successful organisations and governments the world over know the value of good appointments, our government must still learn to appreciate the value of sound, competent appointments across all levels of government and across all sectors. If that is indeed grasped, then the economy will begin to grow; government will collect more tax revenue; unemployment will come down drastically; service delivery will be at first world standards in most parts of the country; informal settlements will shrink; crime will come down; racial tensions will be turned into national pride; public schools will produce the type of students who can compete with the best in the world at universities and colleges; affirmative action that has a sunset clause will succeed thanks to a supply of skilled people to the labour market; the Springboks, Proteas and Bafana Bafana will again be top teams in the world; and US President Trump will be thanked for the high wall he built around Nkandla.

Unfortunately, the unanswered question still remains, and that is: What needs to be done to make the ruling party realize that their traditional supporters – the poor and the unemployed – are the main victims of their poor appointments? Or, is it perhaps by design that one's supporters must stay poor, illiterate and dependent on the state?

25 Differences between Private Sector and Government

Managers

05/01/2013

Jan Mares

Jan Mares is a senior policy advisor at the Washington economic and environmental think tank Resources for the Future. A veteran of Union Carbide Corp., he was the assistant secretary for fossil energy at the Department of Energy during the Reagan Administration and a key manager in the Department of Homeland Security in the administration of George W. Bush.

It's become a cliché that government would be better if it were only run by private-sector managers using standard business practices. But Jan Mares, who has been in both environments, says it is not the same. Mares, who worked in the private sector in the chemical and manufacturing industries, and was the fossil energy chief in the Reagan administration's Department of Energy, offers 25 reasons why government management and business management are not the same.

1. The size, dollar value, and complexity of many government programs exceed that in the private sector.
2. The government has fewer measures of progress or success than the private sector, although that is changing as a result of the Government Performance Reform Act requirements. Spending on a program is not equivalent to progress. The private sector has profit as a clear-cut measure.
3. Most individuals join private sector organizations with the expectation and hope that they will have an opportunity either to earn significant amounts of money or to be trained such that the opportunity to earn significant amounts of money could occur in a later job. The individuals who join governments do so knowing

that high compensation rates are not possible; they join for other reasons such as providing for others and/or having more power/responsibility than in the private sector. Managing these two dramatically differently motivated groups is significantly different for each group.

4. The civil service and compensation rules of the government make it more difficult to encourage outstanding performance and discourage poor performance.
5. There is very little personal gain in the government for taking risks on policy or programs and being successful in achieving the goals more effectively. However there is potential for substantial criticism and other personal loss if the innovative attempt fails.
6. The key reality to the private sector is market-driven competition, whereas the same in the government is almost always a legislated monopoly.
7. Private sector managers worry about creating added value, i.e. a product or service that can be sold competitively to the public. This requires the ability and skill to change, evolve, adapt and improve constantly. Government is frequently quite different. Managers in the government often know what needs to be done and desire to do it but are facing restrictions of laws, regulations, policies, often made years earlier for other circumstances, that prevent prompt action.
8. Authority and responsibility in the government tends to be asymmetric while authority and responsibility in the private sector are more clearly balanced. Responsibility in the government can be enormous while authority is frequently quite limited.
9. Authority in government may be ambiguous and unclear in some circumstances. In other cases it is very clear and tightly restricted through laws, regulations, policies and directives that leave little, if any room for individual initiative.
10. In most outstanding private sector organizations there are clear, well-understood, job-by-job, top-to-bottom goals and objectives. In government, goals and objectives have been ill-formed, fuzzy and soft. The Government Performance Reform Act and individual departments are striving to change this. Goals in the government are often divergent which may lead to confusion.

11. The senior/political leadership in Departments and Agencies turns over more frequently and to a larger extent than occurs in the private sector. Cabinet Secretaries do not stay longer than three years on average; Assistant Secretary tenure is less than 24 months. New Cabinet Secretaries frequently replace significant numbers of senior leadership in their first year. This causes starts and stops in direction of Departments or Agencies. The only similar private sector situation is a hostile takeover.
12. The average years of experience either on the substantive matters for which they are responsible or in management generally for political leadership is much, much less than their counterparts in the private sector. This is particularly true for individuals below level of Cabinet Secretary.
13. The main goal of most political appointees is to promote the policies of the Administration and/or change the policies of the previous Administration. Few political appointees focus on organizational management issues because they have no experience; will not be in government long; and desire to focus on policy issues, not management issues. Political appointees receive little encouragement to focus on management issues.
14. The various forms of control on a government agency versus the few on the private sector are staggering. A government agency has at least three different leadership groups to which it is responsible. One has 100 CEOs (the Senate); one has 435 CEOs (the House) and one has one CEO (the President) and at least 435 assistants (the White House staff including OMB, CEA, OSTP, NSC, HSC [Homeland Security Council] and others). The result is that there is confusion and potential delay on most significant issues or decisions. Furthermore many of these "CEO's" and/or their staffs require reports about actions and/or their approval or clearance for actions sought to be taken by the agency in accordance with existing laws and policies.
15. The staffs of the Appropriations, Authorizing and all Government Oversight Committees are very powerful and can directly or through their members direct government agency actions. The Executive Branch disregards such staff at its peril. No similar institution affects the private sector.

16. The norm in the Executive Branch is for Secretaries to have multiple Special Assistants with even Assistant Secretaries having from one to three. Unless these assistants are experienced and/or wise, which is not normal, they can cause confusion to the subordinate officials about what is desired by their principal. In the private sector special assistant positions are rare.
17. The oversight of an Executive Branch agency is much greater than of an organization in the private sector. That oversight is by both governmental and non-governmental entities.
18. Governmental Oversight. (a) Each Department has an Inspector General who is charged with evaluating the Department for waste, fraud and abuse, and poor management. The IG has access to any aspect of the agency business and reports its findings simultaneously to the Congress and the Secretary. (b) The Appropriations, Authorizing and Government Reform committees in each chamber have periodic hearings or other forms of oversight over the agency. (c) Congress itself has the General Accountability Office, the Congressional Budget Office, and the Congressional Research Service, which investigate, to varying extents, and write reports on the Executive Branch agencies.
19. Non-governmental oversight. This is also more extensive than that of the private sector. The national press, general media, and trade press cover the Executive Branch extensively. There are multiple "think tanks" concerning almost every aspect of the Executive Branch, which write reports criticizing Executive Branch actions. The affected private or public sector stakeholders will provide information and leads to the press and the Congress. These stakeholders are frequently organized through trade associations or non-governmental organizations, which know how to influence government action.
20. "Whistle blowers" receive more encouragement and protection in the government than the private sector and are thus more active. They provide insights and information to the Congress, the media, and/or the affected stakeholders because of policy differences with the Administration, anger with their employer, or for other reasons.

21. The government is much slower in action than the private sector; there is little sense of urgency or time; the analogy of the time and distance involved with turning an oil tanker is apt.
22. Career, and on occasion political, staff in the Executive Branch have the ability to slow down and/or derail actions of the Secretary or President by very slow compliance or “apparent” compliance with decisions and/or orders. Those who wish to slow or delay action may provide information to individuals in other parts of the Executive Branch or more often to those outside the Executive Branch in the private sector or the Legislative Branch with the expectation that they will challenge or question the action being directed by the Secretary or the President. Such lack of support of the organization’s leader and/or loyalty to the organization would rarely occur in the private sector.
23. Since political appointees know that their job tenure is very finite, they frequently spend a disproportionate amount of time considering or working towards their next private sector activity. This distraction, with its implications for the performance of the individual and those organizationally above or below the individual, does not occur in the private sector.
24. In government, issues are rarely “permanently” decided with little chance of modification or reversal. Changes in control of the White House or one or both Houses of Congress can frequently lead to reconsideration of previous firm decisions, whether or not the external fact situation has significantly changed.
25. Because the tenure of political employees is limited compared to career employees and the relevant experience of the political employees is likely to be less than that of the career employees, there are significant opportunities for conflicts between the “B Company”, i.e. the career employees who “B there before and B there after” the political employees. The career employees recognize that the Congress or the private sector may react negatively to changes being proposed or implemented by political employees who will be departed by the time the negative reaction affects the government organization.

SA's sizeable and costly public sector

Business Times

May 08, 2012

The government employs more than a fifth of formal sector workers in South Africa and pays its employees an average 34% more than the private sector does.

According to trade union Uasa's 2012 Employment Report, the average gross wages of government employees are higher than the average gross wages across all sectors in the Organisation for Economic Cooperation and Development (OECD), a group of mostly rich countries.

Net wages after taxes in the South African government are higher than net wages in Germany, Sweden and Finland, on a dollar purchasing power parity basis.

The report showed government salaries account for more than 12.8% of GDP and, when the salaries paid by state-owned enterprises are added, it increases to more than 14.3% of GDP.

Mike Schüssler, economist at Economists.co.za, who compiled the report for Uasa, a multi-sector union with 73,000 members, said the public sector has grown from 11% of total employment in 1970 to 22.8% today.

"This means SA has more civil servants than the total number of people employed in mining and manufacturing combined. We cannot have more people in the government than we have people producing things. This is apart from the fact that more people get an income from welfare than from employment," he said.

The state salary bill was about R382-billion last year, which could have paid for 19 Gauteng Freeway Improvement Projects.

Finance Minister Pravin Gordhan said in his February budget the public sector wage bill was the largest component of current expenditure. He allowed for only a 5% cost

of living adjustment for public servants, excluding pay progression, in the 2012-13 budget.

The report states it is specifically the wages of unskilled and semi-skilled workers which are too high - in the government and private sectors.

In the last 40 years the real unit labour cost in SA has increased twice as fast as the OECD's average.

"The cost of producing things in the rest of the world is falling, whereas in SA the cost of producing things is rising and that makes us less and less competitive," Schüssler said.

"Overpaid, unskilled workers are keeping other people out of employment. Lower level civil servants in SA, like cleaners, earn more than teachers in India or Brazil," said Schüssler.

'SA's formal sector overpays low-skilled workers'

South Africa's formal sector often overpays those with relatively few skills, while those with skills are often underpaid in relative terms, the 2012 South African Employment Report shows.

This, the report said, was not conducive for development or further employment creation if nearly 60% of the unemployed were unskilled.

"This, more than anything else, helps to explain SA's lack of job creation over the last two or three decades," said Mike Schussler, economist with economists.co.za, who participated in the compilation of the report.

Unskilled wage rates had rocketed about twice as quickly as in the rich world, after inflation, while management and specialised skills were often underpaid, the report showed.

These factors, the report added, explained why people could not find work as the price of certain labour had become unaffordable.

"SA's unskilled earn too much in both relative and in absolute terms," said Schussler.

SA's salaries seemed to be on par with rich countries rather than with developing countries, he said.

The report suggested that SA should employ people in "training" jobs at lower salaries for a period of time to enable them to gear up their employability.

UASA believed that a starting wage subsidy might help lower the effective salaries of unskilled and semi-skilled people and could make a difference in the unemployment rate.

Entrepreneurship

Bryan Britton

Stepping Stones 2010

He is worth 7, 9 billion rands. He controls businesses worth 87,6 billion rands. He owns a football club. He has been called the "Prince of Mining". And at age eight, he sold bread rather than play with the other kids.

He is Patrice Motsepe.

He says: "The fact is I've had the entrepreneurial spirit since I was a child. It was part of the way I grew up". He attributes his success to learning to run a business from his father.

The world over, entrepreneurs provide that spark of ingenuity that triggers innovation and growth; sometimes in doing old things in new ways, at other times in doing entirely new things. Either way these gifted individuals pioneer new industries and activities which advance, not only themselves, but those around them. They create employment. Taxes on their activities provide governments with the ability to advance their citizens, uplift their poor and care for their aged and infirm. And when

they are guided by 'good', as Patrice Motsepe is, the success of their talent spills over into the lives of all of those who seek 'good'.

Governments need to downsize, in deference to a private sector driven by the likes of Patrice Motsepe, Bill Gates, Richard Branson, Oprah Winfrey, Donald Trump and Thomas Edison.

Entrepreneurship is essentially the act of creation, requiring the ability to recognise an opportunity, shape a goal, and take advantage of a situation. Entrepreneurs plan, persuade, raise resources and give birth to new ventures. Entrepreneurs bring about change for a specific benefit. That benefit need not necessarily be financial but may be an improvement in, for example, conservation of energy, protection of resources or improved living conditions.

The characteristics found in many entrepreneurs are:

- * A positive attitude
- * Self reliant
- * Hard working and energetic
- * Goal orientated
- * Passionate and committed
- * Adventurous
- * Persistent
- * Self confident
- * Innovative
- * Quick learner
- * Versatile

* Pragmatic You will find that a good entrepreneur is also curious, time conscious, seldom despondent, interested, interesting and does not suffer fools easily. True entrepreneurs are patient, do not give up easily and are self motivated.

This is what some of the more prominent entrepreneurs have had to say in the past:

I never perfected an invention that I did not think about in terms of the service it might give others. I find out what the world needs, then I proceed to invent.

Thomas Edison

Business opportunities are like buses, there is always another one coming.

Richard Branson

The important thing is not being afraid to take a chance. Remember, the greatest failure is not to try. Once you find something you love to do, be the best at doing it.

Debbi Fields

We were young, but we had good advice and good ideas and lots of enthusiasm

Bill Gates

Listen to your gut. Stick with what you know. Sometimes your best investment is the one you don't make.

Donald Trump

In South Africa today, where the country suffers from high unemployment, too much government, overpaid and underperforming provincial and local tiers of the public sector, embarrassing crime and corruption levels and constant interference with market mechanisms, encouragement of a vibrant entrepreneurial culture is a long overdue imperative.

In 2001 South Africa participated in the Global Entrepreneurship Monitor for the first time. Since then the country has failed to improve in the rankings. For the record here is our dismal performance.

Year	Ranking
2001	14 of 29
2002	19 of 37
2003	22 of 32
2004	20 of 34
2005	25 of 35

It has been said in the past that “’n boer maak ’n plan” (a white Afrikaans farmer makes a plan). There is no evidence in these statistics that this is even remotely true. In terms of start-up ventures becoming successful businesses, South Africa ranks last in the world with Mexico.

Perhaps some young South African, somewhere, will be incensed by this woeful national performance and will rise to the challenge of doing something about this alarming state of affairs.

The government of the day should initiate the process by first addressing the shoddy secondary and tertiary education process, discussed later in this book, and then secondly by introducing business studies to induce a culture of entrepreneurship in our young learners.

Governments are there to level the playing field, so that the private sector can create profits. The South African government has since 1994 usurped the role of the private sector. Not only have they pinched the pass to the private sector, but they have dropped the ball. Their attempts to create new business have been fraught with corruption, smothered in nepotism, bent by self-interest, tainted by poor insight and typified by naive management.

Government should stick to the knitting. They should expend time, effort and money on honing an environment conducive to incubating and nurturing small business. An entrepreneurial culture will then take root and grow. Government should educate, mentor and incentivise small business-not try to be small business.

A few success stories, where the public sector has done this elsewhere in the world, are listed below:

Famous Entrepreneur	Industry
Jeff Bezos	Internet-Amazon
Michael Dell	Computer hardware
Walt Disney	Entertainment
Larry Ellison	Oracle software
Debbi Fields	Biscuits
Barry Gordy	Motown Records
Milton Hershey	Confectionery
Wayne Huizenga	Waste management
Steve Jobs	Apple computers
Ray Kroc	McDonald's
William Levitt	Housing
Howard Schultz	Starbuck's coffee

The world over it is accepted that entrepreneurship creates employment. It is long overdue that South Africa awakens to this fact. The Department of Trade and Industry has lost billions in proving that it is a poor creator of employment.

The Labour Force Survey of September 2007 categorised the South African labour force as follows:

Category	%	Number
Persons employed	43.51%	13,234,000
Persons unemployed	12.97%	3,945,000

Available labour force	56.49%	17,179,000
Not economically active	43.51%	13,234,000
Persons comprising the labour market	100.00%	30,413,000

According to these statistics, 56.48% of the labour market in South Africa is neither economically active nor employed. Having won the right to stage the 2010 FIFA World Cup Football Tournament, temporary employment on major infrastructural projects will bring some relief to the unemployed sector. However, skills learned in this short-term environment must be translated into sustainable long-term employment, otherwise these individuals will revert to the unemployed sector, albeit with slightly enhanced skills. World Cup employment will have to be extended, through economic growth and new projects, some perhaps stimulated by interest in South Africa during this country's two months in the world spotlight. The stage is set for astute entrepreneurs to utilise this newly-trained labour force, by initiating profitable, labour intensive activity post 2010.

The challenge will be for government to incentivise such entrepreneurs. And to incentivise some of the newly trained labour force to establish training facilities to teach others from the unemployed pool the details of their newly acquired skills.

Venture capitalists will tell you that there is no shortage of funding for viable new business ventures. There is similarly an abundant deal flow. The two ingredients in short supply are (i) professional business planning and (ii) jockeys.

Instead of attempting to manage their own ventures, government should rather plough their funds into effective education. Train the jockeys. Train them at school. Teach them the fundamentals of business, alongside reading, writing and arithmetic. Create a culture of business jockeys, to ride the abundance of opportunities. When these jockeys graduate, they will become job creators through their ventures and business endeavours

Mentorship needed for entrepreneurial success in SA – CEO

Carin Smith

Feb 03 2017

Cape Town - The failure rate of start-ups in South Africa is too high and mentorship could be what is needed, according to Adrian Gore, founder and CEO of the Discovery Group.

In his view, "old retired white guys" could give back by helping start-ups and add value through mentorship.

"Perhaps the focus in SA should be on creating opportunities and then the natural entrepreneurs will respond," Gore said at a business breakfast hosted by Deloitte and Accelerate Cape Town on Thursday.

"It is about tech support, training and working with communities to identify challenges and then addressing the problems and needs in the communities in an entrepreneurial way," he said.

Following discussions with Minister of Finance Pravin Gordhan post Nenegate in January 2016, the CEOs Initiative SME work stream, led by Gore and Bidvest founder Brian Joffe, brought together experts in the public, private and NGO sectors to explore solutions for stimulating entrepreneurial activity. One of the outcomes was the set-up of an SME Fund.

"Yes, SA needs jobs or we run the risk of disaster with an army of 5 million unemployed people. If you have no job, you have no hope and no self-esteem," said Gore.

"But who creates jobs? Big business and government can't create jobs. Government has budget constraints and big business grows through efficiencies. Only entrepreneurs and SMEs create jobs. That is why

the SME Fund wants to stimulate this sector by creating a proper environment."

The aim is to create a network for entrepreneurs. R1.5bn has already been raised for the project.

"Where will it lead to? I do not know. As we go along we will learn and listen, but it captures the intent and goodwill of business," said Gore.

"Successful companies make a country more efficient. You don't have to export to create jobs. The supply chain of a company can, for instance, be used to help start-ups."

The aim is for a successful SME Fund to create a knock-on effect.

"I hope the structures we are creating will make a more viable business sector. Small businesses become medium-sized businesses if they are successful and then they create jobs. We should try to coordinate all our lofty goals," said Gore.

"We need to celebrate successful entrepreneurs and maybe also do entrepreneurial training in schools."

IMPLOSION

The debates leading up to this moment in the history of South Africa, all have their apex on Friday March 31, 2017. The other side has won and it cannot be a coincidence that the first day of the new South Africa is April fool's Day.

March 31, 2017 will be forever remembered as the day when Zuma fired Gordhan and his sidekick Jonas. The two true South Africans who resolutely defended the last bastions of democracy – the Treasury and the Public Investment Corporation.

The kleptocrats, looters, thieves and thugs have now assailed the ramparts and are about to rampage through the castle.

The soldiers who made the breach possible should however prepare to go back to their lowly billets. The loot will be shared by a small group of generals who mysteriously appeared, at the time of the breach, from out of the shadows.



In 1994 South Africa was welcomed with open arms back into the international community. It was the new poster boy for democracy, the triumph of right over wrong, good over evil and was regarded as the shining light of Africa. First world economy in third world Africa led to talk of a new gateway to the lost continent.

Some twenty three years later the country finds itself hostage to Zany Zimbabweans, Indian Gangsters, Chinese Communists, Russian Oligarchs, Homeless Kleptocrats, Brazilian Beggars, the ghost of Fidel Castro and anyone else prepared to open their purse for the greedy goat herder who runs the country.

How Zuma's firing of Gordhan severely damages South Africa

Ray Hartley

2017-03-31

We have stepped through the looking glass and we are now in another country, writes Ray Hartley

Against the advice of senior ANC leaders, business, his allies in Cosatu and the SACP and investors, President Jacob Zuma has fired finance minister, Pravin Gordhan.

Make no mistake this is a turning point for the country and the ANC.

For the country, a ratings downgrade and junk status looms. This means that the cost of borrowing is about to go through the roof. This will raise the price of everything and add to the cost of investment in the South African economy.

The currency is likely to be severely battered as the downgrade forces funds to sell South African bonds and assets.

Government debt will rise significantly, reducing government's ability to allocate funds to its programmes as more and more money has to go to servicing debt.

For government, the implications are enormous. The Treasury will lose its credibility as it becomes a clearing house for looting.

Gordhan will go and a new minister and 'advisors' will move in, leading to an exodus of the brains trust that has held the line for the past two decades.

Banks will come under severe pressure over the closure of the Gupta accounts and you can expect regulators to be taken over and turned into tools used by Zuma's cronies to settle scores and create enrichment opportunities.

Expect a Gupta bank to be approved and then expect it to place itself in the middle of any major government financial activity.

For the ANC, the ramifications are serious. The party's electoral support will enter terminal decline as it loses the last of its support in the middle class and among workers, who will bear the brunt of a tanking economy.

A range of ANC leaders will now go into open rebellion against Zuma who may find himself challenged in Parliament which has begun to take a critical view of his presidency.

Zuma will face a vote of no confidence and it is no longer a sure thing that the ANC's MPs will all be whipped into line, especially if a secret ballot is allowed.

The party's leadership will be Zuma's next target as he seeks to shut down dissent and shore up his ability to secure the position of his successor - or an extended term for himself - at the party's December conference.

Expect a serious attack on Ramaphosa in an effort to discredit him ahead of the conference.

In short, we have stepped through the looking glass and we are now in another country.

All the Ministers Who Were Fired By Zuma

Staff Reporter

31/03/2017

Pravin Gordhan was not the only casualty of 'Black Friday'. President Jacob Zuma emptied his Cabinet of many critical members.

While all the news focused on the axing of Pravin Gordhan, the former finance minister was not the only one to fall entirely out of the Cabinet. These are those who lost their positions and were not moved sideways:

Pravin Gordhan

After months of strife, which included a bizarre set of questions sent by the Hawks, the former finance minister was finally deposed, allegedly on the strength of an intelligence report compiled for President Jacob Zuma which claimed that he was secretly meeting with people overseas to plan an "overthrow of the state."

Derek Hanekom

The former tourism minister has been one of Zuma's strongest critics. Last year, following a string of scandals and a poor local elections campaign, he led a failed revolt against the president in the African National Congress' national executive committee. He was backed by Thembelani Nxesi, Aaron Motsoaledi and Jackson Mthembu.

Ngoako Ramatlhodi

As minister of mineral resources, he was one of the people who stepped forward to confirm that he had been approached by representatives of the Gupta family. He was quickly moved aside for Mosebenzi Zwane, and sent to the public service and administration portfolio.

Dipuo Peters

Peters has been the minister in charge while several state-owned enterprise scandals rolled on, and on. She shut down a probe into the various dodgy deals surrounding the Passenger Rail Agency (Prasa) last year, and most recently dissolved the entire board over the controversy. (Some of the board members are suing her in court.) She also pulled the same move on the Airports Company South Africa board.

Tina Joemat-Pettersson

The energy minister's case is a strange one. A staunch defender of Zuma, she was in charge of easing the lucrative nuclear deal through the various processes, but couldn't do it. She's been replaced by Mmamoloko Kubayi, one of the members of Parliament who greenlighted former police minister Nathi Nhleko's discredited Nkandla report.

The fired deputy ministers:

Mcebisi Jonas

Rejoice Thizwilondi Mabudafhasi

Thandi Tobias-Pokolo

The Dalai Lama, when asked what surprised him most about humanity, answered "Man. Because he sacrifices his health in order to make money. Then he sacrifices money to recuperate his health. And then he is so anxious about the future that he does not enjoy the present; the result being that he does not live in the present or the future; he lives as if he is never going to die, and then dies having never really lived."



