



The Longer Walk to Economic Freedom

By Bryan Britton

Foreword

The start of South Africa's decline, from 'Rainbow Nation' to 'State Capture', can be traced back to the election of Jacob Zuma as President.

In 2007, together with COSATU, the SACP helped anti-Mbeki elements to seize control of the ANC, to have Jacob Zuma appointed as President of the ANC and to subsequently influence the recall President Mbeki.

Together with COSATU, it took the lead in dispensing with President Mbeki's successful GEAR economic policies.

In 2012, the SACP played a leading role in formulating and introducing the radical second phase of the National Democratic Revolution (NDR).

The NDR has become the ANC's guiding ideology and is the fountainhead of government policy. Incredibly, its central element is an ongoing struggle by the ANC controlled state against white South Africans based on their race.

The National Development Plan (NDP), formulated to set development goals for the country to the year 2030, meanwhile gathers dust under the guidance, or lack thereof, of Minister Radebe.

On Wednesday May 17, 2017, former finance minister Trevor Manuel, the Chairman of the National Planning Commission Committee which produced the National Development Plan, asserted that the National Development Plan was no closer to realization than when it was adopted six years ago.



Minister Jeff Radebe (left) is charged with implementing the National Development Plan for the ANC Government

He is married to Bridgette Radebe, South Africa's first black female mining entrepreneur and sister of the billionaire mining magnate, Patrice Motsepe. Radebe studied towards a law degree at the University of Zululand and finished an LLM in International Law at the Karl Marx University in Leipzig in 1981. He was sentenced to a 10-year imprisonment on Robben Island., Radebe was released from prison in 1990.

Jeff Radebe is Minister in the Presidency: Planning, Monitoring, Evaluation.

Dedicated to the memory of Chris Hani

Chris Hani (28 June 1942 – 10 April 1993), born Martin Thembisile Hani, was the leader of the South African Communist Party and chief of staff of Umkhonto we



Sizwe, the armed wing of the African National Congress (ANC). He was a fierce opponent of the apartheid government, and was assassinated on 10 April 1993 outside his home in Boksburg. His murder was a near breaking point which could have resulted in a civil or rather race war and halt the process for reconciliation and the quest for a united democratic South Africa. The assassin Janusz Waluz and his accomplice Clive Derby-Lewis admitted during the Truth and

Reconciliation Commission that they murdered Hani and their intent was to provoke a race war and derail the negotiation process that would inevitably lead to the end of white minority rule.

It was Nelson Mandela who addressed the nation in his capacity as the President of the African National Congress (ANC) and appealed to the nation to use Hani's death to affirm his views of peace and a united democratic South Africa for which he fought.

Mandela's speech helped to keep in check Black anger that could have spilled out after the murder.

Mandela and the ANC also used this tragic death strategically to force the Apartheid government to agree on the election date to appease the angry nation. After his speech, it was quite clear that the then President De Klerk was no longer in charge of country.

Nelson Mandela said 'Now is the time for all South Africans to stand together against those who, from any quarter, wish to destroy what Chris Hani gave his life for - the freedom of all of us. Our decisions and actions will determine whether we use our pain, our grief and our outrage to move forward to what is the only lasting solution for our country - an elected government of the people, by the people and for the people.'

In his lifetime Chris Hani had famously said:

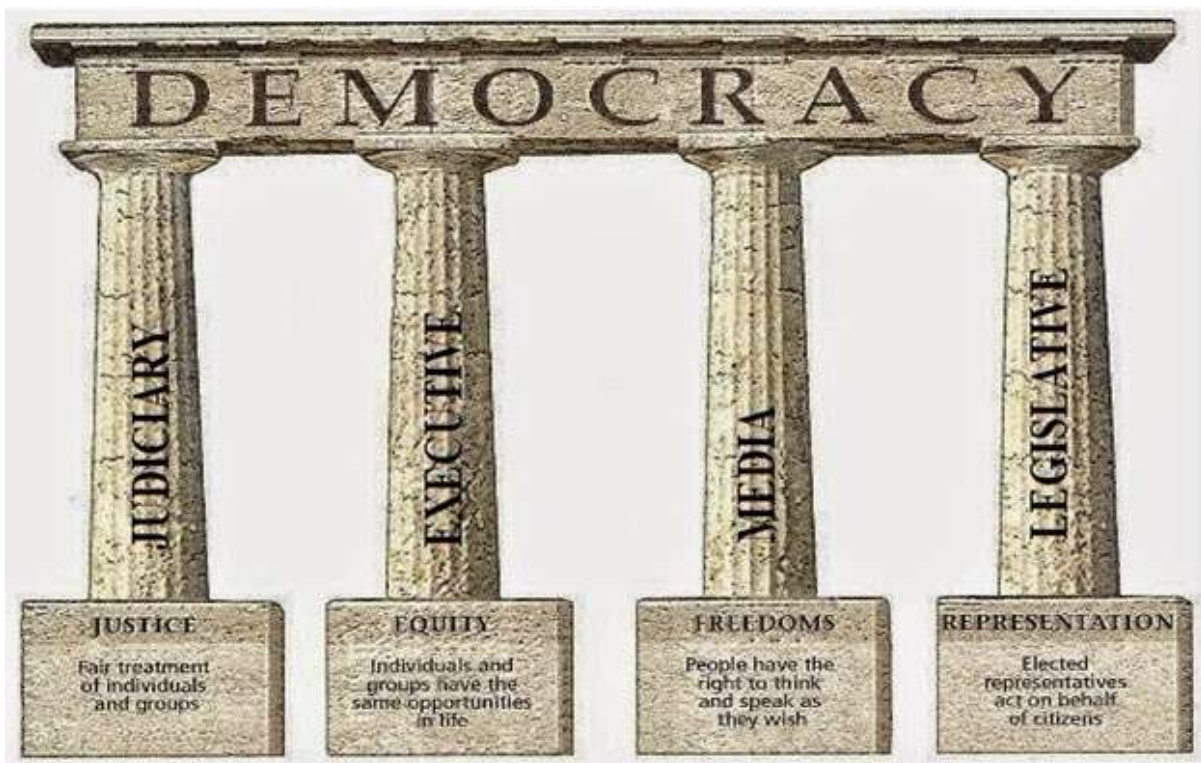
'What we need in South Africa is for egos to be suppressed in favour of peace. We need to create a new breed of South Africans who love their country and love everybody irrespective of colour'.

'What I fear is that the liberators emerge as elitists who drive around in Mercedes Benz's and use the resources of this country to live in palaces and gather riches'.

Prophetic words indeed.

I have dedicated 'The Longer Walk to Economic Freedom' to the memory of Chris Hani who would, with his selfless attitude and love for his fellow man - white or black, have made a substantial contribution to South Africa's progress towards economic freedom.

Once again, my thanks and admiration to the boys and girls of the Fourth Pillar of Democracy. Their fearless efforts, some reflected in this narrative, have held this tatty nation to account where others have failed to do so.



Economic Freedom

Means the freedom to prosper within a country without intervention from a government or economic authority. Individuals are free to secure and protect their human resources, labor and private property. Economic freedom is common in capitalist economies and must incorporate other civil liberties to be deemed as truly free.

On April 27, 1994, South Africa achieved Political Freedom after Nelson Mandela's epic 'A Long Walk to Freedom'



The country had however by 2017, some twenty-three years later, still not achieved Economic Freedom.

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The Democratic Miracle

In 1994, we the cheering minions of South Africa, stood with tear in eye and lump in throat, as Nelson Mandela proclaimed a new and democratically free nation on the African continent.

With the abhorrence of forty-eight years of Apartheid Rule forgotten and with the world in awe of the democratic miracle which had occurred, we South Africans faced a new era of prosperity, freedom and renewal.

The Apartheid Government had almost bankrupted the country to maintain a white only society to the exclusion of people of colour. That endeavour had made South Africa the most disparate nation on earth and had, in the process, incurred the moral wrath and indignation of the free world.

At his inauguration ceremony Nelson Mandela said:

'In the 1980s the African National Congress was still setting the pace, being the first major political formation in South Africa to commit itself firmly to a Bill of Rights, which we published in 1990. The milestones give concrete expression to what South Africa can become. They speak of a constitutional, democratic, and political order in which, regardless of colour, gender, religion, political opinion or sexual orientation, the law will provide for the equal protection of all citizens. They project a democracy in which the government, whomever that government may be, will be bound by a higher set of rules, embodied in a constitution, and it will not be able to govern the country as it pleases.



Democracy is based on the majority principle. This is especially true in a country such as ours where the majority have been systematically denied their rights. At the same time, democracy also requires that the rights of political and other minorities be safeguarded'. – Nelson Mandela

Despite the euphoria of having attained political freedom, the new nation faced an uphill battle to correct the social and economic irregularities of the past. The new government, under the leadership of the forgiving and democratically inclined Nelson Mandela, was equal to the challenge and, under a Constitution reckoned to be one of the most progressive amongst the democratic countries of the world, they began the process of healing the ailing nation.

Half a century of apartheid and a much longer period of legally enforced racial discrimination had left most black South Africans poor and undereducated. The reliance on a low-wage work force, especially in the country's mines but also in other



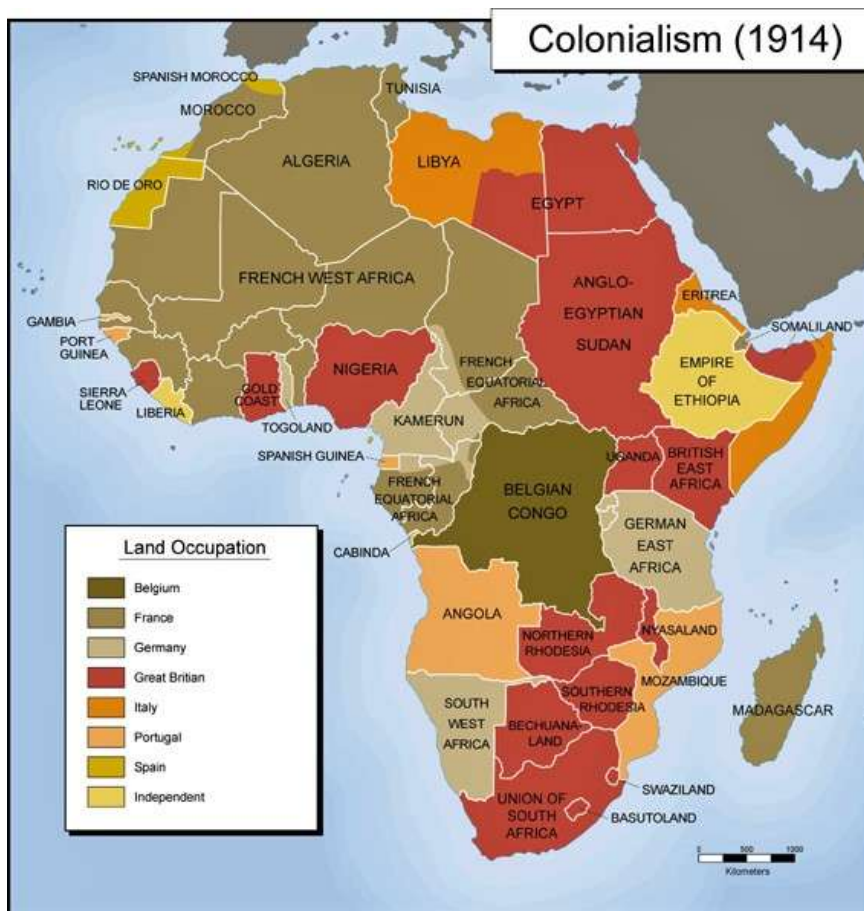
areas of the economy, left South Africa without a significant consumer class among its black majority. Instead, nearly one-half of the population in the mid-1990s lived below internationally determined minimum-subsistence levels.

Nearly fifty years of Verwoerdian "Bantu education" left the country short of skills and unable to generate the sort of labour force that could produce an "Asian miracle" along the lines of the skilled-labour-dependent industries of South Korea or Taiwan.

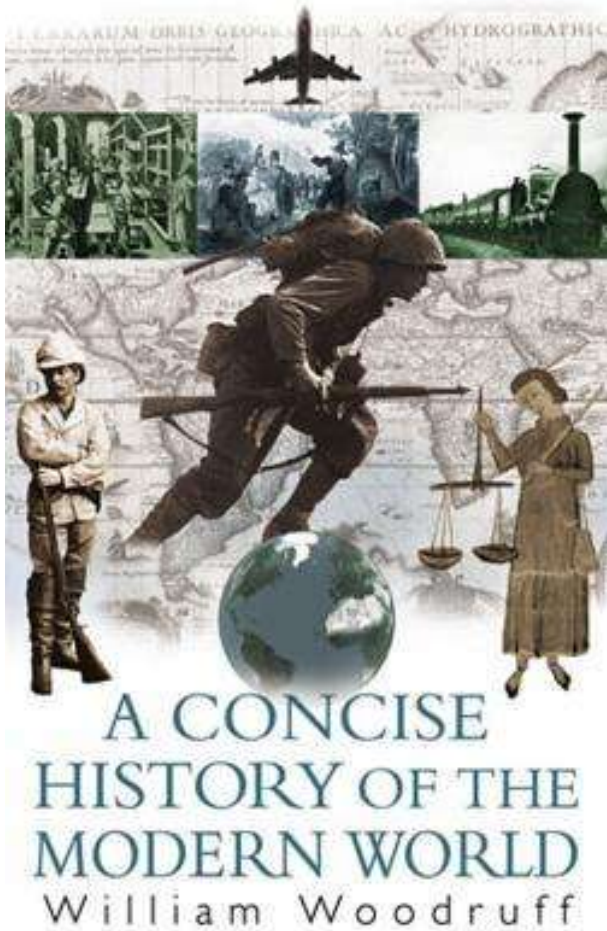
The Historic Background

These encouraging South African political events need to be viewed against the broader developments in Africa and the rest of the world at that time.

South Africa was the last to be decolonized on the African continent and until 1994 was governed by a majority of white only voters. On ascension to full one man one vote democracy, the country became the fifty fourth nation on the African continent to throw off the shackles of colonization. The liberation movement, the African National Congress, was voted into power by a considerable margin in the first fully democratic election.



To put the events of 1994 into context, the decolonization movement prior to then needs examining and a succinct account of this period is found in extracts from William Woodruff's 'A Concise History of the Modern World' and specifically the chapter 'The Decolonization of Africa'.



William Woodruff is Graduate Research Professor (Emeritus) in Economic History at the University of Florida, Gainesville. He holds degrees from the Universities of Oxford, London, Nottingham and Melbourne (honorary).

He says 'The declaration of principles by Churchill and Roosevelt in the Atlantic Charter in 1941, with its promise of self-determination and self-government for all, heralded the end of European colonization in Africa. As the Second World War progressed, a new generation of black leaders, intent on obtaining self-rule, emerged out of the native resistance movements'.

'By and large, the European nations were as glad to surrender political power as the native leaders were to assume it. When one compares the struggle for independence in Asia, African independence – with the exception of Algeria – was won quietly and with relatively little bloodshed; in some cases, it was thrust upon those who sought it'.

'When one considers African traditions, and the desperate economic conditions of so many Africans, it was perhaps foolish to have expected Africa to adopt Western ways. With a tradition of hierarchical tribalism, Africa has never been disposed to democratic politics. While the number of democracies in the world is on the rise, Africa was not much closer to democratic rule in 2005 than it was in 1950. What the West understands as freedom of the individual under the law has still to be achieved. Where the rule of law has gained a foothold, it has often been broken by democratic leaders'.

'In many African countries, free elections and a free press (as the West would define them) are not tolerated; nor is an independent judiciary.

The Western idea of freely held multi-party elections is not widespread. Too many governments do not have a 'loyal opposition'; they have political enemies. Elections are a means of conserving power, not introducing democracy. In a continent where power is personalized, few presidents have ever accepted defeat in an election. Concentrated rather than shared, power is the 'African Way'.

'Having removed the colonial yoke, Africans now bear a yolk of their own making'.

'Independence from colonial powers has not only brought widespread violence; it has brought a deterioration of Africa's economic lot. It is the world's poorest, most indebted continent; the debt repayments of some countries exceed the amount being spent on health and education'.

'By holding the West responsible for the continent's extreme poverty, internal wars, tribalism, fatalism and irrationality, autocracy, disregard for the future, stifling of individual initiative, military vandalism, staggering corruption, mismanagement and sheer incompetence, Africans are indulging in an act of self-deception'

'A similar colonial background has not prevented certain Asian countries from achieving rapid economic development. Africa cannot hope to escape from its present economic and political dilemmas by placing the blame on others'

'If Africa is to play a necessary and constructive role in the world community, it must first rediscover itself. Only Africans really know where they have been and where they might hope to go. They do not have to have Western values and Western goals to become economically viable; their cultural values are too deeply planted for that to happen. Western values and goals may be entirely inappropriate for them. Nor does their performance have to be judged by Western standards. Ultimately, African intrinsic values and goals must prevail. African ideas, confidence and resolve, rather than foreign leadership and foreign aid - much though it is needed - will eventually

determine Africa's future. The continent's human qualities and its rich natural resources offer great hope'.

Before delving into the complex issues of Financial Freedom and the nine priorities identified by the National Development Plan to achieve this by 2030, there exist several overarching priorities which South Africa needs first to resolve, to move forward as a viable nation.

Capitalism vs Communism

South Africa needs to pursue one ideology or the other. The National Development Plan, discussed later in this book, is in danger of derailing as influences within the African National Congress, continue to trumpet the National Democratic Revolution objectives. The NDR is a road to Socialism and ultimately Communism, a failed

ideology. The National Development Plan prescribes capitalist principles adopted by more successful Western economies. It is significant today that the South African Communist Party and the Congress of South African Trade Unions have lately distanced themselves from the ANC under Jacob Zuma and his acolytes.

In December 2007, Polokwane witnessed the most important shift in South African politics since 1994. A coalition led by these two protagonists and others ousted Thabo Mbeki and his capitalistic GEAR policies and set the country on a socialistic NDR path.

Since then SACP members have been influential in both government and trade unions in steering South Africa on a socialist route. At its core, this agenda dictates 'abolishment of individual property rights'.

The NDP conversely focusses on two cornerstones – education and employment.

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.

Impact of the collapse of the USSR on South Africa

This article was produced for South African History Online on March 22, 2011

There were many reasons why apartheid collapsed. But the collapse of communism in the Soviet Union was a major cause of the end of apartheid in South Africa.

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.

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 stated 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

Creeping Communism in South Africa

Dave Steward

November 7, 2014

DOES THE NDP OFFER ANY PROTECTION AGAINST CREEPING COMMUNISM IN SOUTH AFRICA?

One hundred and sixty-six years ago, in 1848, Karl Marx wrote in the Communist Manifesto that "A spectre is haunting Europe. It is the spectre of communism".

During the last century communism brought economic devastation and totalitarian dictatorship wherever it was implemented and resulted in the deaths of over 50 million people.

Never in the history of mankind has any political system failed so dismally and brought such suffering to so many people in such a relatively short time.

And yet, unbelievably, the spectre of communism has returned to haunt us here in South Africa.

In 1928 Comintern - the international branch of Soviet Communism - instructed the SA Communist Party *"to transform the ANC into a fighting nationalist organization"* and to develop *"systematically the leadership of the workers and the Communist Party in the organization."*

The SACP has faithfully carried out this instruction. The leadership role that it has developed within the ANC has enabled it to play a central role in all the organization's major ideological initiatives:

In 1956 leading members of the SACP drafted the ANC's core mobilization document The Freedom Charter.

The SACP once again took the lead in 1961 when it persuaded the ANC to embark on its armed struggle - against the wishes of the then President of the ANC, Chief Albert Luthuli.

The armed wing of the ANC, Umkhonto we Sizwe, was throughout its existence under the effective control of the SACP.

In 1962 the SACP developed the concept of 'colonialism of special type' - which presented a Marxist analysis of the political situation in South Africa. The CST analysis - even after 1994 - continues to regard white minority colonialism/capitalism as the cause of persistent black underdevelopment.

Throughout the 1970s and 1980s virtually all the members of the ANC's National Executive Committee were also members of the SACP.

At the ANC's Morogoro Conference in 1969 the SACP once again took the lead by further developing the ideology of National Democratic Revolution (NDR).

In 2007, together with COSATU, the SACP helped anti-Mbeki elements to seize control of the ANC; to appoint Jacob Zuma as President of the ANC and subsequently to 'recall' President Mbeki.

Together with COSATU, it took the lead in dispensing with President Mbeki's successful GEAR economic policies.

In 2012, the SACP played a leading role in formulating and introducing the "second radical phase of the NDR."

The NDR has become the ANC's guiding ideology and is the fountainhead of government policy. Incredibly, its central element is an ongoing struggle by the ANC-controlled state against white South Africans based on their race.

The central task of the NDR is *"the resolution of the antagonistic contradictions between the oppressed majority and their oppressors; as well as the resolution of the national grievance arising from the colonial relations."*

This involves *"the elimination of apartheid property relations"* through the redistribution of wealth, land and jobs from whites to blacks by means of affirmative action, BBBEE and land reform.

The final goal of the NDR is the establishment of the 'National Democratic Society' that will be characterized by demographic representivity throughout government, society and the private sector in terms of ownership, management and employment.

A core element of NDR - from which the SACP derives its vanguard role - is its identification of workers as the main motive force of the ANC. Because the SACP claims to be the political leader of the workers it believes that it is endowed with a vanguard role in determining the direction and pace of the NDR. It is also important to note that COSATU - the other representative of the workers - gives its primary loyalty to the SACP - and not to the ANC.

In June 2011, COSATU President Sidumo Dlamini declared that

"We are a Marxist-Leninist formation not in words but through our commitment to the struggle for socialism and in that context, we encourage our members to fill the front ranks of the SACP and we subject ourselves to the discipline of communists."

This is even though a recent survey indicated that only 6% of COSATU members were also active members of the SACP.

Armed with this mandate the SACP has played a leading role in directing the NDR - except for the period between 1996 and 2007 - when the NDR was captured by what the SACP refers to as "the 1996 Class Project." This arose from the ANC's decision in 1996 to abandon the socialistic RDP and to adopt instead the more orthodox free-market GEAR programme. The GEAR policies under the guidance of Trevor Manuel achieved significant economic successes - including growth levels of

over 5% in 2006 and 2007; a budget surplus and reduction of the national debt to only 22% of GDP.

However, the SACP and COSATU viewed GEAR as a betrayal of socialist principles. They feared that the NDR had been hijacked by capitalists who were intent on moving the revolution in a non-socialist direction. At its 9th Congress in 2006 COSATU decided to launch a battle for the 'heart and soul' of the ANC at the organization's National Conference at Polokwane at the end of 2007. It resolved, among other things, that

"...the working class must re-direct the NDR towards socialism and jealously guard it against opportunistic tendencies that are attempting to wrest it from achieving its logical conclusion, which is socialism;

this decade must be dedicated to a struggle to challenge and defeat the dominance of white monopoly capital, which reproduces itself through the emerging parasitic black capitalists; and that

we adopt an official position that rejects the separation of the NDR from socialism and asserts that the dictatorship of the proletariat is the only guarantee that there will be a transition from NDR to socialism."

In December 2007, this town - Polokwane - witnessed the most important shift in South African politics since 1994.

A coalition led by the SACP, COSATU and others opposed to President Mbeki, won the support of 60% of the delegates - and were thus able to seize control of the ANC. This gave them the power to dismiss any recalcitrant ANC MP from Parliament and *de facto* control of the legislative and executive branches of the state.

The new ANC leadership, in which the SACP and COSATU played an influential role, dictated who should be 'deployed' to which leadership positions - and who should be 'recalled'; which policies should be adopted by Parliament - and which should be set aside; and finally, who the President should be.

The success of the SACP and COSATU in overturning the 1996 Class Project and in securing once again primary influence over the direction of the NDR is of central relevance to the SACP's intention of taking over control of the state. In its view that *"the central question of any revolution, including the South African NDR, is the question of state power."*

A few years ago, the SACP appointed a commission to consider whether the Party should attempt to win state power by contesting national elections as a separate political party. The commission reported, with disarming frankness, that, *"internationally, capitalist dominated societies are an extremely unfavorable electoral terrain for Communist Parties. There is not a single example of a Communist Party, on its own, winning national elections within a capitalist society - let alone using such a breakthrough as the platform to advance a socialist transformation."*

The SACP reached the conclusion that *"although elections are important, there is not a pre-determined singular route for the working class to hegemonize state power."*

The SACP realized that electoral politics might not be an essential path to state power because, without having to win a single vote, it was already being given approximately 30% of the ANC's parliamentary seats. Although SACP MPs are elected under the name of the ANC their party insists that its *"cadres who are deployed as ANC elected representatives, or as public servants must continue to owe allegiance to the Party and cannot conduct themselves in ways that are contrary to the fundamental policies, principles and values of the SACP."*

The other route to 'hegemonizing' state power is through 'entryism'. The *Political Report* of the SACP's 12th Congress in June 2007 quotes with approval the 1928 Comintern instruction to infiltrate the ANC and draws specific attention to the need for an entryist approach: *"we repeat: 'developing systematically the leadership of the workers and the Communist Party in this organization.'"*

This approach is also in keeping with the SACP's "Medium Term Vision" *"to secure working-class hegemony in the State in its diversity and in all other sites of power"*.

The SACP has made significant progress in securing key leadership positions within the ANC and the Alliance. It claims that since 1994 *"tens of thousands of communists have taken up the challenges and responsibilities of governance."* Members of its Central Committee now hold the following key posts - with strong influence within the Presidency and within ministries dealing with economic policy and property rights:

Gwede Mantashe: Secretary-General of the ANC (and recently described by Ferial Haffajee as "the most powerful man in South Africa".)

Jeff Radebe: Minister in the Presidency responsible for the NDP - and sometimes referred to as President Zuma's 'Prime Minister';

Deputy Minister Buti Manamela: Deputy Minister in the Presidency

Rob Davies: Minister of Trade and Industry

Senzeni Zokwana: Minister of Agriculture

Minister Thembelani Noesi: Minister of Public Works

Jeremy Cronin: Deputy Minister of Public Works

Minister Blade Nzimande: Minister of Higher Education and Training

Godfrey Oliphant: Deputy Minister of Mineral Resources

Ebrahim Patel: Minister of Economic Affairs - although not a member of the Central Committee - strongly associated with COSATU.

Madala Masuku: Deputy Minister of Economic Development.

Sidumo Dlamini: President of COSATU.

Frans Baleni: General Secretary of the National Union of Mine Workers

Fikile Majola: General Secretary of NEHAWU

Many thousands of other SACP members - declared and undeclared - play key roles throughout the government and the public service and in the trade unions.

The SACP has also succeeded in steering the NDR in a direction that is more conducive to its view that elements of socialism can be introduced now - even before the final success of the NDR. As far as the SACP is concerned *"advancing, deepening and defending the NDR will require an increasingly decisive advance toward socialism."*

The SACP acknowledges that, since its success at Polokwane in displacing the 1996 Class Project, there has been a *"considerable strengthening of the left's ideological positions on government economic and social policies and programs."* Its successes have included the following "major paradigm shifts":

The adoption of the New Growth Path; The adoption of the Industrial Policy Action Programme; The multi-billion-rand multi-year state-led infrastructure programme; The rejection of willing-seller, willing-buyer approach to land reform; and A commitment to rolling out a National Health Insurance Scheme.

The SACP has been the main force behind the introduction of what is currently the ANC's core programme - the radical implementation of the second phase of the NDR. The idea of the "second transition" was first introduced by Jeff Radebe in March 2012. He said that changes in the balance of forces in South Africa and globally had opened the way for the ANC to dispense with some of the cumbersome constitutional compromises on which the "first transition" was based. He added that "our first transition embodied a framework and a national consensus that may have been appropriate for political emancipation, a political transition, but has proven inadequate and inappropriate for our social and economic transformation phase."

Manifestations of this radical second phase - and the process of building elements of socialism before the completion of the NDR - are included in the following laws and initiatives affecting property:

The cancellation of bilateral investment treaties with European countries;

Proposals that farmers should give 50% of their farms to farm workers;

The Promotion and Protection of Investments Bill;

The Property Valuation Act;

The Mineral and Petroleum Resources Bill;

The Restitution of Land Rights Amendment Act;

The Regulation of Land Holdings Bill; and

The Private Security Amendment Bill.

Some of these bills can be traced back to decisions taken by the SACP at its 13th Congress last year. All of them promote the SACP's ultimate goal of eliminating or diluting private property rights - no doubt, in keeping with Karl Marx's dictum that "the theory of Communism may be summed up in one sentence: Abolish all private property".

There are, of course, powerful and influential individuals and groups within the ANC who are deeply concerned about the SACP's role. These elements - called "liberal constitutionalists" or "emerging parasitic black capitalists" by the SACP - tend to support the pragmatic National Development Plan and were instrumental in ensuring that it was endorsed by the ANC's National Conference in Mangaung in 2012.

The problem is that the NDP is irreconcilable with many aspects of the NDR - and particularly with the radical implementation of the second phase.

In a 2012 speech, FW de Klerk warned that South Africa was at a crossroads. He said that we could

"... either take the road to economic growth and social justice that is indicated by the National Development Plan - or we can take the "second phase" road toward the goals of the National Democratic Revolution."

He said that, although he did not agree with all its proposals, the National Development Plan presented a vision of a future South Africa that all reasonable people could share. He agreed specifically with the NDP's analysis that the two main priorities were education and unemployment.

He said that the other road led to the 'second phase' of the ANC's NDR. He pointed out that the SACP was one of the main driving forces behind this radical new direction - but that it did not view the NDR as the final destination of the revolutionary process. On the contrary, it viewed it as the beginning of a new phase when the SACP - as the self-proclaimed vanguard of the working class - would take over leadership of the revolution which would culminate ultimately in the establishment of communism.

Since then the NDP has encountered serious problems - and vitriolic opposition from the SACP and COSATU. At the Alliance Summit on 1 September 2013 it was agreed that

"...a number of concerns with certain aspects of the NDP, including the economic chapter" that the SACP and COSATU had raised were "legitimate".

"...the work of the National Planning Commission needs now to be more effectively institutionalized and taken forward within the state";

The NDP is *"not cast in stone, and needs to be adapted, where appropriate"; and*

"...positive elements" (that accorded with the SACP's programme), "such as the need for a capable developmental state ... fighting corruption, and spatial transformation" should be accepted.

One of the central questions confronting South Africa today is the degree to which the NDP will be implemented - or whether it will, in accordance with the Alliance Summit's decisions, be diluted and adapted to meet the requirements of the SACP

and COSATU. It is not reassuring that Jeff Radebe - one of the authors of the radical second phase - has been given responsibility within the Presidency for the implementation of the NDP.

Another question is what can be done to expose and counteract the SACP's programme to further hegemonize state power and to lead South Africa via the NDR to socialism and communism?

The SACP's Mid-Term Vision poses a serious threat to our democratic institutions. Our Constitution calls for "a multiparty system of democratic government, to ensure accountability, responsiveness and openness."

"Accountability, responsiveness and openness" require that parties should contest elections under their own names and on the basis of their own policies. It is unacceptable that parties - with clearly distinct identities, policies and ideologies - should insinuate themselves into Parliament and into power under the guise of other parties.

Voters have a right to know that when they vote for the ANC they are voting for an alliance in which the SACP and COSATU clearly plan to play the dominant role.

The SACP is asserting its vanguard role in leading the NDR and makes no secret of its intention to hegemonize state power and to establish a socialist - and ultimately - a communist state.

In his 2012 speech FW de Klerk asked what the role of traditional ANC members would be in such a dispensation? Will their fate be the same as non-communists who participated in the initial stages of the Russian, Vietnamese and Cuban revolutions? This is, no doubt, a question that is also occupying the thoughts of many non-communist ANC members.

However, these are issues that the SACP would prefer to conceal.

Gwede Mantashe - then Chairman of the SACP - acknowledged in his address to the 13th Congress that *"we are fast losing our ability to make a positive contribution without claiming credit."* He warned of the importance of not *"claiming to have shaped the course of things"... "as opposed to being a mature Marxist/Leninist Party that can play a vanguard role without labelling it as such"*.

Clearly, the SACP wants to conceal its successes. How serious is the actual threat?

On the one hand, we should avoid paranoia.

There are many countervailing forces within the Alliance and within our broader society that would make it difficult for the SACP to achieve its objectives.

As the SACP's vanguard role becomes more obvious it is bound to alienate traditional ANC supporters;

The SACP's core support base in COSATU is now deeply disunited - with NUMSA having withdrawn its support from the ANC;

The Party's close identification with the embattled President Zuma is eroding its claim to revolutionary integrity and to being an opponent of corruption;

Communist ideas are thoroughly discredited and cannot stand up to a rational debate on what the SACP calls the 'battlefield of ideas'.

On the other hand,

We would be foolish not to take seriously what the SACP says and writes about its political intentions. It openly plans to hegemonize state power and to establish a socialist and then, ultimately, a communist state.

We would be equally blind not to take note of the strong position that it has established within the government and the Alliance - and particularly within the Presidency and economic portfolios. There can be little doubt that it drives the ANC's core NDR ideology - including the radical implementation of the second phase.

The SACP has already shifted government policy in a new anti-free market/developmental state direction and is pressing for the aggressive implementation of BBBEE and land reform policies. These policies are directed toward building elements of socialism now - and are already having a catastrophic impact on investment, economic growth and race relations.

So, what can we do?

We must expose the entryist role that is being played by the SACP;

We must insist that the Alliance should play open cards with the electorate. Either the SACP should stand independently in elections - or the Alliance should fight elections under names and insignia of the ANC, SACP and COSATU;

We must launch economic literacy campaigns that will warn workers about the grave dangers posed to their interests by communism - and the enormous benefits that

have accrued to all societies that have implemented progressive and balanced free market policies; and

We must defend the Constitution against the threat that is posed by the SACP's profoundly undemocratic plans to hegemonize state power and ultimately to impose a dictatorship of the proletariat on South Africa.

Finally, we should support the balanced implementation of the NDP. If it is implemented in its original form it will certainly help to block the progress of the SACP.

Source: FW de Klerk Foundation

Communism

Communism is a type of government and philosophy. Its goal is to form a society where everything is shared equally. All people are treated equally and there is little private ownership. In a communist government, the government owns and controls most everything including property, means of production, education, transportation, and agriculture.

Karl Marx is considered the Father of Communism. Marx was a German philosopher and economist who wrote about his ideas in a book called the Communist Manifesto in 1848. His communist theories have also become known as Marxism. Marx described ten important aspects of a communist government:

1. No private property
2. A single central bank
3. High income tax that would rise significantly as you made more
4. All property rights would be confiscated
5. No inheritance rights
6. The government would own and control all communication and transportation
7. The government would own and control all education
8. The government would own and control factories and agriculture

9. Farming and regional planning would be run by the government

10. The government would tightly control labor

Communist Russia

Communism began in Russia with the rise of the Bolshevik Party led by Vladimir Lenin. They led the 1917 October Revolution that overthrew the current government and took power. Lenin was a follower of Marxist philosophies. His views on government became known as Marxism-Leninism.

Russia became known as the Soviet Union. In World War II Russia sided with the Allied Powers in order to help defeat Germany and Adolf Hitler. However, after the war the Soviet Union took control of several countries in Eastern Europe. They became known as the Eastern Bloc. The Soviet Union became one of the world's two superpowers along with the United States. For many years they fought the west in what is today called the Cold War.

Communist China

Another major country to be ruled by a communist government is China. The Communist Party gained control after winning the Chinese Civil War. The communists took over mainland China in 1950. Mao Zedong was the leader of communist China for many years. The type of communism in China at the time is often called Maoism. It was also heavily based on Marxism.

Actual Results

The actual results of communist governments have been nothing like the theories of Marxism. The low-class people that were supposed to be helped by Marxism, were treated horribly by the leaders of the government. For example, it is estimated that Soviet Union leader Joseph Stalin had over 40 million people murdered for the "good of the state". Stalin created labor camps for anyone who disagreed with the government. He even created famines

to break the will of the people and gain total control.

Communist states generally have much less freedom. They prevent the practice of religion, order certain people to work certain jobs, and prevent people from moving around or moving to other countries. People lose all rights to ownership and government officials become incredibly powerful.

Interesting Facts About Communism

- Many concepts of communism were included in Greek philosopher Plato's Republic.
- Other communist countries include Cuba, Vietnam, North Korea, and Laos.
- The Chinese government has been under fire for years for human rights violations. This included many executions, detaining prisoners without trial, and wide-ranging censorship.
- In the era when Mao Zedong ruled China the poverty rate was at 53%. However, China began economic reforms moving away from communism in 1978 under the leadership of Deng Xiaoping. The poverty rate was down to 6% in 2001.

The communism vs. capitalism debate is a battle between two extreme socioeconomic theories. They are theories that represent two inherently opposite ways of thinking. One is extremely individualistic (capitalism), while the other one (communism) believes in putting the society before self. This clash polarized the world during the cold war.

Communism vs. Capitalism

Ownership of Means of Production

The primary point of difference between capitalism and communism is regarding the ownership of 'means of production' or resources in general. Communism shuns private/individual ownership of land or any vital resources. Instead, all the 'means of



production' like land and other resources should be owned by the state. By state here, I mean the whole community of people. All land and resources which enable the production of goods and services will be owned by one and all. Everything will be shared. All decisions about production will be made by the whole community by democratic means. There will be equal wages for all. All the decisions taken will be according to what is good for all.

On the other hand, capitalism believes in private ownership of land and means

of production. Every man will have to earn his worth. The major share of the profits earned from a business will go to the person who owns the means of production, while the workers who are responsible for running the business will get a small share. Every man will get his wages according to his merit and according to the thinking of the man who owns the means of production. Naturally, the people who own the means of production, the capitalists, call the shots when it comes to decision-making. This is the major bone of contention between the two ideologies, ownership of means of production! Both are extreme ideas. While communism can kill the idea of individual enterprise, which has led to most of the technological innovations we see today, capitalism has the seeds of exploitation, where too much wealth and therefore power, is concentrated in the hands of a few people.

Invisible hand theory of Adam Smith

Adam Smith laid the intellectual framework that explained the free market and still holds true today. He is most often recognized for the expression “the invisible hand,” which he used to demonstrate how self-interest guides the most efficient use of resources in a nation’s economy, with public welfare coming as a by-product. To underscore his laissez-faire convictions, Smith argued that state and personal efforts, to promote social good are ineffectual compared to unbridled market forces.

One of the greatest contributions of Adam Smith was the invisible hand theory. He said that if the government doesn’t do anything, there’s a controlling factor of



people themselves who can guide markets. I believe that the government should be responsible in defining the property rights, to set up honest courts, to impose minor taxes and to compensate for well defined “market failures” If I sell candies for 1 peso each and Christian sells them for 2 pesos for 3 pieces, he will get all the business making

me lose mine so in order to compensate for my loss I should be forced to lower my price as to stay alive in the business. I am guided by an invisible hand which is my self-interest to gain profit or as Adam Smith would say everyman for himself

The theory of the Invisible Hand states that if each consumer is allowed to choose freely what to buy and each producer is allowed to choose freely what to sell and how to produce it, the market will settle on a product distribution and prices that are beneficial to all the individual members of a community, and hence to the

community as a whole. The reason for this is that self-interest drives actors to beneficial behavior. Efficient methods of production are adopted to maximize profits. Low prices are charged to maximize revenue through gain in market share by undercutting competitors. Investors invest in those industries most urgently needed to maximize returns, and withdraw capital from those less efficient in creating value. Students prepare for the most needed (and therefore most remunerative) careers. All these effects take place dynamically and automatically.

Adam Smith, one might say, stands in relation to liberal capitalism, a comparatively successful economic order, roughly where Marx stands in relation to socialism. Searches on Amazon.com and other booksellers indicate that titles in print about Marx outnumber books about Adam Smith by a factor of between five and ten. A hard day's browsing of undergraduate reading-lists suggests that, in economics faculties, Smith is way out in front—interesting, given that Marx saw himself as an economist first and foremost. Elsewhere in the social sciences and humanities, the reverse is true. Smith is rarely seen, as you might expect, though in fact there is far more in Smith than just economics; whereas from Marx and his expositors and disciples it seems there is no escape. It is the breadth of Marx's continuing influence, especially as contrasted with his strange irrelevance to modern economics, that is so arresting.

Communism and Capitalism are two extreme points of view, which have contrasting views about individual freedom. Communism asks one to put the society before the individual, while capitalism puts individual freedom, before society. So, the polarity between two ideologies is 'Individualism vs Social welfare'. Capitalism gives more importance to individual aspirations and appeals to the inherent selfish nature, which is inherent in all human beings. This inherent selfishness, is a result of the instinct of self-preservation. Communism appeals to our more-saintly side, wherein we think about others before ourselves. It is a noble thought, which goes against the inherent selfish nature of most people, though it is appealing to their generous natures. Both again are two extreme points of view, which have their advantages and disadvantages. Some of the greatest advances in human history have happened due to individual creativity and enterprise, which were self-serving, though they ultimately benefited the society. Communism can kill that individual creative streak, by making a person do what he is told. In short, it has the danger of killing creativity and original thinking. Capitalism, on the other hand, feeding selfish desires can create capitalist autocrats who can have control of life and death over thousands of people, leading to exploitation.

Society Communism advocates a classless, egalitarian society, where all men and women are placed on the same footing. There will be no differences of class, race,

religion or even nationality! This way, there will be nothing to fight for. This is nice as an idea, but trying to implement this idea is tough and asking people to give up all the things that make them different, is unfair! Every person is special and different in his own way. All decisions would be made by democratic means and there would be no unjust rules favoring a few. However, that is not the case here, people are inherently selfish and the nature of power is such that it corrupts minds and absolute power corrupts absolutely. We have the example of how communism can concentrate absolute power over a whole nation, in the hands of a single man, in Stalinist Russia.

So, both the ideologies can fail and create an unjust society. Capitalism promotes class distinction. In fact creates the major class distinction of haves and have-nots, the rich and the poor. The rich get richer and the poor get poorer under pure capitalism. The rich class controls the means of production and wields power, thereby imposing their own class distinction and whims on the society. Anatomy of Power Communism appeals to the higher ideal of altruism, while capitalism promotes selfishness. Let us consider what will happen to power distribution in both these ideologies.

Capitalism naturally concentrates wealth, and therefore, power in the hands of the people who own the means of production. So, it creates the rich elite who control wealth, resources, and power. So, naturally they decide the distribution of power. In communism, ideally, if all of mankind was of saintly nature, altruistic and selfless, the distribution of power would be equal. Ultimately what we need, is a balanced approach, which is a combination of good points in both the ideologies. A mixed economy where the state has control over all the vital resources of a nation, provides welfare for the needy, while also promoting free entrepreneurship.

Indecisiveness holding SACP back

Ongama Mtimka

27 July 2017

This reliance on ANC succession politics may see the SACP fail to contest elections in 2019 once again. But the failure to stop relying on developments in the ANC and start implementing a now 10-year old resolution to contest elections will be more spectacular this time round. That's because at the rate the governing party is losing support, there might no longer be a dominant ANC in South African electoral politics.

That the ANC is leaking votes presents the SACP with its best ever chance to strengthen its hand within the alliance. It's a golden opportunity to end the ANC's abusive tendency to act unilaterally, regardless of the SACP's position on key issues.

The SACP might have more direct and observable value from real electoral support, which can be translated into seats in municipal councils, provincial legislatures and in Parliament.

There has not been a practical and scientific way to determine what the SACP brings to the ANC in terms of electoral support. The picture was complicated by the fact that SACP members are also often members of the ANC. The party could not take for granted that its close to 220000 members would vote for it if it left the alliance.

But with the ANC in its current crisis, the SACP might present a close enough alternative for supporters who are fed up with the governing party and who don't have an alternative party to vote for.

But it will never know unless it breaks the perpetual indecisiveness.

** Ongama Mtimka is a lecturer and PhD candidate in the department of political and conflict studies at Nelson Mandela University. This article initially appeared in The Conversation.*

The 28-Year History of the Berlin Wall

by Jennifer Rosenberg

Updated July 28, 2017

Erected in the dead of night on August 13, 1961, the Berlin Wall (known as Berliner Mauer in German) was a physical division between West Berlin and East Germany. Its purpose was to keep disaffected East Germans from fleeing to the West.

When the Berlin Wall fell on November 9, 1989, its destruction was nearly as instantaneous as its creation. For 28 years, the Berlin Wall had been a symbol of the Cold War and the Iron Curtain between Soviet-led Communism and the democracies of the West.

When it fell, it was celebrated around the world.

A Divided Germany and Berlin

At the end of World War II, the Allied powers divided conquered Germany into four zones. As agreed at the Potsdam Conference, each was occupied by either the United States, Great Britain, France, or the Soviet Union. The same was done with Germany's capital city, Berlin. The relationship between the Soviet Union and the other three Allied powers quickly disintegrated. As a result, the cooperative atmosphere of the occupation of Germany turned competitive and aggressive. One of the best-known incidents was the Berlin Blockade in June of 1948 during which the Soviet Union stopped all supplies from reaching West Berlin. Although an eventual reunification of Germany had been intended, the new relationship between the Allied powers turned Germany into West versus East and democracy versus Communism.

In 1949, this new organization of Germany became official when the three zones occupied by the United States, Great Britain, and France combined to form West Germany (the Federal Republic of Germany, or FRG).

The zone occupied by the Soviet Union quickly followed by forming East Germany (the German Democratic Republic, or GDR).



This same division into West and East occurred in Berlin. Since the city of Berlin had been situated entirely within the Soviet zone of occupation, West Berlin became an island of democracy within Communist East Germany.

The Economic Differences

Within a short period of time after the war, living conditions in West Germany and East Germany became distinctly different.

With the help and support of its occupying powers, West Germany set up a capitalist society. The economy experienced such a rapid growth that it became known as the "economic miracle." With hard work, individuals living in West Germany were able to live well, buy gadgets and appliances, and travel as they wished.

Nearly the opposite was true in East Germany. The Soviet Union had viewed their zone as a spoil of war. They had pilfered factory equipment and other valuable assets from their zone and shipped them back to the Soviet Union.

When East Germany became its own country in 1949, it was under the direct influence of the Soviet Union and a Communist society was established. The economy of East Germany dragged and individual freedoms were severely restricted.

Communism Is Dismantled

The fall of the Berlin Wall happened nearly as suddenly as its rise. There had been signs that the Communist bloc was weakening, but the East German Communist leaders insisted that East Germany just needed a moderate change rather than a drastic revolution. East German citizens did not agree.

Russian leader Mikhail Gorbachev (1985–1991) was attempting to save his country and decided to break off from many of its satellites. As Communism began to falter in Poland, Hungary, and Czechoslovakia in 1988 and 1989, new exodus points were opened to East Germans who wanted to flee to the West.

In East Germany, protests the government were countered by threats of violence from its leader, Erich Honecker. In October 1989, Honecker was forced to resign after losing support from Gorbachev. He was replaced by Egon Krenz who decided that violence was not going to solve the country's problems. Krenz also loosened travel restrictions from East Germany.

The Fall of the Berlin Wall

Suddenly, on the evening of November 9, 1989, East German government official Günter Schabowski blundered by stating in an announcement, "Permanent relocations can be done through all border checkpoints between the GDR [East Germany] into the FRG [West Germany] or West Berlin."

People were in shock. Were the borders really open? East Germans tentatively approached the border and indeed found that the border guards were letting people cross.

Very quickly, the Berlin Wall was inundated with people from both sides. Some began chipping at the Berlin Wall with hammers and chisels. There was an impromptu and massive celebration along the Berlin Wall, with people hugging, kissing, singing, cheering, and crying.

The Berlin Wall was eventually chipped away into smaller pieces (some the size of a coin and others in big slabs). The pieces have become collectibles and are stored in both homes and museums. There is also now a Berlin Wall Memorial at the site on Bernauer Strasse.

After the Berlin Wall came down, East and West Germany reunified into a single German state on October 3, 1990

A summarized List of Current Communist Countries in the World

Rank	Country	Capital
1.	 China	Beijing
2.	 Cuba	Havana
3.	 Laos	Vientiane
4.	 North Korea	Pyongyang
5.	 Vietnam	Hanoi

Private vs Public Sector

Where an increase in cost is not covered by concomitant increase in productivity, inflation results. If there is no increase in revenue to cover increased cost, then the Private Sector incurs losses to the annoyance of the shareholders. In the Public Sector, such losses are covered by an increase of tax on the citizens.

Mr. Stephen Mulholland former journalist, editor and Chief Executive Officer of Times Media Limited, had this to say about the ANC and their management of the Public Sector in South Africa.

An orgy of jobs for bureaucratic pals

Business Times

Stephen Mulholland

'The Government in South Africa now employs more people than the Private Sector. We have more people on the State Payroll than the United States of America, which has a population six times our size and a Gross Domestic Product some 45 times bigger than ours.'

We employ 3,03 million against the 2,79 million at the federal level who work for Uncle Sam. And our ANC Leadership piles them on, adding 44,000 in the first quarter alone. This while unemployment in the Private Sector rose.

Public Service Costs in South Africa are proportionately amongst the highest in the world at about 12% of Gross Domestic Product. Mike Schussler of economics.co.za said that he believed it was closer to 14% taking State Owned Enterprises such as Eskom into account. This compares with Russia (3,7%), Brazil (4,4%), Nigeria (4,0%), Rwanda (3,5%) and Egypt (6,90%).

Of the total labour force, no less than 22,6% are public servants. The World Bank estimates that most civilian governments employment accounts on average for about 11% of total employment.

And you can bet your bottom dollar that you are not getting any additional services from our government.

But this rate of increase in our Public Sector is unsustainable. If not curbed, it must lead to increases in a tax burden already weighing heavily on ordinary South Africans.

What we have seen is not a steady, planned expansion to serve the people's needs but an orgy of jobs for pals, obscene salaries, expensive cars, lavish travel and extravagant bonuses'.

Corrupt state-owned enterprises lie at the heart of South Africa's economic woes

Misheck Mutize, Sean Gossel

20 Jun 2017 12:36

The prevailing economic crisis sweeping through South Africa is a direct result of economic mismanagement largely shaped by the looting of state owned enterprises.

Many are in deep trouble. Sheer incompetence and corruption has pushed entities like South African Airways and the South African Broadcasting Corporation closer to financial collapse. Serious questions are being asked about the legality of multi-billion rand procurements at Transnet and the state power utility Eskom.

The scale of the problem has been brought into sharp relief in recent weeks by two developments that show corruption in state owned enterprises has been unfolding for years. The first was the release of a report written by academics: Betrayal of the Promise. The second was the leaking of 200 000 emails which point to dubious links between the Gupta family, senior politicians and officials.

The country stands to slip deeper into crisis unless the lust for loot is stopped. The economy is already in deep trouble. It's in recession, and worse is to come. The second quarter GDP figures will reflect that a third rating agency has downgraded the country's credit rating.

There are some indications that the tide may be turning but the job of reforming the state owned enterprises will have to go beyond just replacing board members. It must also focus on ensuring greater accountability financial responsibility, and performance management.

Unfortunately, because the severely fractured ANC is incapable of reversing the slide. Instead, it's more concerned with outsmarting the growing opposition to President Jacob Zuma's rule suppressing internal rebellion, and maintaining the crumbling patronage network.

The increasing inefficiency in state owned enterprises continues to put pressure on the country's fiscus. This is not something it can afford. Ratings agencies have made it clear that they're monitoring continuous bailouts and government guarantees. This is because they pose a serious threat to government's fiscal balances and policy priorities.

Government guarantees to state owned enterprises stood at R467-billion at the end of 2015/16. Standard & Poor's forecasts they will swell to over R500-billion by 2020 – 10% of South Africa's current GDP. This is more than twice the government contingents in year 2015/2016.

These bailouts have weighed on the fiscus, pushing government debt into dangerous territory. Even before the downgrades South Africa's debt burden was higher than other emerging markets. Moody's forecasts that total government debt will reach 55% of GDP by 2018 and will continue to rise after that.

The reason government continues to bail out state owned enterprises is purely because they are being managed badly.

The recent board and management scandals at the Passenger Rail Agency of South Africa (Prasa), South African Broadcast Corporation (SABC), South African Airways (SAA) and Eskom indicate that there has been little commitment to improve governance and address operational deficiencies. Instead some senior ANC officials claim that a call for reforms is anti-transformation.

The financial markets are increasingly unwilling to tolerate such excuses. This can be seen by the recent subscription failure of Transnet's bond auction. And some private asset managers have become extremely cautious about lending money to public entities.

The new Finance Minister Malusi Gigaba has so far failed to inspire confidence. Allegations that he is deeply mired in the web of scandals are not helping the situation.

Gigaba recently declared that state owned enterprises are functioning well and doing "great work". This is surprising given the rot being revealed daily.

Nevertheless, the patronage network that stands accused of milking state owned enterprises has started to crumble. This includes the axing of Hlaudi Motsoeneng from the South African Broadcasting Corporation and Molefe from Eskom. Ben Ngubane has resigned as chairperson of the Eskom board.

There are also signs that public and private pressure is forcing some government ministers to take responsibility for their departments. Examples include Minister of Public Enterprises Lynne Brown, Communications Minister Ayanda Dlodlo and the Minister of Police Fikile Mbalula.

Nevertheless, the key implication of the Gupta emails is that reversing the deep damage inflicted on the country must start with reforming state owned enterprises. Reversing the rot will take decades. It should begin by ensuring that measures agreed last year are implemented.

These include:

- holding the corrupt public servants to account,
- closing loopholes in public procurement to ensure that history isn't repeated, and
- appointing suitably qualified and experienced technocrats rather than unqualified politically connected individuals.

Finally, some state-owned enterprises will need to be privatized. This is because they operate as monopolies in key sectors which is perpetuating gross inefficiencies. Only privatization will end these distortions.

For many years, government has claimed that South Africa's many challenges could be overcome by adopting policies of a "developmental state". This would entail active state involvement in economic activity and using its resources to tackle poverty and expand economic opportunities.

But the ongoing revelations show that even before South Africa can consider becoming a developmental state, it will first have to root out the ingrained predatory state. Only then can investor confidence begin to be restored, recovery restarted and rating downgrades reversed.

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Gigaba sips from chalice he poisoned

Lisa Steyn

01 Sep 2017

The pressure is building on Malusi Gigaba, who has been deposited in the finance ministry at a time when the smartest possible decisions must be made if the South African economy has any hope of weathering the financial and political storm it is in.

Confidence in Gigaba's ability to steer the country's economy in the right direction is not as strong as it was in former finance minister Pravin Gordhan, who had a gift for calming the markets.

But Gigaba is tasked with making even more difficult decisions than his predecessor was, because poorly managed parastatals appear to be reaching breaking point, revenue collection continues to dwindle and debt repayment costs are up.

Now, Gigaba will consider selling some or all of the state's stake in Telkom to inject yet more cash into the ailing SAA, which, unable to get its finances in order for years, has proved a significant liability to the fiscus.

On Wednesday, Telkom issued a cautionary statement to investors warning of the government's intention to reduce its 39% stake in the company.

Eskom could be the next to make demands on the fiscus, with Gigaba conceding that there had been a discussion about "soft support" for the utility, the details of

which are yet to be fleshed out. But public finances certainly seem incapable of plugging the hole. The treasury's statement of revenue and expenditure, released this week, shows that revenues are falling short of expenditure.

Revenues as at July 31 were recorded at 26.9% of the budget estimate for the year to date — lower than the 28.7% recorded at the same time last year.

Meanwhile, expenditure is roughly at the same point it was last year — at 32.9% of the budget estimate. This, the treasury noted, includes a R2.2-billion payment towards SAA to prevent the airline from defaulting on its debt obligations.

Worryingly, the debt service costs are also racking up more quickly than last year. According to the treasury's cashflow statement on July 31, debt service costs amounted to R44-billion in the year to date — 27% of the budget estimate for the year. Last July, debt service costs were only at 15% of the total budget for the year.

Experts expect the budget deficit will be much wider than anticipated.

Gigaba is also eyeing government employee pensions to assist where state coffers cannot.

He told Parliament that the treasury could consider asking the Public Investment Corporation (PIC), which manages the Government Employees Pension Fund, to come on as an equity partner to fund some R13-billion of SAA's bailout.

The PIC manages about R1.9-trillion in assets and already holds a substantial portion of state-owned enterprise debt — R190-billion compared with the total parastatal debt market of R243-billion, according to Fin24.

This week, Gigaba reportedly told trade union federation Cosatu's central executive committee that he cannot guarantee that the government won't use PIC funds to capitalize its own companies and projects.

Opposition parties have decried it as terrifying that the treasury would consider using government employee pensions to prop up SAA.

The rand has been volatile, as always, this financial year — reaching a high of R13.90 to the dollar after Gordhan was yet again unceremoniously removed from his post. But South Africa benefits from the fact that, unlike its peers, much debt is issued locally and so it is denominated in rands.

South Africa's 10-year bond yield — a benchmark indicator of what interest rate a country pays to borrow from the market — spiked at over 9% earlier in the year and was trading at 8.6% this week. This financial year is the first time the yield has consistently traded over 8.5% since 2009.

This is probably a direct result of South Africa's credit rating downgrades that followed Gordhan's removal from — and Gigaba's elevation to — the treasury, said Thabi Leoka, economic strategist at Argon Asset Management.

Even so, all things considered, a bond yield of 8.6% is not a crisis, Leoka said. "It means investors are not pulling money out despite the political noise or a flailing or weak economy. If [there was] a yield of 9%, as was the case with Nenegate [when then-finance minister Nhlanhla Nene was unceremoniously removed from his post in 2015] or as we saw during the credit downgrades, that would be a sign that investors are jittery," she said.

Gigaba faces a tough balancing act in the lead-up to the mini-budget — his first budget in charge — in October. "He is finance minister of an economy that's in a recession. Last year we weren't in this position and the fiscus is not in as healthy a position. So, he will be delivering [the mini-budget] under difficult circumstances," Leoka said.

Gigaba will also face more pressure from ratings agencies, which will be back in the country in November and will be watching the figures closely, she said.

Leoka said it could not be claimed that Gigaba was doing anything that Gordhan would not have done.

"He is continuing with what the previous minister did, but with the reshuffle and current environment, it is more difficult than when Pravin was finance minister," she said.

"He was handed what is a difficult portfolio currently. We can only judge him by what happens in the medium-term budget policy statement, and in December when ANC policy has been endorsed and how he implements that policy, if it does change, in 2018 and beyond."

Ralph Mathekga, political economist and author of *When Zuma Goes*, said although it would only be fair to give Gigaba time to prove himself, South Africans could not afford to be fair at this juncture.

"He used to be at public enterprises, he didn't do a good job, and now he is at national treasury," said Mathekga. "If you look at his daily activities and the issues he is confronted with now, there is added responsibility. It is much bigger than that which he didn't do well at in his previous post."

Putting aside all doubts that Gigaba was his own man and not put in the post simply to do the Gupta family's bidding, Mathekga said a substantive question remains: Is he up to the job?

"I have my doubts. Some of his decisions would have been the ones Pravin would have made, but there is the question of legitimacy and how we view his intervention," he said.

Gigaba needs to find practical solutions to pressing problems, he said, such as how deal with poorly managed state-owned companies.

"So how do you close the gap? Especially when you are partially responsible for state of the parastatals," Mathekga said. There needs to be a practical strategy to deal with these issues, he added, and the next issue is a symbolic war. "It's a difficult one that he cannot win now, but he can make incremental gains by dealing with practical issues."

He added: "At what point can we say he has had enough time to demonstrate [his abilities]? People won't give him that time; he needs to show leadership at every juncture."

Mathekga said Gigaba could do this by taking small steps to distance himself from the Guptas and the line of patronage. He could apply strict limits to parastatals such as SAA and Eskom and enthusiastically support any efforts to reform them.

There is no time to wait and see, Mathekga said. "We are going to have to be unfair; we can't give him time to prove himself."

SA business confidence hits 32-year low

Fin24

Sep 06 2017

Business confidence in South Africa has plummeted to its lowest level in more than 30 years as political uncertainty, unemployment and dwindling trade weighed heavily, a survey showed Wednesday.

South Africa's economy, which is the most developed in Africa, is plagued by sluggish growth and only returned to growth in April after a six-month recession.

Unemployment, which has stymied South Africa's growth, is at a record high of 27.7% and official statistics revealed last month that more than half of the 56.5 million population live in poverty.

"(Despite) the positive sentiment and outlook prevailing in the global context, South Africa's economic performance could be doing better," said the South African Chamber of Commerce and Industry's business confidence index report.

"The business climate remained sensitive to political posturing and an uncertain direction for the economy."

The country lost its investment grade credit rating when the world's two major ratings agencies, Fitch and Standard & Poor's, downgraded its sovereign debt to junk status earlier this year following the sacking of respected finance minister Pravin Gordhan.

Whither SOEs?

Seán Mfundza Muller

Senior Lecturer in Economics, University of Johannesburg

What does the consideration say about ANC's attitude towards privatisation?

There is an obvious tension between the claim that SAA cannot be privatised, while effectively privatising government's remaining stake in Telkom. Such inconsistencies are characteristic of ANC policy in the last two decades. This is partly due to differences within the alliance and partly the result of policy incoherence, along with a failure to act on advice and implement decisions.

The National Development Plan and the Presidential Review Committee on State-Owned Entities both provided fairly clear direction, but many recommendations appear to be inconvenient for the president and those around him – who appear to see state owned enterprises as vehicles for personal enrichment rather than economic development.

Clearly the Telkom model works. Should it be replicated?

It is actually not at all clear that the Telkom model "works" in the sense of advancing economic growth and development in the broader public interest. It was arguably the wrong model for the country's ICT sector.

However, even if it had been the right model for that sector, simply replicating it would be a bad idea. State ownership, privatisation and regulation strategies need to take

into account the characteristics of particular sectors. What works for telecoms will be different to what works for energy or for airlines.

And what do you make of the state of Eskom?

The state of Eskom is of grave concern. Load shedding and price increases, combined with more energy efficiency options for businesses and consumers, have led to much lower electricity demand than originally forecast.

Meanwhile, Eskom is bringing massive new coal power stations online that have vastly exceeded their original budgets. The result is that Eskom faces a "death spiral" where it needs to increase prices to prop up revenue and bolster its finances, but doing so leads to customers reducing demand (through increased efficiency and implementing alternative options like decentralised solar power).

Eskom holds up to R350 billion in government guarantees and is in an increasingly precarious situation. If one adds the lingering possibility of an unnecessary and ill-advised nuclear deal into the mix, the fear is that Eskom could end up in a similar state to SAA now.

SAA may be a waste of public funds, but the threat it poses can probably be contained. That would not be true of Eskom. The main debate between many analysts now is not whether a crisis is looming but whether there remains any chance of avoiding it, given repeated failures to make and implement critical policy decisions.

And so, what should happen to SAA and Eskom?

In the absence of a clear developmental mandate for SAA, and it being repeatedly bailed out with public money that could be better used elsewhere, the objective must be to minimise the cost of SAA to citizens: if privatisation is the best option then so be it. Eskom is a much more strategically critical enterprise and its problems are more complex, so privatisation would just create a range of different problems. Each state-owned enterprise requires tailor-made solutions but one thing they all require is basic good governance, which is not currently in place.

This article was originally published on The Conversation.

But PIC head Daniel Matjila has rejected a request to buy the Treasury's entire R12bn stake in Telkom, saying that it would leave the PIC overexposed to Telkom

Loni Prinsloo and Janice Kew

22 September 2017

The Treasury is pressuring the Public Investment Corporation (PIC), Africa's biggest money manager, to provide as much as R100bn to fund struggling state companies, according to two people with knowledge of the situation.

The PIC, which manages state-employee pension funds and has about R1.86-trillion in assets, has been asked by the Treasury to buy its entire R12bn stake in Telkom to pay for a bailout of South African Airways (SAA), said the people, who asked not to be identified as the talks were private.

PIC CEO Daniel Matjila has rejected the request, saying a purchase of the 39% shareholding would leave the company overexposed to the landline provider, they said.

After a bailout for SAA, which is technically insolvent, the government needs cash for Eskom, oil company PetroSA and defence firm Denel, according to the people. The companies have been beset by allegations of mismanagement and corruption and the running of state firms was cited by ratings agencies when they cut SA to junk in April.

Matjila is willing to buy about R2bn worth of Telkom shares, which would boost the PIC's stake to about 18%, the people said.

'Clients mandate'

The PIC will make investment decisions in terms of the clients' mandate, it said in an e-mailed response to questions. PIC chairperson Sfiso Buthelezi, who is also deputy finance minister, isn't currently taking questions on the PIC, the Treasury said in e-mailed comments. He gave his full support to the board and CEO last week, it said.

The PIC has helped the government raise money before. In 2015, it bought the state's R25bn stake in Vodacom to raise funds for Eskom, which was struggling at the time with countrywide blackouts. The money manager has holdings equivalent to about 13% of the market value of companies that trade on the JSE.

The battle over the PIC's leadership and funds represents the latest struggle over the management and independence of a state-owned company, with the pensions of public-sector workers including nurses and teachers at stake. On Thursday, the Federation of Unions of SA said it would consider replacing the PIC with privately owned money managers if its members' savings were used to bail out state entities.

The impasse between the finance ministry and Matjila was behind last week's accusation that the CEO used PIC funds to finance a personal project, the people

said. Matjila denied the allegations, and his response was accepted by the board after a lengthy meeting.

Buthelezi wanted to suspend Matjila and replace him with a more co-operative candidate, and the board continues to investigate the CEO and deals he has overseen, the people said. After the meeting, the PIC's board said it had confidence in the ability and integrity of Matjila and rejected allegations it wanted him removed.

"We are not aware of any new CEO being sought," the PIC said.

The running of businesses including SAA led to clashes between President Jacob Zuma and former finance ministers Nhlanhla Nene and Pravin Gordhan, both of whom were fired. At Eskom, acting CEO Matshela Koko and chief financial officer Anoj Singh have both been suspended after being linked to questionable contracts. An internal report found that Trillian Capital Partners, linked to the Guptas, and US consultant McKinsey made R1.6bn in fees, according to amaBhungane and Scorpio.

On Thursday, Public Enterprises Minister Lynne Brown said Eskom should begin legal action against Trillian and McKinsey, which denies it has engaged in corruption.

In August, Finance Minister Malusi Gigaba told union federation Cosatu that he could not guarantee that the government would not attempt to make use of funds held by the PIC to recapitalize state-owned companies and fund other projects, Business Day reported. That's caused concern among labour unions.

"The union reserves its rights while considering options to stop any public servants' pension fund money being wasted into SAA," the Public Servants Association said in a statement on Friday.

Bloomberg



REPORT

South Africa Economic Update, January 2017:

Private Investment for Jobs

The first chapter of the ninth edition of the economic update discusses recent economic development in South Africa. It underlines that economic growth continued to decelerate in 2016, marking the third consecutive year of negative per capita growth. Nonetheless, 2016 may mark the trough of South Africa's business cycle. A modest recovery is now foreseen for 2017 and 2018, driven modestly by rising commodity prices, easing inflationary pressures and a pickup in credit stimulating household consumption demand. By contrast, the continuation of the needed fiscal consolidation efforts should not offer any significant stimulus to GDP growth.

The report argues that private investment will be the determining factor influencing the GDP trajectory. On the one hand, continued weak private investment would further undermine growth prospects, raise again the likelihood of a costly rating downgrade, and perpetuate a vicious circle of low growth–low investment. On the other hand, accelerated investment could benefit from a still weak and more stable rand, improving electricity capacity, and less fractious labor relations, to boost exports and growth and stabilize the capital account.

Accelerating investment will require providing a predictable business environment, not least through greater policy certainty.

The second chapter discusses the relationship between private investment and jobs creation. It reveals that in recent years, private investment increasingly went to less productive sectors, generating negative total factor productivity growth. It analyses using firm level data the effectiveness and efficiency of investment tax incentives and suggests that, overall, tax incentives generated since 2006 additional private investment exceeding foregone fiscal revenue, and contained the contraction recorded in some sectors, manufacturing in particular. It nonetheless makes the case for re-orienting these incentives towards sectors where their effectiveness can be observed (agriculture, manufacturing, trade, construction, and other services) and away from sectors on which they have no tangible impact (mining, finance, transport, and electricity). Sectors which would benefit from re-oriented incentives are also those enjoying the largest employment multipliers, thus amplifying the impact of incentives on jobs creation.

The impact of these incentives would equally be magnified by the emergence of new comparative advantages in manufacturing and trade, resulting from the decline in commodity prices and the protracted depreciation of the Rand since 2012.

SA's massive investment boycott

There is a long-established relationship between private sector fixed investment spending and business confidence, both locally and internationally. This relationship

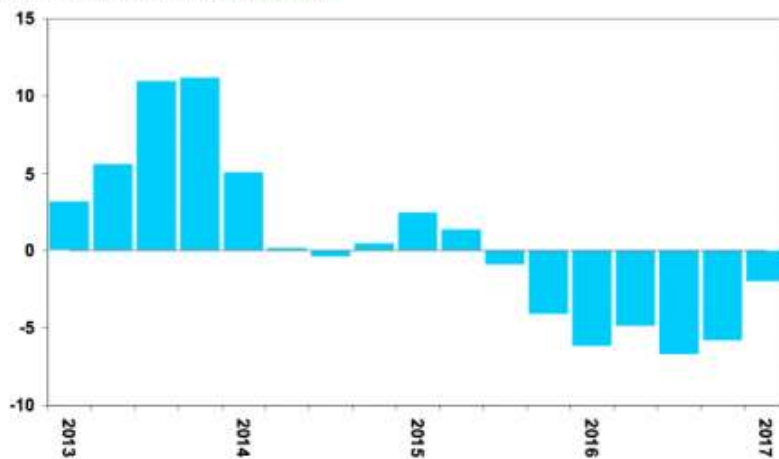
argues that a sustained decline in business confidence leads to a sustained drop-off in business investment. And vice versa.

South African business confidence, as measured by the Bureau for Economic Research in Stellenbosch, has been below its neutral level of 50 index points for most of the time since the global financial market crisis in 2008/2009.

More recently it has trended noticeably weaker reaching a near-term low of 29 index points in the second quarter of 2017.

Growth in fixed investment spending by private sector

%q/q, 4-quarter moving average annualised



Source: STANLIB

Fixed investment spending in South Africa, by government and the private sector, amounted to 19.5% of GDP in the first quarter of 2017. While this is relatively unchanged compared with the preceding seven to eight years, since the global financial market crisis, it is far too low given the country's high and sustained level of unemployment

The trust relationship between the state and the private sector has deteriorated rapidly over the last five years.

Ryk van Niekerk

August 14, 2017

The notion of a tax boycott seems to creep into many casual conversations among taxpayers.

Recent revelations of the extent of corruption and flows of billions to Dubai, do not sit well with those funding state coffers, and rightly so.

Ignoring the merits and possible consequences of such a revolt, the practical prospects of a wide scale tax boycott are limited. But many South Africans may be oblivious to a massive investment boycott by the private sector that is on the go.

This boycott began when President Jacob Zuma took office and has steadily gained momentum over the last five years as the trust relationship between the state and private sector deteriorated.

In fact, the distrust – or trust deficit in the language of politicians – is accelerating. The reasons are quite intuitive: Corruption that is out of control, state capture and new populist policies that are akin to government hitting the self-destruct button.

The latest example is mineral resources minister Mosebenzi Zwane's efforts to destroy the mining industry through a combination of incompetence and malevolence. Even though finance minister Malusi Gigaba – who is also under a cloud – seems to try and change perceptions about government's intent, Zwane's actions alone will have a profound impact on many other sectors.

It is therefore not a surprise that private enterprises only invest the bare minimum.

To put this in perspective, the target of the National Development Plan is 30%.

Other indicators show this too. A recent survey by the University of Johannesburg's Centre for Competition, Regulation and Economic Development suggests there is up to R1.4 trillion (cash) just on the balance sheets of the 50 largest companies on the JSE.

This is 35% of South Africa's Gross Domestic Product sitting idle. There are 350 other listed companies and many other large unlisted enterprises who are also desperately clinging onto cash, which could easily match the R1.4 trillion.

South Africa, as an investment risk, is just not worth it!



Making sense of state-owned entities

Delivering her budget speech to Parliament Public Enterprises Minister Lynne Brown said that it was expected of her and the department to play a leading role in the development of policy and standards for all of the more than 700 state-owned entities.

“At its February 2015 lekgotla, the Cabinet took a number of resolutions on implementing key aspects of the report of the Presidential Review Committee on State-Owned Entities. The department and I have been tasked with championing the development of an overarching shareholder policy, defining criteria for continued state ownership in critical and strategic entities.

“After a comprehensive process, a report will be presented to the Cabinet Lekgotla in July. The report will focus on:

- A Shareholder Policy and appropriate ownership model;
- A framework for disposal of non-core assets supported by National Treasury and the economic sector and infrastructure cluster;
- A private sector participation framework; and
- A board appointment manual, which will be led by the Department of Public Service and Administration.

“The process will culminate in the establishment of a conceptual framework which will inform the proposed Government Shareholder Management Bill – a single overarching piece of legislation, particularly for Schedules 2 and 3b entities, which we hope to introduce in the not-too-distant future.”

The Minister said progress had also been made on the standardization of governance practices within state-owned enterprises. The department has submitted to Cabinet proposals for remuneration and incentive standards for state-owned company executive directors, prescribed officers and non-executive directors. The standards aim to introduce good governance, transparency and accountability in the manner in which remuneration and incentives are applied in the entities.

“This budget seeks to finance the initial interventions proposed in the department’s Five-Year Strategic Plan. However, before I elaborate, let me offer some insight into the nature of the terrain within which the department and I operate.

“In Long Walk to Freedom, Madiba says: ‘After climbing a great hill, one only finds that there are many more hills to climb.’ I must tell you that I have come to believe that at the time that he wrote that he must have been thinking about the public

enterprises portfolio. As, no doubt, you have noticed, there are many hills to climb.

How state-owned companies are sucking South Africa dry

Staff Writer

26 October 2016

Subscribe

The mid-term budget document tabled by finance minister Pravin Gordhan on Wednesday has revealed National Treasury's exposure to state-owned companies – which are burning through the country's money.

According to the document, government's "major explicit contingent liabilities" are its guarantees to SOEs, which stood at R469.9 billion at the end of 2015/16.

Total guarantee exposure was R263 billion at the end of 2015/16, "because several entities had not fully used their available guarantee facilities", the report said.

These guarantees remain a massive risk on the country's books, as they rely on the companies that receive them to use the money to run a successful business – something which SOEs have proven time and time again to be incapable of.

"Government maintains its policy stance that any intervention to support state-owned companies must be deficit neutral," Treasury said.

"Entities receiving support from government will be required to provide sound business plans, improve governance and address operational inefficiencies."

However, as detailed below, each SOE runs its own risks – with some more likely than others to fail, costing the country billions.

Eskom – R170 billion

The largest guarantee exposure – more than R170 billion – supports Eskom's capital investment programme.

An exposure of R200 billion relates to the Independent Power Providers (IPPs). According to Treasury, Eskom is obliged to purchase power from these independent producers over a 20-year period based on a power-purchase agreement approved by the National Energy Regulator of South Africa.

“Should Eskom be unable to do this, government must purchase the power on Eskom’s behalf,” it said, hence the liability.

“The risk of default with the IPP guarantee is low as the regulator fully provides for IPP costs in the Eskom tariff determinations. These factors mitigate the risk arising from these guarantees. However, a deterioration in Eskom’s financial position would increase the risk of both exposures,” it said.

Passenger Rail Agency of South Africa – R53 billion

The fiscus has committed R53 billion to fund Prasa’s purchase of new rolling stock and signalling equipment. The Auditor General and the Public Protector have found weak expenditure controls and contract management in this programme.

“This raises concern that Prasa will not be able to complete the programme on time and within budget. In addition, projected declines in Prasa’s fare revenue and ridership numbers raise concerns about the company’s sustainability,” Treasury said.

South African National Roads Agency Limited – R35 billion

Fiscal exposure to Sanral debt stood at R35 billion as at 31 March 2016, Treasury said. The guarantee was put in place to support the expansion of the agency’s toll roads portfolio.

However, despite introducing a 60% discount, the collection of e-toll funds has consistently missed its targets, forcing government to step in, and putting future infrastructure projects at risk.

“E-toll collections and auctions are still closely monitored against projected collection levels to ensure recovery. Over the medium term, national

government and the Gauteng provincial government will supplement e-toll revenue," Treasury said.

"More generally, if government does not proceed with tolling to fund major freeways, difficult trade-offs will need to be confronted to avoid a deterioration in the national road network."

South African Airways – R19.1 billion

Government has issued a R19.1 billion guarantee facility to SAA to ensure the company can continue to operate as a going concern – however, the carrier continues to post losses.

"There is currently a R14.3 billion exposure against the facility. Without the guarantees, SAA is technically insolvent. A new, full-strength board has been appointed and tasked with returning the airline to financial sustainability," Treasury said.

South African Post Office – R4.4 billion

Currently, government has a R4.4 billion guarantee exposure to the South African Post Office.

"A new board and CEO were appointed, and the company has been able to raise funding to repay creditors, implement a turnaround plan and reach a settlement with labour to mitigate the possibility of strike action," Treasury said.

Land Bank – R6.6 billion

Government provided the Land Bank with a R6.6 billion guarantee in 2014/15, of which R5.3 billion has been drawn down as at 31 March 2016.

The guarantee has helped the bank expand its lending by 10 per cent in 2015/16, despite a weak operating environment, and chart a path to stabilization.

“The relatively short maturities of the bank’s funding liabilities are gradually becoming longer, relieving pressure on the institution’s cash flows, but they do still pose moderate risk to the fiscus.

“The bank is conducting an internal review to improve operational efficiency and developmental effectiveness,” Treasury said.

The Road Accident Fund – R155 billion

RAF liabilities at the end of March 2016 were revised up to R155 billion from the R132 billion reported in the 2016 Budget. These liabilities are projected to grow to R345 billion in 2019/20.

“The RAF has been insolvent for over 30 years, despite having a dedicated revenue stream in place to settle claims. Government has not yet tabled legislation to create a new equitable and affordable benefit arrangement to replace the fund,” Treasury said.

“Various options exist to reduce the RAF contingent liability, including increases in the RAF fuel levy. The new replacement scheme will be structured to ensure sustainability.”

Debt vs Gross Domestic Product

In 2016 South Africa recorded government debt equivalent to 51.70 percent of the country's Gross Domestic Product. Government Debt to GDP in South Africa averaged 38.65 percent from 2000 to 2016, reaching an all-time high of 51.70 percent in 2016 and a record low of 27.80 percent in 2008.

Alec Hogg’s interview with Finance Minister Nene revealed:

‘Government is already paying more than R100bn to service its debt. And by Treasury’s own estimates, that rises to more than R150bn in three years’. Nene is mindful of the challenge this poses for his future Budget addresses – my notes show

that at one point yesterday he said 'unless something is done to stop the debt growing, annual interest will soon overtake social grants'.

He's doubtless reminded of this fact when he pores over the graphic below – the scariest in the entire Budget pack. 'Only two things will fix the problem: economic growth and no more borrowing. The first requires a Government that's prepared to address a range of structural issues bedevilling the SA economy – not just Eskom. The second means running a balanced Budget, a near impossible task in a developing country'.

Latest Debt vs GDP Budget projections show that the Government remains borrowed until 2019 at higher than 50,0%.

By 1994 the Apartheid Government had borrowed against South Africa's future in attempting 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 future of repaying their errant parents borrowings well into the future.

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



By the time Jacob Zuma came to power in 2007, Manuel had performed a minor miracle in reducing the National Debt to Gross Domestic Product 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.

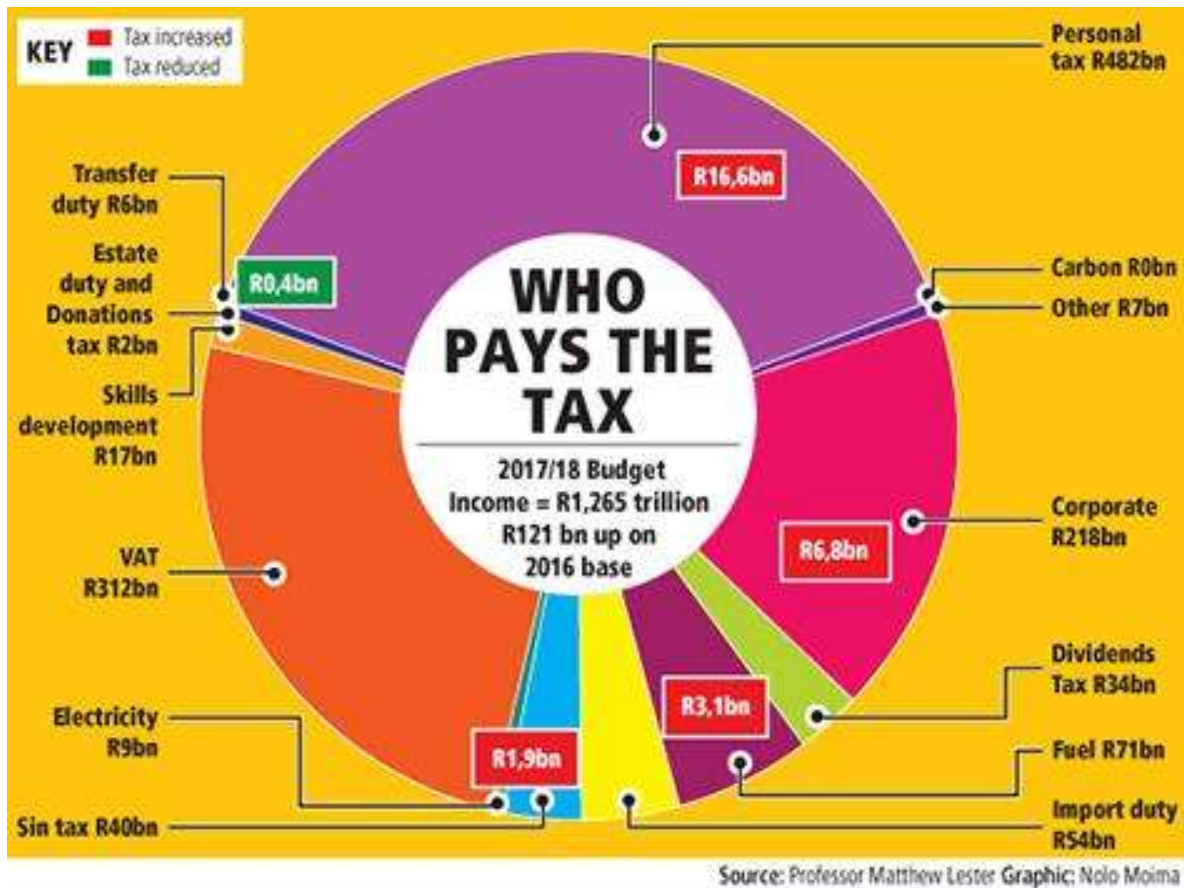
With Zuma at the helm the wheels came off.

Now in 2017, with a Debt to GDP ratio back up over 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.

Tax Base

The 2017/18 South African Budget anticipated collecting R482bn in Personal Taxes out of an anticipated R1, 265 trillion for all taxes to be collected. VAT for collection amounted to R312bn, Corporate Taxes R218bn and Dividends Tax R34bn. All other forms of taxation amounted to R219bn.

Personal Taxation amounts to 38% of all taxes to be collected.



'In South Africa, about 1.7 million people, representing roughly 3% of the population, pay about 80% of income tax' Ernst Roets of AfriForum tweeted. At the time of publishing, the tweet had been retweeted close to 200 times and liked 155 times.

One of AfriForum's readers asked that they verify the figure.

SARS and treasury officials, together with consulted experts, directed Africa Check to annual tax statistics and budget review data as the best tax-related information. But both data sources have limitations.

While the latest tax statistics fall close to Roets of Afriforum's claim, these figures aren't inclusive of all taxpayers.

Treasury budget review data for 2016/2017 is in the same ballpark, namely that 1.7 million taxpayers contribute 78% of income tax, and takes into account all taxpayers, but these figures are estimates. The latest treasury estimates show 1.9 million individuals are expected to contribute an estimated 80% of income tax.

Given that claim requires clarification, we rate it mostly correct.

Researched by Gopolang Makou, *Africa Check, a non-partisan organisation which promotes accuracy in public debate and the media. Twitter @AfricaCheck and www.africacheck.org

2017/8 South African Budget

	Billion	%
Personal Tax	482	38,1
Value Added Tax	312	24,6
Corporate Tax	218	17,2
Dividend Tax	34	2,8
All Other Tax	219	17,3
Total Tax	R1,265	100,0

So, let's say that we are talking about roughly 1,9 million South Africans contributing 80% of R482 billion or 38% of the total of the total collections in the 2017/8 South African Budget. This represents 3,5% of the population of 54 million people. This dynamic is being adversely affected by migrating taxpayers, a burgeoning black population, a deplorable matric pass rate, 17 million on social grants, a growing unemployed section of the community, a youth unemployment statistic near 60% and loss making SOEs managed by a corrupt, inept and self-serving government.

So, why pay the tax?

African Kleptocracy

Corruption, Extremism, Kleptocracy: Dangers of Failing Governance

Corruption is a pervasive problem in many societies and has the effect of undermining public confidence in democratic institutions, a Senate Foreign Relations Committee heard today. "All countries, to one degree or another, suffer from corruption," said Carl Gershman, President of the National Endowment for Democracy.

"Systems in which independent media, civil society, courts, and political opposition are weak or marginalized are particularly vulnerable because they do not possess the needed accountability and transparency to prevent corrupt practices from taking root. In kleptocracies, however, the challenge is much more acute," he said:

In kleptocracies, the instruments of the state are directed to shielding and enabling the corrupt activities of dominant power holders. Corruption is the lifeblood of these systems, like the one in present day Russia, and the glue for regime survival. Therefore, in kleptocratic systems where the stakes for power are all or nothing, whistleblowers who seek to expose corrupt practices themselves routinely become targets of law enforcement; investigative journalists and oppositionists become enemies of the state; and independent businesses are brought to heel to preserve the kleptocratic order.

A Democratic senator argued that "corruption and the dysfunction that follows it fuels violent extremism" around the world, The Washington Examiner reports.

"Corruption pushes young people towards violence and extremism because they lose faith in institutions that are supposed to protect and serve them. And terrorist groups use corruption to recruit followers in their hateful crimes," said Sen. Ben Cardin, D-Md., at the hearing.

It needs to be emphasized that in the era of globalization, kleptocracy represents an exceedingly dangerous threat to democracy internationally, Gershman added:

Corruption has generally been considered a problem that corrodes developing democracies from within. Well-resourced kleptocracies differ in that they project their sophisticated corrupt practices beyond national borders with an ever-increasing impact felt in new and established democracies alike. Kleptocracy has emerged a serious global threat. Parasitic at home, abroad kleptocratic regimes by their nature seek to exploit the vulnerabilities in the institutions of individual democratic states, as well as regional and global rules-based institutions. They use global financial institutions to invest and protect their money, and with their stolen resources, they buy influence in the democracies and neutralize political opposition.

Kleptocracy has become a crucial pillar of the international resurgence of authoritarian countries, Gershman said, highlighting several key points relating to the challenge posed by kleptocracy:

Kleptocracy is a global threat.

Kleptocracy is a key pillar of the global authoritarian resurgence that is visible in so many critical spheres. This includes in regional and international organizations, activities such as election monitoring and the autocrats' treatment of civil society, as well as the projection of propaganda through lavishly funded international media enterprises, such as the Russian government's RT. Simply put, these regimes are reshaping the rules of the game.

Kleptocracy subverts Democracy.

Kleptocrats exploit the benefits of globalization to enrich themselves, hollow out their own countries' institutions, and subvert the democracies. Given these features, kleptocracy should be understood as an especially acute subset of corrupt systems. The issue of kleptocracy is an important one for activists who are working for democracy in countries ruled by hybrid and autocratic governments. Such activists are on the frontlines in the struggle against resurgent authoritarianism where regimes are tightening political controls and closing civic space.

Western enablers

The purchase of multimillion dollar properties, the arrangement of opaque offshore financial instruments, and the laundering of a kleptocrat's public image, do not happen by accident or on its own. Professional intermediaries in the established democracies are critical links for venal kleptocrats who seek to move ill-gotten gains from authoritarian systems into the democracies, where they can enjoy the rule of law.

Kleptocracy is an engine for extremism.

Kleptocratic governments by their nature extinguish or prevent the emergence of institutions that can hold them accountable, leading to governance arrangements that feature unchecked power and impunity. This is the modus operandi of "rule by thieves." Critically, kleptocratic regimes deny space for moderate political voices that could offer possible alternatives to existing policies and leaders.

Lesson from Nigeria

Bryan Britton

August 28, 2010

'Today 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, has 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 kleptos, 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.

The book 'Stepping Stones' urged young South Africans to develop their own sense of right and wrong, their own morality, their own ethics and their own zone of indifference. This 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 stratum 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.

Mashaba on Kleptocracy

Herman Mashaba

DA Mayor of Johannesburg

'Our education system is even worse than the apartheid system we hated. It is deliberate, because the ANC belief is that the only way they can control people is to keep them ignorant. So, this is not a mistake. That is why Jacob Zuma has made clear his hatred for what he calls clever blacks. Why do you think an ANC government would hate clever blacks when any country in the world wants clever people? When people are educated they are able to decide for themselves and that's what the ANC would not want'.

An African perspective

Samson C. Agbelengor

Ghana

'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 to save them from the intoxication and hypnotization of militancy and 'rebelism'. (emphasis on 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'.

You will have gathered by now that Kleptocracy is not unique to South Africa. It is an African endemic and a feature of the de-colonization process which has been underway since 1941. It is not particular to any tribe, philosophy, country, religion nor ethnic group. It is part of human nature – the worst part – and it feeds off the seven deadly sins and specifically – greed. You will remember the elements of human nature that are evil:

The Seven Deadly Sins

Bryan Britton

Stepping Stones 2010

The Ten Commandments and Beatitudes prescribe good and moral behaviour. These are solid principles of 'good'. But what of 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 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 work.

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 nor a society nor a country on any of these evils.

Unlike Nigeria, is South Africa living in denial of its Kleptocracy?

Oreoluwa Runsewe

March 18, 2016

Kleptocracy involves the embezzlement of state funds at the expense of the wider population, sometimes without even the pretense of honest service.

For most of its Military era, Nigeria was akin to a Kleptocratic state. The most notable administration amongst all, was perhaps Late General Sanni Abacha's who stole so much state funds that Nigeria is still reaping from his "foresight" of putting them in different Swiss banks before he died. And when the Military handed over to Democracy in 1999, the looting continued. Nigeria's incumbent president Muhammadu Buhari has spent most of his tenure fighting corruption, and recovering stolen funds from the previous administration. However, Nigerians know better than to say corruption and kleptocracy began in the last administration. It was just something our democracy inherited from the military era. And the nation has been the butt of jokes, the type the media of other African nations, like South Africa, use to warn their government not to emulate this.

Last month, the South African Finance Minister, Pravin Gordhan, during a speech at South Africa's 2016 budget presentation in its parliament, delivered this message to the nation: 'There are many parts of transacting between government and business

which have gone seriously wrong and if we don't stop it, we're going to become a kleptocracy. The government and the private sector in South Africa must change the ethical system,' he said. However, recent events seem to not only confirm that South Africa is running a kleptocracy under President Jacob Zuma, but he has even helped to reinforce that notion.

A few days ago, the country's Deputy Finance Minister, Mcebisi Jonas, claimed he was offered the post of the Finance Minister last year by the Guptas, a family of wealthy Indian businessmen who allegedly wield influence on President Jacob Zuma.



Jonas claimed that after President Zuma sacked former Finance minister, Nhlanhla Nene, last year, the Guptas offered him the job with the consent of President Zuma. Although Zuma has come out to deny ever being implicit in the scandal, it is going to be very hard to believe him. For a man who has been accused of building a

private mansion with state funds, paying all of his four wives salaries, giving his daughter a job in a government parastatal and making appointments with cronyism, it is hard to see why his government shouldn't be called a kleptocracy.

Perhaps, the level of kleptocracy in South Africa is not as fully fledged as that of Nigeria. However, the writing was on the wall even before Zuma became president. Zuma who was Vice-President under the previous administration was charged to court then for corruption (consensus was that he was guilty), before his charges were declared unlawful and he was let off. A year after that he was elected president through his party, the African National Congress (ANC).

The ANC, South Africa's monument to its victory against apartheid and arguably the most respected party in Africa, has seemingly lost its way under Zuma. Its inability to censure its leader bears close resemblance to the People's Democratic Party (PDP), Nigeria's former ruling party's inability to control former President Goodluck Jonathan or tamp down on corruption within its ranks. And like the way PDP was ousted, being pushed to the wall has a way of bringing a reaction from the victim. In a country where most of its youth population cannot really identify with ANC's fight for freedom from apartheid and so don't really owe any allegiance to it, it would be best for the ANC and South Africa to cut ties with Zuma and kleptocracy. And that should be sooner rather than later especially now that Presidential elections are close.

While Nigeria is desperately engaged in a war with kleptocracy, perhaps, fellow African giant South Africa, should first accept it is under one, even if it's not been for long, and then look for ways conquer it.

Corruption: Africa's new normal is managing dysfunction and expecting the worst

Dianna Games

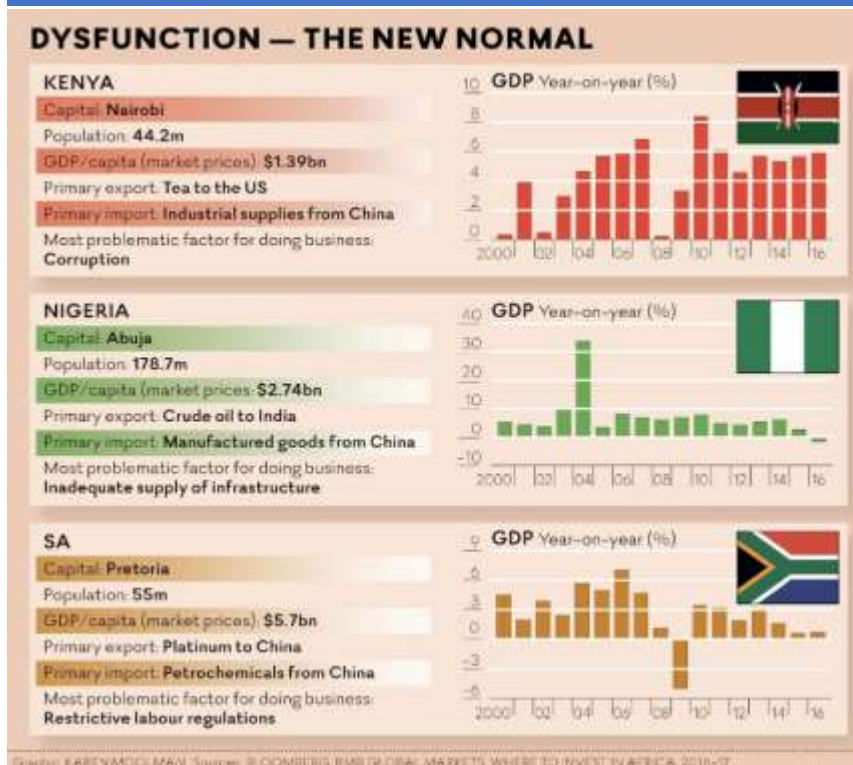
22 September 2017

The value destruction which Zuma and his supporters have brought is familiar to millions across the continent. A Nigerian economist said recently that his country was better prepared for crisis than success. Managing dysfunction and expecting the worst has become the new normal, he added. His comments highlight the country's response to decades' poor leadership, weak institutions and the emergence of a culture of impunity, forged by political neglect and vested interests.

The situation into which SA has been plunged by President Jacob Zuma, his supporters and "handlers", coupled with the attendant destruction of value and values, is familiar to millions of Africans. Rebuilding countries destroyed by venal, self-serving leaders is long and costly. It is not just about the cost for governments of rebuilding neglected infrastructure, but also of trying to restore value systems, building trust with citizens and trying to root out embedded corruption. Africans from other countries have voiced concern about SA's trajectory. The Nigerians are sounding the loudest warning, saying that self-interested leadership breeds endemic corruption. It is not difficult to end up in a situation where the very people who can effect change won't do so because they are benefiting from the status quo. The taint of corruption has undermined Nigerians' trust in the ability of their institutions, politicians, the judiciary, police and even the country's main corruption-fighting body to deliver efficiently and without bias or hidden agendas.

Bureaucracies have become a menace in Africa. Not only do they swallow the largest chunk of scarce resources without attendant productivity, the moral laxity at the top of the pile tends to trickle down into the service.

Transparency International says that in 2015, an estimated 75-million Africans paid bribes, many of them to get access to basic services. Many also paid bribes to escape punishment by the courts or police who are generally regarded as the most corrupt group. In Zimbabwe, 92% of people view the police as extremely corrupt while 75% in Kenya feel the same way.



It is common to hear Africans described as being resilient, made so by their often difficult and unpredictable circumstances. The ability of people to adapt to incremental hardship has made dysfunction seem almost normal. It also gets poorly performing governments off the hook — the expectation of public service delivery diminishes over time.

Running water and regular power have become luxuries in many countries across the continent. Billions of dollars will have to be found to rebuild and upgrade systems

Remittances sent by Africans who have sought better lives elsewhere are the main source of income for millions of people who remained at home. Nigeria, Egypt, Somalia and Zimbabwe are among the top recipients of remittances, but Kenya — viewed as one of Africa’s most successful economies — is also a major recipient. In 2016, diaspora remittances remained Kenya’s largest source of foreign exchange earnings for the third consecutive year. Attempts by governments in recipient countries to capture these inflows have largely failed; the mistrust runs deep.

But ironically, the diaspora has also helped governments by boosting their economies without the politicians having to lift a finger.

Running water and regular power have become luxuries in many countries across the continent. Billions of dollars will have to be found to rebuild and upgrade systems.

Dysfunction in state services is best exemplified by the power sector. Utilities across the continent have been kept on life support for years, even though many provide almost no electricity or potable water to consumers. Infrastructure has been destroyed by government ineptitude, an absence of long-term planning and war.

The generator business across the continent is booming. In Nigeria, more than \$20bn a year is spent on fuel to power them. People off the grid in Africa — estimated 600-million citizens — spend hard-earned money on nongrid power energy options such as paraffin lamps, wood and charcoal. The UN Environment Programme says 26-billion candles are consumed annually in sub-Saharan Africa.

Manufacturing capacity has declined in most African countries due to economic mismanagement and skewed policies. Zimbabwe, once a major African exporter, now imports almost 70% of its needs.

State-owned enterprises have suffered a common fate across Africa — they have been looted by governments, undermined and often destroyed. National airlines run as vanity projects have crashed and burned. Who remembers Ghana Airways, Nigeria Airways, Zambia Airways, Uganda Airlines and Air Malawi? Governments refused to privatize these "family jewels" and destroyed them.

Much of this dysfunction is driven by vested interests — politically connected officials and business people making money out of the status quo.

Trust between the state and the electorate is a major casualty. A Ghanaian said even with improving governance in his country, people still do not trust the government, no matter how good its intentions may be. They tend to still believe that politicians act in their own interest first with any benefit to citizens being more by coincidence than design.

The lax tax compliance across the continent is part of the trust issue. As governance falters and corruption thrives, tax collection suffers. A lack of compliance becomes part of the culture of impunity. People resist funding governments who fail to spend tax revenues wisely, honestly or productively.

The compliance burden is also a factor. According to the PwC 2016 tax survey, it takes an average of 313 hours for a company in Africa to comply with its tax filing

obligations, against the world average of 261 hours. In Nigeria, it takes 908 hours to comply.

The tsunami of stories about grand corruption, venal and conniving leadership and the attempts to undermine institutions — among many other issues — are being heard loud and clear in SA as the media uncovers a murky trail and shouts from the rooftops.

The destruction of value in a country is seldom a single event. It is a slow erosion, an incremental shift in perceptions and expectations, year by year, incident by incident, until one day what has been destroyed is largely forgotten and there is a new normal.

People no longer complain or protest about what they have lost because they have found a way to adapt to a degraded situation.

SA's current problems barely make the news in other African countries, they have become a part of the fabric of life. And anyway, politicians no longer feel pressure from electorates to fix what they have broken. When these problems are no longer newsworthy in SA, we will know we have arrived in the new normal.

Makhosi Khoza speaks out: Kleptocracy, patronage now the ANC's defining values

When one of the few remaining party souls who are not slowly-conditioned into the new ANC norms of corruption, patronage and currying favour rebels so eloquently and forcefully as ANC MP Makhosi Khoza does, you sit up and listen. She's fiercely loyal to the party of liberation and there's no discernible benefit to her, so Khoza's no-holds-barred critique of what the failed No Confidence vote in President Zuma means is pretty telling. She brooks none of the political complexities, contortions and smoke screens offered up by her senior party cadres to justify why most MPs supported the hapless direction in which Zuma is taking them. For her (and millions of others), it's straightforward; most ANC MPs sided with a President who has failed to uphold, defend and respect the Constitution. They chose kleptocracy over morality, honesty and service. Facing disciplinary action after being fingered as a persistent 'trouble-maker', Khoza is also astonished by the Zuptoid ANC Women's League's hypocritical defence of Deputy Higher Education Minister Mduzuzi Manana who allegedly assaulted a woman. Tellingly, Manana, also a Zuptoid, lost it during a social debate on the ANC's leadership succession. Should Moloi or his ex-wife and aspirant successor perform yet another cabinet jack-boot shuffle, Zuma-critical Higher Education Minister, Blade Nzimande will surely go. A Zuptoid successor would

be certain. Yet again; there's no mistaking what's holding the ruling ANC cadre together today. – Chris Bateman

Kleptocracy, patronage now the ANC's defining values

Dr. Makhosi Busisiwe Khoza is a Member of Parliament serving on the Standing Committee on Finance. She is also former chairperson of the Standing Committee on



Public Accounts and Finance (SCOPA) in KwaZulu Natal and has over 20 years of collective experience at both South African public and private sector institutions. Khoza's previous employers include Msinsi Holdings, Akani Retirement Fund Administrators and the South African Local Government Association (SALGA) where she was at the helm, as well as Universities of the Witwatersrand Business School and Natal. She holds a PHD in Administration, a master's degree in Social Science (Policy and Development studies) and is a fellow at the Aspen Global Leadership Institute. Khoza is currently studying towards a master's degree in Finance at the University of London.

Her recent achievements include ground-breaking research culminating in a textbook that unpacks the logic and sophistication of indigenous languages. Using South Africa's lingua franca Zulu as an example, Khoza has proven the consistency of Zulu with mathematical formulas and science principles. She has since created a language order called UZALO comprising of a 12-noun cluster system which drives the construction of meaningful sentences. UZALO stands for Ubuntu Zulu Alphabetical Logic Order.

I have taken time to reflect on last week's vote of no confidence against our President.

Tuesday, 8 August 2017 will go down in South African history as the day the ANC's moral pulse was all but extinguished. Going into the vote, it was doubtful whether much of a moral pulse existed at all. Coming out of the vote, the pulse was there thanks to the actions of 25-35 ANC MPs but that pulse is now weak and fading.

The Speaker of the National Assembly showed fortitude in agreeing to a secret vote. Even those who abstained from the vote offered us a glimmer of hope of the moral

conscience that does exist within ANC branches and thousands of rank and file ANC members. Despite party-focused instruction and barely veiled threats from their leaders these righteous members of the ANC stood their ground. They stood true to their oaths as MPs, choosing to defend the rights of those who elected them to public office, instead of defending the immoral and indefensible.

As proud as I am of these MPs the truth is that there is little cause for celebration. In those voting booths, we were all confronted with the same choice, to choose between right and wrong. To choose between self-enrichment and the service of our people. Unfortunately, the majority chose to endorse the steady and relentless destruction of the ANC. The majority chose to continue the reign of a kleptocracy that has brought our once mighty and revered ANC to its knees. The ANC is a shadow of its former self and while political parties must change and grow with time, we have gravely erred by losing our moral compass. Once again, our party chose to side with a President who has consistently failed to uphold, defend and respect the constitution.

In the recent past, it has become evident that not only will most of the ANC's MPs choose to defend an immoral leader, many of those will also choose to attack those who side with morality and honesty.

I am accused of extreme ill-discipline and the condemnation of me by the party was swift and unequivocal. No time was wasted in charging me but interestingly, men whom have similarly criticised the leader of our party remain untouched. We have a Deputy Minister within our ranks who has admitted to having assaulted a woman and yet he's not been suspended from his position nor has the party initiated any disciplinary action against him. Even the ANC Women's League has chosen not to call for the Deputy Minister's removal, with the astoundingly insulting argument from the League's president that there are others within government that are "...actually worse than him." This from the leader of the Women's League in Women's Month. The callousness of the statement is astonishing. The ANC's application of disciplinary action not just inconsistent, it appears to be largely informed by how badly you've annoyed the most powerful. Action is taken decidedly quicker if you're a woman, except of course if you're the woman on the receiving end of the beating.

These are the kinds of things that have weakened and continue to weaken our movement. We are not weakened by me speaking out against corruption and patronage. We are weakened when our leaders choose to shut down their critics. We are weakened when currying favour becomes our currency and when those who break the law are literally given back doors and gentler treatment to spare egos.

Some have tried to argue that the cause of our party's weaknesses are foreign powers and influences. Our nation's sovereignty should be of paramount concern for all of us but the only "foreign power" that has sought to influence our party and our country is the force of the Gupta family. These people have made it their business to capture many of our comrades in the highest levels of government and our movement's leadership. A lethal combination of corruption and state capture has a stranglehold on this country and that will not change until this government chooses to actively root out those propping up and benefitting from state capture.

Those of us who supported the vote of no confidence have been accused of disloyalty. As I prepare to face my disciplinary process, it remains clear to me that the greatest disloyalty possible by a member of the ANC, is abandoning the people who elected us to power.

I'm very grateful for the enormous support that I have received from so many South Africans. I will continue to discharge my duties as a MP with conviction and a steely focus on serving the people of South Africa. They gave us their votes, it's our duty to fulfil our promises and to channel every cent of government funding to better the lives of all our people, not just a powerful few.

Makhosi Khoza has announced her resignation from the African National Congress.

'I want to say goodbye to the new alien and corrupt ANC. I quit' she said at a media briefing at the Lilliesleaf farm in Johannesburg on Thursday September 21, 2017.

'I will not be led by leaders who lost legitimacy and credibility.'

'So, it is not with a heavy heart that I have to say that this is no longer the ANC that I know. This ANC is alien and corrupt.'

She told those gathered at the briefing that she had been inundated with calls from members of the ANC who told her they believed the party could self-correct.

'I don't believe the ANC can self-correct,' an emotional Khoza said.

'This self-correction is not coming. There's no chance to survive unless as ANCWL president Bathabile Dlamini calls it, you have smallemyana skeletons.'

Khoza, one of the ANC's MPs, has been criticised by some of her comrades for speaking out against the party's president Jacob Zuma. She was also hurled before a

disciplinary hearing by the ANC in KwaZulu-Natal after she announced that she would vote according to her conscience in a motion of no confidence against Zuma.

The ANC in KZN however has said this was because she had brought the party into disrepute with her continued criticism of Zuma in the public domain.

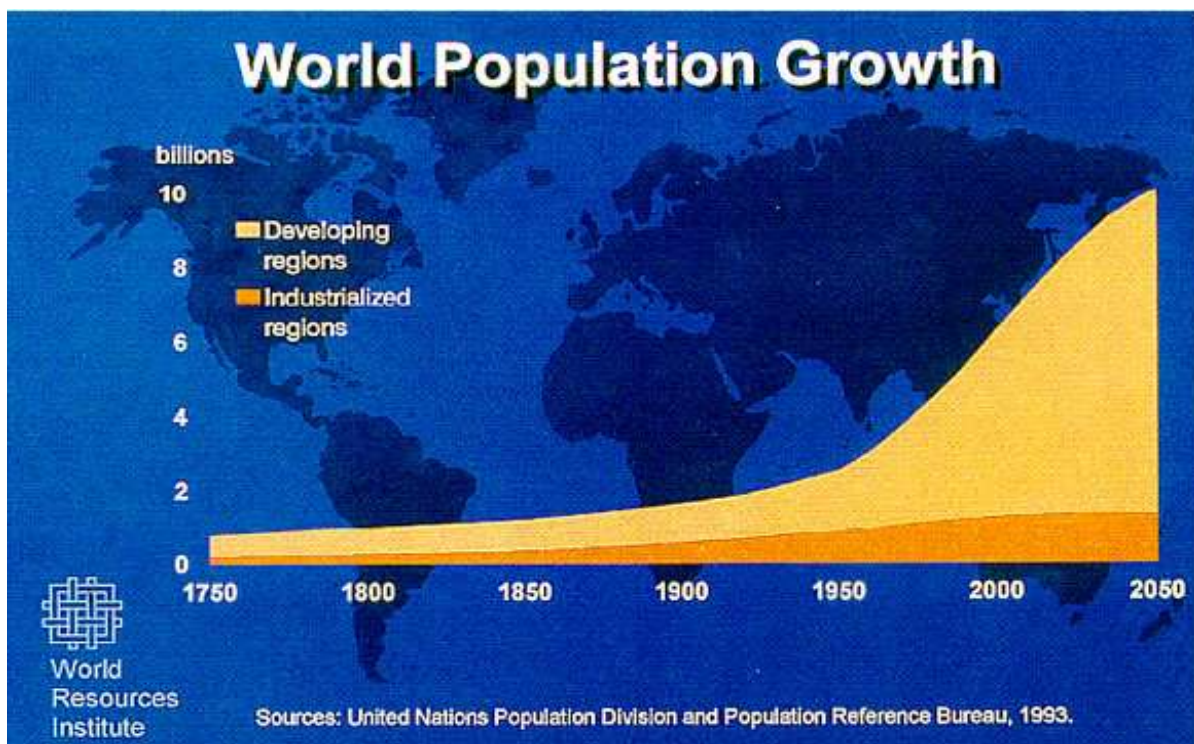
'Yes, colonialism oppressed us. Yes, apartheid oppressed us. But it's more painful when your own people oppress you,' said Khoza who had her children with her at the briefing for support.

The former chairperson of the of the public service and administration portfolio committee said she humbled herself before the ANC leadership over recent months. She also thanked several women within the ANC for supporting her. These included Barbara Masekela, Gertrude Shope, Lindiwe Mabuza, Frene Ginwala, Winnie Madikizela-Mandela and Sheila Sisulu.

There goes one hell of a South African and a very brave lady. You will be an asset wherever you choose to go. You are a credit to your nation. We salute you.

Population Growth

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.



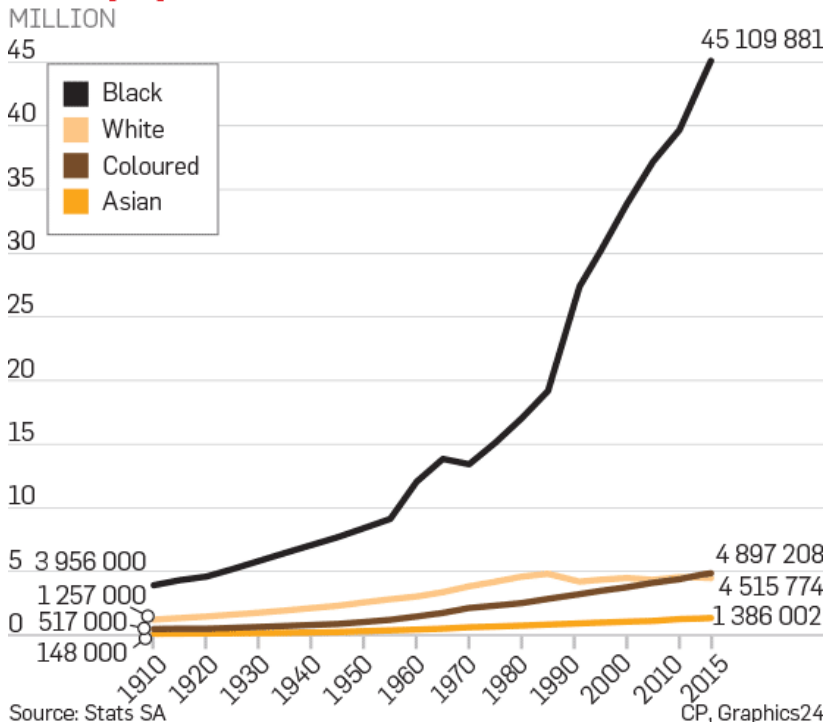
We have seen *one* billion people in the first eighteen hundred years since the birth of Christ and we expect an additional *fourteen* billion eight hundred million people in the three hundred years that follow. It is a horrifying and exponential progression and one which is both appalling and catastrophic. It is sad testimony to man’s innate fallibility and absolute stupidity. While projections for the more developed nations are relatively flat, 97% of this anticipated increase will be experienced in less developed nations.

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

South Africa’s contribution to the exponential growth on the African continent is equally appalling. While Whites, Coloureds and Asians grew from 1 922 000 individuals in 1910 to 10 798 984 in 2016, an increase of 5,6x, Blacks numbers increased in the same period from 3 956 000 to 45 109 881 people, an increase of 11,4x.

Blacks represented 67% of South Africa’s population in 1910, whilst in 2016 they had grown to represented 81% of the population. The other race groups had declined from 33% in 1910 to 19% in 2016.

SA’s population: 1910-2016



SA Population: 1910 to 2016

Millions	%	Millions	%
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THE LONGER WALK TO ECONOMIC FREEDOM

Black	3 956 000	67,00	45 109 881	81,00
White	1 257 000	21,00	4 515 774	9,00
Coloured	517 000	9,00	4 897 208	9,00
Asian	148 000	3,00	1 386 002	1,00
Total	5 878 000	100,00	55 908 865	100,00

Continuation of this historic population growth trend is unsustainable given South Africa's current unresolved challenges:

- Level of Poverty
- High Unemployment
- Large Social Grant Burden
- Low Matric Pass Rate
- Low Conversion to Employment Rate
- Junk Borrowing Status
- Migrating Taxpayers
- Low Foreign Direct Investment
- Pursuit of Failed Marxist Ideologies
- Unsustainable employment by SOEs
- Uneconomic SOEs
- Low Economic Growth Potential
- Level of Corruption

Education

To achieve equal opportunity, SA needs quality education

Jackie Celliers

September

4,

2017

This article is an extract from Fate of the Nation written by Jakkie Cilliers and published by Jonathan Ball.

The best way to achieve and maintain equal opportunity in South Africa is through quality education that targets the poor and offers them the means to gain experience and advance their prospects in a substantial way.

Only high quality, relevant education can provide profound, long-term empowerment. Education should be a top priority for South Africa because education is truly transformational in ways that palliative measures, including black economic empowerment and affirmative action, can never match.

Education transforms and equalises opportunity, and there is an important role for both the state (as regulator and provider of public education) and the private sector (to complement the provision of education services) to play. Belatedly, there does appear to be some progress.

Today, the essential challenge when it comes to fixing our education system is political rather than practical. The first requirement is for the governing party to either break

the stranglehold of the South African Democratic Teachers' Union on the educational sector or find a way to turn obstruction into positive cooperation.

Money is not the problem. As a percentage of government expenditure, South Africa spends 2% more on education than the average for upper-middle-income countries globally, although less than Botswana and Namibia. The problem is bad management, lack of accountability and absence of stability.

The government should also encourage, support and positively regulate the development of an expansive system of private education to relieve the burden on the public component. The Centre for Development and Enterprise in Johannesburg has carried out several studies that point to the potential complementary role that the private sector can play in this regard.

South Africa has 12.5 million children in school, so the potential for growth for the private sector in the education system is large, with lower fee levels than those of many traditional private schools – although their fee structure needs to be regulated. Private universities can also play an important role.

The #FeesMustFall campaign has highlighted the pressure on the public tertiary education system. Currently, 50 000 Grade 12 school-leavers who qualify for university cannot get a place in the country's public universities. If properly managed, private universities can help fill that gap.

The government should facilitate this process by supporting the Council for Higher Education, which is responsible for the accreditation of both public and private higher education institutions. A major obstacle here is that the Higher Education Act precludes any institution from calling itself a university without permission from the higher education minister. This hasn't been granted to any private institutions.

A key reform must be the adoption and advancement of a single language (English) as the medium for secondary and tertiary education, and of formal communication in all sectors and in all public-funded education institutions, and indeed in government.

Efforts to expand the languages of instruction at secondary, tertiary and other educational institutions must be resisted and, in my view, reversed. So, should efforts to establish culturally homogeneous institutions, such as at Stellenbosch University and the Potchefstroom campus of the North-West University.

Institutions that wish to pursue a second language for teaching and education should be free to do so, and South Africa should, for the next decade, provide translation and language services. But we should work towards an associated constitutional

amendment to this effect, with a single secondary language allowed per province for a limited period.

As far as possible, the focus of education should be on the natural and practical sciences. To complement this shift in focus, the emphasis of the South African education system after Grade 8 should include vocational training and skills that align education with the knowledge and skills needed for an economy that has an expanding manufacturing and services sector.

These recommendations form part of the National Development Plan. In its policy document, which was discussed at the African National Congress' (ANC) recent national policy conference, the ANC aligns itself with the 2014 White Paper on post-school education and training.

South Africa needs to massively increase access to vocational training and apprenticeship programmes. Vocational training must be proclaimed as the official 'developmental mandate' of all large state-owned companies, and government, business and labour must create at least 1 million internships to bring more young people into the labour market.

School dropout rates tell the story. Nationally, the dropout rate between grades 10 and 12 is 44.6% – or 490 000 young South Africans who give up. Only 30.2% of pupils who registered for Grade 10 in 2014 passed Grade 12 in 2016.

Currently the government is also underfunding technical and vocational education and training (TVET) colleges. A mere 2% of students entering TVET colleges qualify in the minimum period of three years since the 152 small technical colleges were merged into 50 TVET colleges, placing a huge strain on their management structures. Just one-third graduate, and many of those who do wait years for their certificates. Vocational training should be the major career path for most South Africans in secondary education.

Finally, in 2015 first the #RhodesMustFall and then the #FeesMustFall movements highlighted the challenges in the academic tertiary space. Looking to the future, Adam Habib, the vice-chancellor of the University of the Witwatersrand, punts the development of a flexible but differentiated higher education system.

This system would allow some universities to play a bigger role in the teaching of undergraduate students and the production of professionals, and others to focus on postgraduate students and undertake high-level research – both essential if the country is to develop a knowledge-based economy.

These reforms to the education system would allow South Africa to make the best use of its human capital.

Illegal Immigration

Illegal immigration to South Africa

Irregular immigration to South Africa refers to migration of foreign nationals to South Africa without the authorization of the South African authorities. A range of estimates of the size of the population of irregular migrants in South Africa exist, but these have been described as inaccurate.

No accurate estimates of the number of undocumented migrants living in South Africa exist. Estimates that have been published vary widely. According to Statistics South Africa's 2011 census, 2.2 million foreigners live in South Africa, and the organization's 2015 estimate places the number of undocumented migrants between 500,000 and one million undocumented migrants. A large number of Zimbabweans have fled to South Africa as a result of instability in Zimbabwe, with many living as undocumented migrants in South Africa.

Sociologist Alice Bloch notes that migrants in South Africa have been the victims of xenophobia and violence, regardless of their immigration status.

Refugees from poorer neighbouring countries include many immigrants from the Democratic Republic of the Congo, Mozambique, Zimbabwe, Malawi and others, representing a large portion of the informal sector. With high unemployment levels amongst poorer South Africans, xenophobia is prevalent and many South Africans feel resentful of immigrants who are seen to be depriving the native population of jobs, a feeling which has been given credibility by the fact that many South African employers have employed migrants from other countries for lower pay than South African citizens, especially in the construction, tourism, agriculture and domestic service industries. Illegal immigrants are also heavily involved in informal trading. However, many immigrants to South Africa continue to live in poor conditions, and the South African immigration policy has become increasingly restrictive since 1994.

Do five million immigrants live in SA?

Kate Wilkinson

06 May 2015

A New York Times report states that there are five million immigrants living in South Africa. Africa Check investigates if this figure is correct. (AFP)

How many immigrants live in South Africa? The numbers used in news reports written in the wake of the recent series of brutal attacks on foreigners in the country varied widely.

The BBC said: "Official data suggests there are about two million foreign nationals in South Africa" but that "some estimates put the number of immigrants at five million".

The *New York Times* stated this number as fact. "With Africa's most advanced economy, South Africa is home to about five million immigrants," it said in an article on the xenophobic attacks.

So where does this number come from? Is it backed up by research?

Africa Check emailed Norimitsu Onishi, the journalist who wrote the article, to ask for his source but have yet to receive a response. An email via the *New York Times* website also went unanswered.

With no response from the *New York Times*, our next stop was Statistics South Africa (Stats SA), the official statistics agency. Demographic analysis manager, Diego Iturralde, said that "the numbers quoted by the *New York Times* are way off the mark and it would be interesting to see the source [of] their claim". Researcher at and former director of the African Centre for Migration and Society at Wits University Loren Landau agreed. "As far as I know, this is false," he told Africa Check.

When we asked what is the real figure, both Iturralde and Landau directed us to South Africa's last census for the best available data. The 2011 census found that there were 2 199 871 people living in South Africa who were born outside the country. They made up 4.2% of the population - which then stood at 51 770 560. Seventy-one percent of those born outside of South Africa were African.

Some of the immigrants acquired citizenship since their arrival and therefore the number of non-citizens resident in South Africa is lower. According to the census 1 692 242 people – or 3.3% of South Africa’s population then – were not citizens in 2011. Similar figures were recorded the year following the census in the 2012 General Household Survey.

Iturralde said that there wasn’t any more recent data available on the size of the immigrant population in South Africa but that the numbers were unlikely to have changed significantly since 2011.

“The nature of global migration is that it doesn’t change much at a country level from year to year ... there is no reason to suggest that it has increased dramatically,” he said. Landau told Africa Check that it was “highly unlikely” that the immigrant population would have more than doubled from 2.2-million in 2011 to 5-million in 2015.

So how accurate are these numbers? South Africa’s census is, of course, designed to count every person in South Africa – including both documented and undocumented immigrants.

Both Landau and Iturralde told Africa Check they believe that most immigrants would have been recorded in the last such poll. Landau has previously told Africa Check that, while the census would have undercounted some undocumented immigrants, he had “never seen any justification for a particular, higher figure”.

According to Iturralde, “some undocumented migrants may have avoided the census enumerators for fear of their personal data being passed onto the authorities”. But he said this would have been accounted for during the Post Enumeration Survey. This survey is used to determine the extent of an undercount or overcount. The survey is conducted immediately after the census to evaluate the quality of census data and provides a statistical basis for adjusting census data.

The Conclusion The *New York Times* exaggerates immigrant numbers

The statement that “South Africa is home to about five million immigrants”, published in the *New York Times* and referred to by the BBC, is not backed up by

the best available research. South Africa's 2011 census, which provides the most recent official figures, found that there were about 2.2-million immigrants in the country.

Some undocumented migrants would have evaded the census but not the almost three million required to reach the five million figure. The analysts of population movement in southern Africa that we spoke with said it was highly unlikely that the immigrant population would have doubled in the four years since that last poll was done.

- Africa Check, a non-profit fact-checking organization.
- Twitter: @AfricaCheck

Howzit China?

Noseweek Issue #157

1 November 2012

In the last five years, more than 6,000 Chinese shops have popped up in every dorp of South Africa, effectively forming the country's biggest-ever chain store. And, say retail experts, it amounts to a largely unlawful enterprise that threatens to destroy local commerce and cost the taxman billions.

Suddenly there's a Chinese shop (maybe three) in every suburb, village and town in South Africa. Every single one. *Noseweek* has checked. In a matter of five years, no matter how small the dorp, there it is, generally signposted simply as "China Shop" or "R5 Shop", sometimes endearingly called something like The Happy Store. Very occasionally just a door in a wall, heralded only by that tell-tale display of brightly coloured dresses on the pavement.

In some larger towns, there are up to 10 of them; across South Africa anything between 6,000 and 12,000 "China" shops, each selling cheap imported Chinese goods and bravely manned by a very young couple, of humble origin, so fresh from China that they scarcely speak ten words of English.

Visualize it: 12,000 couples equals 24,000 young, start-up Chinese shopkeepers who have managed to enter, settle and work in South Africa, most of them in 2006. That's 240 Boeing-loads of would-be Chinese shopkeepers. Add to those, the hundreds of new internet cafe and Chinese restaurant operators in evidence, and

then you ask yourself: How did they manage to get into the country and get residence and work permits – or continue operating for years without them – when immigrants from other countries with superior skills are famously refused residence and work permits?

It all happened, virtually unremarked-upon, in just five or six years. In that time growth in imports – much of it illegal – from China have rocketed.

Exports of clothing from China to South Africa have risen from R4 billion in 2005, when the shopkeeper migration got under way, to R8.5bn in 2006, and to R11.3bn in 2010. The growth in trade is matched only by the increase in fraud associated with it. As our graph illustrates, while the Chinese government in 2010 recorded R11.3bn in clothing exports to SA, SARS recorded only R6.7bn-worth entering through SA customs. The missing balance was either under-valued (“under invoiced”) or smuggled past customs to avoid the 45% duty payable on clothing.

Besides the loss to SARS, it also gave the importer an unlawful competitive advantage.

Their low prices and the vast variety of fun “junk” crammed on the shelves of these myriad stores are aimed to make customers smile. Unlike the shops set up by Somali immigrants, the Chinese shops appear to have elicited little hostility from their host communities.

Most South Africans, perhaps ignorant of the scale of the phenomenon, appear to have accepted them as just the umpteenth bunch of brave, eager immigrants to reach our shores who will further enrich our multicultural, multi-ethnic society.

But researchers have found that the phenomenon is not nearly as benign as it looks. To quote a recent confidential report prepared by Stellenbosch research company, Econex: “The conspicuous growth of the community of foreign, mostly Chinese, traders operating in South Africa in an unregulated fashion would seem to indicate an absence of concerted efforts by government to address the issue. They have the guise of formal traders, renting premises in the formal business areas of towns and cities, while deliberately avoiding tax and business registration, as well as the requirements contained in labour legislation. They cannot be romanticized as informal traders simply trying to make a living; they entered the country with the explicit intention of operating under the radar of domestic law. Effectively, they are criminals who cannot even plead ignorance of the law.”

Says Professor Colin McCarthy, retired professor of economics at Stellenbosch

University and former chairman of the International Trade Commission of South Africa: "I am not a conspiracist. All the empirical evidence indicates that the project to set up such an extensive network of Chinese shops, all following the same pattern and targeting the same market-segment, was well researched, well planned, well organized, and well financed. It effectively now constitutes the biggest retail chain in South Africa – bigger than Pick n Pay, Pep Stores, Woolworths, Edgars, Mr. Price – any you can name.

"And there we were, wasting our time worrying about Walmart! In simple terms, this growing activity forms part of the criminal economy."

So, how did this burgeoning of Chinese shops come about? Who made it possible? Who planned it? Who has financed it? And why has the South African government gone soft on Chinese immigration – or, rather, turned a blind eye to the mass of illegal immigrants from China who have quietly settled in as if nothing was the matter? This, in the context of South Africa's concerted efforts to force hundreds of thousands of well-adapted refugees from neighbouring countries to return to their countries of origin.

And what of the mass of non-essential imports flooding the South African market and those of neighbouring states, at the expense of local manufacturers, wholesalers, retailers and our own unemployed workers?

"Government's current industrial policy supposedly regards the textile, clothing and footwear manufacturers as a specific cluster worthy of support, but the conspicuous growth of the community of foreign traders – most, of Chinese origin – operating in South Africa would seem to indicate the absence of coordinated government action (or success) in addressing the problem," is the conclusion drawn by the authors of the Econex report.

"It's not the Chinese who are the problem, it's a law-enforcement problem. We either don't have the policing capacity or the political will to enforce the law," said another researcher in the field who asked not to be identified.

"The governing party – for some mysterious reason – feels the need to go softly-softly when it comes to China," the researcher added.

The impact of the unchecked growth of the black-market economy is huge. The government has lost vast sums in tax revenue due to under-invoiced and undeclared imports, and the non-payment of VAT and various labour-related levies. (It is estimated that SARS last year lost more than R2bn in customs revenue because of

under-invoiced or undeclared clothing imports from China.)

Imports that are cheaper due to non-payment of tariffs and China's manipulation of currency exchange rates – China's currency is deliberately undervalued by 30%, effectively ensuring that all goods exported from China come at a 30% discount – make it impossible for local manufacturers to compete. As they shrink and go out of business, local job opportunities are lost. In addition, the Econex survey found that the unregulated Chinese shops invariably pay their few local employees significantly less than the minimum wage.

Also, some tariff protection on cheap imports was removed soon after 1994 – as the local clothing industry knows only too well. China badly needs South Africa's raw materials such as iron ore, coal and chrome, so, many believe, South Africa made unnecessary concessions in its trade and tariff negotiations with China.

Why? The negative impact of Chinese immigration and trade is not unique to South Africa. Only the reaction to it here has been different. In several African countries, meant "money". However, she hailed from another province in China.

According to the Brenthurst study, "Fujian has been extremely successful in facilitating migration to Africa, both legally and illegally. But Fujianese traders are often viewed in a negative light by other Chinese communities. 'FJ' traders have a reputation for hard work but also ruthlessness and, in some cases, criminality."

According to an HSRC "State of the Nation 2005-2006" report by Janet Wilhelm, "...the attitude of South Africa's original Chinese community (who settled here more than a century ago) towards the new arrivals from mainland Chinese is... at times quite hostile. In this instance, there is a class difference... exacerbated by the negative media coverage, which has focused mainly on the criminal activities of the Chinese triads and, more recently, on job losses that are being blamed on cheap Chinese imports".

Most of the Chinese migrants since 1994 are believed to be in South Africa illegally. "It is not as if they do not have papers. Many would enter on tourist or student visas then simply stay, forfeiting the deposits they paid at the SA Embassy in Beijing," says Patrick Chong, chairman of the Chinese Association of South Africa.

South Africa's Department of Home Affairs was asked how many unclaimed deposits are held at the embassy in Beijing, but did not respond.

As Wilhelm observes: "...it is amazing how so many people can enter a country

seemingly unnoticed.”

Many blame the endemic corruption at the Department of Home Affairs.

Wilhelm quotes the that there is popular resentment of it, mostly directed at Chinese small traders.

Zambia’s presidential election last year was won by Michael Sata, riding on anti-Chinese rhetoric, which resonated with many Zambians claiming Zambia was becoming a “dumping ground” for Chinese traders.

And in Malawi, the government passed a law in July which resulted in Chinese retailers being evicted from small towns and rural areas and restricted to the country’s four city centres. The move has been branded as xenophobic by civil rights groups.

Curiously, the Chinese Ambassador to Malawi, Pan Hejun, raised eyebrows when he said China did not support the small Chinese vendors. “They are capitalizing on government’s failure to screen foreign traders,” he told a press briefing on July 23. This seems at odds with China’s desire to create new markets for its manufacturers. Perhaps when Chinese small traders were first recruited to set up in African countries, no-one had anticipated the xenophobic attacks on Somali traders who had set up spaza shops in SA’s black townships.

They had clearly learned from that precedent when it came to setting up small traders in South Africa. Here none have gone into competition with township spaza shops or with pavement and bus-terminus stall operators. Instead, all the evidence suggests they followed in the footsteps of Pep Stores, invariably setting up shop within 150 metres of a Pep Store in former white town centres or on the fringes of typically coloured residential areas – where they were least likely to antagonize local, usually black, informal traders, while enjoying maximum exposure to their lower-income target market.

Africa attracts the poorest and least- educated of the Chinese migrants. Amongst the interviewees in a study of Chinese traders in Southern Africa by the Brenthurst Foundation, Africa was rated the least desirable choice of location and for most, not their end destination – after Canada, Australia, London or the US. The only reason Chinese traders are here is because of unemployment, stiff competition at home and the prospect of saving enough to one day own their own businesses. Most hope to return home eventually.

Nine out of 10 of the new Chinese immigrants in South Africa are from the Fujian province in south-eastern China, according to a Chinese-speaking researcher who travelled from Joburg to North West, to the Botswana border, Limpopo, Free State, Karoo, Transkei and to Eastern Cape interviewing Chinese shopkeepers. *Noseweek's* own research across the Southern and Western Cape confirms this.

In China, Fujian is known as a place from which people migrate, says Isabella Fang, a trader in Sea Point, Cape Town. Mr. Bu, a Fujian trader who has lived in South Africa for 22 years, says the reason people migrate from Fujian is "it is very poor with too many people who cannot all find work".

"Fujianese people often make a lot of trouble... and when it comes, they use the natural way to fix the problem," says one Chinese trader, confirming that she SAPS's Aliens Investigation Unit as saying "many immigrants travel to South Africa via Johannesburg to Mbabane, Maputo and Maseru where they buy false identity documents which they use to enter South Africa by road.

"More often than not, in the case of traders, migration is facilitated with the help of illegal or unlicensed employment agencies or even human smugglers known as 'snakeheads'."

The Brenthurst Report relates a case where one family member serves as the pioneer, establishing him/herself as an informal trader in one location before moving upward to become a business owner or wholesaler – in the process, drawing other members of their extended family or hometown to the same location, a phenomenon known as chain migration. (From one pioneer in the 'Chen' family, there are today 172 members of the same family scattered across Lesotho doing various types of trading.)

But this is not typical of the recent migration of Chinese shopkeepers. None of those interviewed by *Noseweek* in their shops in the little Karoo and the South and Western Cape had relatives in South Africa. They did not even know the Chinese couple trading in the next suburb or town; in country towns, they appear to lead a lonely life in the shop. All slept in a cubicle in the back of the shop. For company, they all had a TV set in sight of the till, tuned to a mainland Chinese channel. The young Fujianese woman who minds the till in the Chinese shop in Prince Albert told *Noseweek* she had not left the shop for the past four years and did not know nor had she met any other Chinese shopkeepers. In broken English, she said her husband occasionally travels to collect stock, so he might have met other Chinese traders. Her two small children, left in China in the care of her in-laws, she only ever sees and speaks to on "Chinese Facebook". She was not prepared to answer any

further questions.

Several of the young couples encountered by *Noseweek* have started a family since their arrival in South Africa and it is common to find a toddler scooting in the aisles while mother minds the till.

A SARS official who spoke off the record, estimated that “40-50%” “of traders are not registered for tax. Most deal in cash to avoid registration. The official recounted a story about a small rural shop that was raided where R1.2m was found under the counter. But she quickly added that not all Chinese traders operate illegally.

It is uncertain how much of what is sold in these shops bypasses customs, or is counterfeit.

Noseweek's SARS contact says that in the past, containers that arrived at Durban would be inspected by a handful of customs officials who would do a spot-check – an almost impossible task, she said, when you could be talking about 40 containers and 20,000 bags being unloaded at a time. Often the first half of a container would be fine, but the other half that was not checked could contain illegal goods.

SARS recently computerized its system to try to cut out any corrupt officials at the port of entry. The new system works according to a “risk profile”. “With a high profile, your goods will be searched all the time,” she said. If not, they simply pass through because – according to the new system – they would already have been electronically declared in China. The new system is not faultless but, says *Noseweek's* source, it's a “slight improvement”.

The official said containers with counterfeit goods are trucked to Joburg in the middle of the night and offloaded at warehouses run by Nigerians. “The Nigerians are big in this and the Chinese importer does not dirty his hands with this stuff.”

After sorting, most of the counterfeits go to African street traders. Chinese traders from small towns arrive in small delivery trucks at the warehouses to pick up stock. “They buy with cash and there are never invoices” said *Noseweek's* contact. A new trend is to use local courier companies because they are not inspected or searched, the official added. Last year R10bn in counterfeit goods was seized by police at Durban harbour.

Police spokesman Colonel Vincent Mdunge was quoted as saying in an IOL report in January that, besides the Chinese traders, several ostensibly reputable stores are also being investigated for selling these illegal goods.

The IOL report said the goods seized included “perfume valued at R1,05 billion; cigarettes worth R8m; R8m worth of Lion matches; R2,8m worth of branded clothing; R1,5 worth of toys; clothes worth R300,000; CDs and DVDs to the value of R156,500; toothbrushes worth R7,3m; wallets and bags to the value of R264,000; shoes valued at R3m; cellphones worth R2,5m; accessories to the value of R2,2m; Doom coils worth R40,960; light bulbs worth R279,650; bags worth R200,000; electronics to the value of R129,900 – and R700,000 worth of rugby jerseys.” (*Which makes one wonder: is there any perfume on sale in South Africa that isn’t counterfeit?* – Ed.)

“The clearing agents are the poison” said *Noseweek’s* SARS contact.

The Brenthurst study quotes one clothing trader in Joburg as saying customs was so corrupt that everyone had to participate in the game to compete.

And then there are the police. Wilhelm quotes Peter Sapire, a lawyer: “Small stall owners at China City [Ellis Park, Joburg] say police wait to be paid off in the streets outside the centre on Sundays when Chinese shop owners from small towns come in for supplies.

“Chinese people never want any trouble,” says Shwu Ing Liou, an ex-ship’s captain turned businessman and “father” of the three China Towns in Cape Town (in Ottery, Sable Square and Parow). “The government tells us: don’t make trouble, sort it out. Even if you must pay a little money, you finish it.”

Chinese traders will sacrifice a lot to provide a better future for their children. This will often mean sleeping and eating in their shop.

“In South Africa, the unions are too strong, which means labour is too expensive,” says Liou. “In China, people work 24 hours while here, people only work eight hours a day, five days a week. Therefore, Chinese people can sell cheaper,” he claims.

That’s of course quite apart from the goods probably being counterfeit, with no taxes having been paid – factors he might be forgiven for not having mentioned.

“In South Africa today there is a need for cheap goods,” says Sea Point trader Isabella Fang. She is amazed at how expensive food and everyday items like toilet paper are in a country like South Africa, where the majority live in poverty. She produces a page torn out of a Chinese newspaper advertising supermarket food prices.

“How can ordinary people here afford to buy at local prices?” she asks.

Fang runs an “upmarket” boutique in Sea Point. She imports more-expensive and

good-quality stock from China, but says she might be forced to close soon because she cannot cover her expenses.

“People are reluctant to pay more for better-quality Chinese goods” she says. “When people see Chinese goods, they do not want to pay much.”

During *Noseweek's* interview, only one customer enters her “more-upmarket” shop. In contrast, the R5 store across the road bustles with a constant stream of local customers. The woman behind the counter there is reluctant to disclose what their biggest selling items are. I am told by another trader that it's most likely counterfeit cigarettes.

Three waves and you're in

There have been three main waves of Chinese migration to South Africa. The earliest influx, in 1870, was from the southern province of Guangdong – mostly Cantonese and Hakka speaking people.

According to the HSRC's “State of the Nation 2005-2006” report by Janet Wilhelm, “the face of the Chinese community changed” after South Africa forged ties with the Republic of China (Taiwan) in the late 1970s – when there was a second wave of Chinese immigrants from Taiwan.

The children of these original communities went from running shops to becoming doctors, lawyers and accountants, many of whom left South Africa for Canada, Australia and the US.

But, not long after South Africa cut diplomatic ties with Taiwan in 1998, to recognize the People's Republic of China, a third wave of immigrants from mainland China commenced, eventually “swamping” the original communities.

The period between 2003 and 2008 saw the biggest influx, says Patrick Chong, the Chairman of the Chinese Association of South Africa. He estimates that there are at least 300,000 to 400,000 Chinese immigrants in South Africa.

But it's difficult to pin down a number. According to Wilhelm, there were an estimated 20,000 Chinese people in South Africa in 1994, which climbed to between 100,000 and 200,000 around 2005 – a drop in the ocean compared to the estimated 10-million illegal immigrants living in South Africa.

Home Affairs media spokesperson Ronnie Mamoepa told *Noseweek* it was not in the department's mandate to conduct a census. Their mandate was to facilitate legal entry into South Africa's ports of entry, he said.

The Chinese Embassy did not respond to *Noseweek's* request for information but, according to many sources, they do not have the official number of Chinese immigrants either.

Do immigrants 'steal' jobs in SA? What the data tells us

Raphael Chaskalson

Sep 19 2017 12:50

South Africa is a popular destination for immigrants, especially from other African countries. Does their presence affect the employment chances of South Africans? Raphael Chaskalson presents results from an econometric model that attempts to tackle this question.

On 1 May 2008, riots broke out against foreign nationals in Alexandra township, a densely populated settlement, some two miles east of Sandton, sub-Saharan Africa's financial centre.

The iconic image of Mozambican national Ernesto Nhamuave being burnt alive shocked South African audiences and quickly spread across the world. Within two weeks, "xenophobic violence" had spread across South Africa. Those targeted were largely foreign African and South Asian nationals. After two weeks, more than 60 people had been killed and more than 100 000 displaced.

The "charges" against immigrants are typical of anti-immigrant sentiment globally: a 2010 survey by the Southern African Migration Programme found that 60% of South Africans believe immigrants "take jobs", whilst 55% believe that they worsen crime.

But in fact we know very little about the actual labour market effects of immigration to South Africa.

The best source of useful demographic information about immigrants in South Africa is the census, the most recent of which was in the 2011 census. There are, of course, problems with using these data. Demographic trends may well have changed in the six years since 2011.

There is also a risk that immigrants may dodge census surveyors if they fear being victimised by the authorities, so that the data may underestimate immigration to South Africa. But, taking the data at face value, we can glean useful demographic features of immigrants compared to South African born workers.

The table below presents useful demographic, educational and labour market statistics for the locally-born population and immigrants. There were approximately

two million immigrants recorded in the 2011 census, compared to 49.6 million South Africans.

Most immigrants are black African (71.7%), with 4.2% of Indian or Asian ethnicity, reflecting the sizable Pakistani and Bangladeshi population in the country. Often small entrepreneurs (e.g. spaza shop owners), these groups have been consistently targeted in xenophobic attacks.

Zimbabwe is by far the largest immigrant country of origin, reflecting the influx of Zimbabweans during and after the country's economic crisis in the early 2000s. The large populations of people from Lesotho, Mozambique and Malawi reflect South Africa's history as a destination for migrants to the gold and platinum mines.

Immigrants are significantly more likely to hold a diploma or university degree. A total of 1.5% of the immigrant population holds some form of post-school qualification, compared with only 0.3% of the South African population.

The census assigns employed people one of nine job categories. These categories are, in order: *manager, professional, technician, clerk, sales and services, skilled agriculture, craft and related trade, plant and machine operator, and elementary.*

Elementary includes blue collar factory workers, cleaners and other manual labourers. Migrants are 3.5% more likely to be involved in *sales and services* and almost 5% more likely to be in *crafts and related trades*, which may reflect the rich network of immigrant entrepreneurs in poor areas.

Finally, it is worth emphasising that more than 550 000 new immigrants moved into South African municipalities between 2001 and 2011. That is a sizeable influx of people for a country of South Africa's size.

However, when we hone in on particular job categories, we do see a small, negative employment effect for workers in better-skilled job categories. If we believe that immigrants are systematically under-represented in the census data, this may reflect a larger negative effect.

In any case, the predicted effects on both wages and employment, taken at face value, are extremely small. Further research into the skill profile of immigrants is needed to determine whether immigration is a potential solution to South Africa's chronic shortage of skilled labour, as Ellis and Segatti (URL) suggest.

It would also be interesting to explore how employers tap into immigrant networks within the country to source labour, as well and how immigrants in South Africa network with family and associates elsewhere in the world.

Summary

- It is hard to measure whether immigrants take jobs from South Africans.
- But the results of this study show that, overall, immigrants probably create jobs for South Africans.
- This especially applies to certain categories, such as factory workers, cleaners and manual labourers.
- But the opposite is true in more skilled and professional work, where the presence of immigrants seems to mean slightly fewer jobs for South Africans.
- In any case, the effects of immigration on employment for South Africans are very small.

Raphael Chaskalson has a Master's Degree in Economic History and Development Economics from the University of Oxford. This article presents salient features of his current dissertation, which is available on request. He is contactable by email at raph.chaskalson@gmail.com.

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Voting System

Electoral systems

Having regular, free and fair elections is one of the cornerstones of democracy. This goes together with other important democratic principles such as the right to vote, to choose which party you want to belong to and to accept the results of an election.

There are different ways to elect representatives into government, including the system of proportional representative and the constituency-based system. The South

African Constitution says elections must be based on the system of proportional representation.

Proportional representation (PR)

This means that parties get a certain number of seats in parliament according to the percentage of votes that they get in an election. So, for example, if your party gets 15% of all the votes in the country then it gets 15% of the seats in Parliament.

There are 400 seats in the national parliament. So, for every 0.25% of the vote a party gets 1 seat.

2004 Election South Africa: 400 seats

Party	Percentage of vote	Number of seats
ANC	69.68%	279
DA	12.37%	50
IFP	6.97%	28
UDM	2.28%	9
ID	1.73%	7
NNP	1.65%	7
ACDP	1.6%	6
VF+	0.89%	4
UCDP	0.75%	3
PAC	0.73%	3
MF	0.35%	2
AZAPO	0.27%	2

Constituency-based elections

This system is used in some countries like the United Kingdom and Zimbabwe. According to this system, the country is divided up into voting areas called constituencies. Each political party chooses one person to represent the party in each constituency. This person is called the party's candidate. Only people in that constituency vote for the candidate of their choice. The candidate who gets the most votes goes to parliament as the representative for that constituency. The votes cast for losing candidates count for nothing.

Many people like the constituency system because people are represented by an individual that they can hold to account. The disadvantages of the system is that

smaller parties may get no seats and the votes cast for them fall away. In South Africa all parties agreed during the constitutional negotiations that we should adopt a PR system so that even the smallest party will get representation in parliament.

Some countries also use a mixed system with some PR and some constituency representatives.

In South Africa our municipal elections use a mixture of a constituency and a PR system. The country is divided into 3900 wards and the people in each ward select an individual to represent them in the local council. People also vote for a party to represent them in the council.

South Africa's electoral system

National and provincial elections

In South Africa, we use a PR system to vote for parliament and provincial legislatures. Parliament has 400 seats and each of the nine provincial legislatures has between 30 and 90 seats depending on the number of people who live in the province.

Provincial and national elections are held together and have to take place every five years. Voters vote for the national and provincial legislatures on separate ballot papers.

The elections are run by an Independent Electoral Commission (IEC) who administers every part of the elections to ensure that they are free and fair. All registered political parties are represented on a Party Liaison Committee that gives advice to, and gets information from the IEC

Before the elections political parties draw up a list of candidates for each of the legislatures they wish to contest. For the national assembly, parties can submit half their candidates on a national list and half on provincial lists. When the results are announced the IEC works out how many people from each party list should take up seats in the legislatures.

Voting Dilemma

Events in Parliament this week underscored the brokenness of South Africa's democracy. We may have the best Constitution in the world, but it means little when MPs can get away with closing ranks and protecting the corrupt. While there were around 30 ANC MPs who supported this week's motion of no-confidence, the result was still a resounding victory for the Zuma camp. It's becoming increasingly clear that a debate needs to be held about South Africa's party proportional system which fails to hold MPs accountable to their constituencies and instead protects the

interests of their parties. This is a major weakness that Frederik van Zyl Slabbert observed several years ago. The Van Zyl Slabbert Commission, as a result, proposed that South Africa should consider adopting a mixed system that would ensure that MPs can be elected on party platforms but from multi-member constituencies. The ANC, though, batted away the recommendations, and today we know why. The next stop may be a Zanu-PF style of governance. – Gareth van Zyl

By Roger Southall
Professor of Sociology at the University of the Witwatersrand.

This article was originally published on The Conversation.

Prior to the motion of no confidence in President Jacob Zuma in South Africa's National Assembly, former Finance Minister, Pravin Gordhan, among others, urged the African National Congress (ANC) MPs to be guided by their conscience, implying that they should break ranks with their party and vote with the opposition.

The thrust of Gordhan's argument was that under Zuma the presidency had become corrupt and morally compromised. Therefore, a vote against Zuma's continuance in office would be in the national interest.

The further implication was that voting for Zuma to go would be in the long-term interest of the ANC. The reasoning behind this was that, unless the party is to return to the values for which the liberation struggle was fought, it will wreak its own destruction.

The counter-argument by the ANC hierarchy was that ANC MPs were bound by obligation to the voters who had elected them to vote the way the party instructed. MPs in the South African system are not elected as individuals, but merely as members of their party. To vote against the party line would be to overturn the logic of democracy.

A further argument put forward by ANC speakers in the debate was that the opposition was seeking unconstitutional "regime change". This was quite correctly challenged. The opposition pointed out that the motion had been put in terms of the constitution, and that they were seeking to replace the President and not the ANC government.

And yet, although the ANC argument was manifestly "rubbish" (to quote Wits academic Ivor Sarakinsky in commentary on a local television station's eNCA), the

debate highlighted a very real tension at the heart of South Africa's democracy. Should MPs have the right to vote according to their conscience?

The role of the political party

Universally, the rise of political parties alongside the expansion of parliamentary democracy inevitably came at the cost of the independence of individual MPs. It is rare today for any individual not belonging to a political party to secure a seat in any parliament. Belonging to a political party has become a necessity except in the most exceptional of circumstances.

In turn, belonging to a political party requires that MPs or representatives sign up to a Faustian deal. If they want to progress politically, they must follow the party line, even on occasions where they disagree with party policy.

This is entrenched in the communist notion of 'democratic centralism' – once the party has 'democratically' made its decision, the individual is politically bound to implement it.

In practice, however, party systems are not always so rigid as this implies.

Parliamentary histories are stuffed not merely with internal party rebellions but individual MPs voting against their own governments. Internal rebellions are prone to occur where party leaderships lose the confidence of their backbenchers (who are usually relaying extra-parliamentary discontent). And individual MPs may choose to vote against their party's line – often for religious or ethical reasons. They may also do so because they see themselves as representatives of constituencies or interests that are offended by party policy.

Political parties handle such problems in different ways. Often, they will seek to fudge policies to contain intra-party differences. Alternatively, minority factions within parties may grow to become a majority and secure a change in party policy.

Read also: Furious property mogul Lew Geffen: "Ballot result tells world SA is rotten"

Where parties are split down the middle, party leaderships may try to resolve difficulties by suspending party directives and allowing a free vote (as during the Brexit referendum debate). On key issues, individual MPs who threaten to vote against their parties may be bribed by promises of bounty for their constituents or by compromises made to relevant policy proposals, although ultimately the threat of expulsion from the party lies in waiting.

Individual MPs may also be buoyed up by the honour that accrues to them if they are perceived to be standing their ground on matters of political or moral principle. They may earn the respect of their political opponents as much as the brick-bats of their party colleagues.

Challenge for the ANC

The variations, inconsistencies and flexibility built into modern party systems clearly stands as a challenge to the contemporary ANC mantra that MPs are slaves to their party's requirements. Yet the ANC position is by no means without logic. It is indisputable that under South Africa's electoral system, as it stands, MPs are elected as party representatives and not as individuals.

National-list proportional representation allows for no individuality of candidates. Voters do not have individual MPs. They simply vote for a party. Under this system MPs are allowed minimal scope for conscience.

But, ultimately, the ANC has no answer to the popular expectation that, when pressed on major issues, MPs should vote for what they think is right. They should vote against that which they think is wrong. They must be guided by their conscience rather than their pockets.

Voters seem to expect that when MPs refer to each other as 'honourable' that they should indeed embody 'honour'. Yet equally, the public distaste for blatant political opportunism, as displayed during the floor-crossing episodes of yesteryear when minority party MPs jumped ship, mainly to join the ANC for personal and financial reasons, voters expect MPs to respect the outcomes of elections.

Discipline yes, but courage too

National Assembly of South Africa

Seemingly there is no consistent set of principles and practices which will satisfactorily resolve the tension between party demands and individual conscience. Yet what does become clear is that there is much more scope for flexibility, tolerance of dissent, and – yes – freedom of conscience in systems where MPs are directly responsible to constituents rather than, as in South Africa, they are wholly accountable to their parties.

Is this why the ANC so forthrightly rejected the recommendations of the Van Zyl Slabbert Commission on Electoral Reform? The commission recommended a mixed

electoral system, whereby MPs would be elected on party platforms but from multi-member constituencies.

There is no escaping the necessity of party systems to get the job of government done. Voters understand the need for party discipline. Yet as the vote of no confidence also shows, they also want MPs to have the courage to rebel.

Social Exclusion

The provision of certain rights to all individuals and groups in society, such as employment, adequate housing, health care, education and training. This may be defined as social inclusion.

Social Inclusion and Policymaking in South Africa: A Conceptual Overview

Michael Cardo

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“Social inclusion” has gained increasing currency in international and domestic policy discourse over the past decade, to some extent, replacing (albeit partially incorporating) once du jour ideas about “social cohesion” and “social capital”. South Africa’s supposed policy blueprint, the National Development Plan (NDP), is anchored in the concept of social inclusion. The NDP emphasises a capable state, a “capabilities” approach to development, and active citizenship and participation in the economic, civic and social norms that integrate society¹. These are integral components of social inclusion. The NDP also underscores the need for redress measures in creating an inclusive, non-racial society in terms of Section 9 (2) of the Constitution, by broadening opportunities and pursuing substantive equality. This essay traces some of the recent key concepts in social policy discourse from “social cohesion” through “social capital” to “social exclusion” and “social inclusion”. While there is some degree of overlap between these terms, “social exclusion” and “social inclusion” are of greater analytical value. They provide a richer understanding of the link between access to opportunity and efforts to combat poverty on the one hand, and citizenship on the other. In concluding, I observe in passing the conceptual disjuncture between the approach adopted by the NDP on redress, development and social inclusion, and the African National Congress’s policy position on the “second transition” to a “national democratic society”.

Social Cohesion and Social Capital Before the popularisation of “social inclusion”, the allied concepts of social cohesion and social capital spawned a huge body of research and literature by organisations within the international policy community. Social cohesion is defined as a process or “set of factors that foster a basic equilibrium among individuals in a society”². In 2004, the national Department of Arts and Culture (DAC), in South Africa, commissioned a study by the Human Sciences Research Council on the social “health of the nation”³. The HSRC employed social cohesion as a descriptive term to refer to “the extent to which a society is coherent, united and functional, providing an environment within which its citizens can flourish”.

It argued further:

Social cohesion is deemed to be present by the extent to which participants and observers of society find the lived existence of citizens to be relatively peaceful, gainfully employed, harmonious and free from deprivation. In 2012, DAC produced a “National Social Cohesion Strategy”⁴ that defines social cohesion as “the degree of social integration ... in communities and society at large, and the extent to which mutual solidarity finds expression among individuals and communities”. This formed the basis for discussion at a “National Summit on Social Cohesion” in Kliptown in July 2012. Now, social cohesion is evidently a desirable objective, but harmonious societies or societies in equilibrium are not necessarily, by definition, inclusive

societies – societies for all. For example, feudal societies may have been in equilibrium but they were certainly not inclusive. They did not recognise or give scope to the full, equal and active citizenship of all members of society. In contrast with social cohesion, definitions of social capital tend to focus on networks and relations of trust and reciprocity within these networks. Putnam defines social capital in terms of four features of communities: the existence of community networks; civic engagement or participation in community networks; a sense of community identity, solidarity and equality with other community members; and norms of trust and reciprocal help and support. There are various types of social capital. Bonding social capital refers to internal cohesion or connectedness within relatively homogenous groups, like families. Bridging social capital refers to the level and nature of contact and engagement between different communities, across racial, gendered, linguistic and class divides. Linking social capital refers to relations between individuals and groups in different social strata in a hierarchy where power, social status and wealth are accessed by different groups. Social cohesion and social capital have both been used by governments, nongovernmental organisations and inter-governmental organisations as conceptual tools for public policy.

The World Bank enthusiastically adopted social capital, which it defines with reference to social cohesion: Social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions. Increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together. The World Bank concedes, however, that it is difficult to measure social capital. For example, feudal societies may have been in equilibrium but they were certainly not inclusive. They did not recognise or give scope to the full, equal and active citizenship of all members of society.

Furthermore, social capital is not necessarily desirable. Halpern⁸ suggests that organised criminals or gangs comprise a social network with shared norms but they do not constitute a societal good. Portes⁹ cites the downsides of social capital as the exclusion of outsiders, restriction on individual freedom and a downward levelling of norms. Like social capital, social cohesion is not a ready-made tool for public policy. It is vague. The slipperiness of the concept makes it difficult to translate social cohesion into a set of tangible strategic outcomes with measurable indicators. Towards a New Conceptual Framework One of the main drawbacks of social cohesion and social capital as conceptual and analytical tools, then, is their lack of rigour. Over the past 30 years, "social exclusion" and "social inclusion" have increasingly been used in the literature on social policy. Nevertheless, there is a close link between them and social cohesion and social capital. As Phillips argues: 'there is a strong but complex relationship between social inclusion (mostly as an

outcome but also as a process), social exclusion (mostly as a process but also as an outcome) and the social cohesiveness of societies'. Jones and Smyth¹¹ argue that the concept of social exclusion deepens understandings of poverty and provides a conceptual link between access to opportunity and citizenship. Social exclusion broadens the conventional framework that posits poverty as a lack of resources relative to needs. In this way, it complements Peter Townsend's seminal analysis of poverty in terms of relative deprivation and Amartya Sen's notion of capability deprivation: the idea that citizens are excluded from society if they do not have the power, the opportunity or the means to lead a life they value, and thereby achieve substantive freedom. The ideas of agency and individual responsibility (alongside rights) are central to the discourse on social inclusion and citizenship. The "rights and responsibilities" of citizenship is a theme that suggests that social inclusion should be viewed as a fundamental right and 'capability', since being able to be included into society is a critical aspect of citizenship. What is Social Exclusion? In 1997, the UK government established a Social Exclusion Unit that defined social exclusion as 'a shorthand label for what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown'. Definitions of social exclusion may include all or some of the following elements: disadvantage experienced by individuals, households, spatial areas or population groups in relation to certain norms of social, economic or political activity; the social, economic and institutional processes through which disadvantage is produced; and the outcomes or consequences of those processes on individuals, groups or communities.

Poverty and social exclusion are driven up and down by demographic trends such as youth unemployment, lone parents, teenage mothers and immigration from other provinces.

social, economic and institutional processes through which disadvantage is produced; and the outcomes or consequences of those processes on individuals, groups or communities. The European Commission defines social exclusion as: The multiple and changing factors resulting in people being excluded from the normal exchanges, practices and rights of modern society. Poverty is one of the most obvious factors, but social exclusion also refers to inadequate rights in housing, education, health and access to services. It affects individuals and groups, particularly in urban and rural areas, who are in some way subject to discrimination or segregation; and it emphasises the weaknesses in the social infrastructure and the risk of allowing a two-tier society to become established by default. In sum,

social exclusion is the involuntary exclusion of individuals and groups from society's political, economic and societal processes, which prevents their full participation in society. Social exclusion is the denial (or non-realisation) of the different dimensions of citizenship – civic, economic, social and cultural – either through lack of access to opportunity or failure to use that opportunity. Such opportunities take the form of education, healthcare, housing, safety, and neighbourhoods that are linked physically (through transport and amenities) and socially (through social capital and trust).

Poverty and social exclusion are both a cause and effect of socially dysfunctional behaviours such as substance abuse, violent crime and domestic abuse. Poverty and social exclusion are driven up and down by demographic trends such as youth unemployment, lone parents, teenage mothers and in-migration from other provinces. Social Exclusion and Multidimensional Notions of Poverty Contemporary understandings of human development have stressed that a lack of economic resources is not the only determinant of poverty. Resources cannot be understood divorced from their social context. Poverty is increasingly being framed in terms of the capacity to participate in the society in which citizens live. In Europe, the term social exclusion originated in the social policy discourse of the French socialist governments of the 1980s and referred to a disparate group of people living on the margins of society – especially those without access to the system of social insurance. However, the European Commission has argued for a more multidimensional understanding of the 'nature of the mechanisms whereby individuals and groups are excluded from taking part in the social exchanges, from the component practices and rights of social integration'. Alongside economic resources and employment, health, education, affordable access to other public services such as justice, housing, civil rights, security, well-being, information and communications, mobility, social and political participation, leisure and culture also need to be considered. This provides for a multidimensional portfolio of indicators on social exclusion. Globally, a multidimensional approach to poverty and social inclusion has long underpinned efforts to promote development. The foreword to the first Human Development Report set out the position in 1990: The purpose of development is to offer people more options. One of their options is access to income – not as an end but to acquiring human wellbeing. But there are other options as well, including long life, knowledge, political freedom, personal security, community participation and guaranteed Human Rights. People cannot be reduced to single dimension as economic creatures. Five years later, the Copenhagen Declaration on Social Development and the Programme Action of the World Summit for Social Development highlighted the various manifestations of poverty: Poverty has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health;

limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environment; and social discrimination and exclusion. It is also characterized by a lack of participation in decision-making and in civil, social and cultural life”

The World Development Report was entitled “Attacking Poverty”, and in his foreword to the Report (p.v), the then President of the World Bank, James Wolfensohn, referred to ‘the now established view of poverty as encompassing not only low income and consumption but also low achievement in education, health, nutrition, and other areas of human development’. The World Development Report opened by referring to “poverty’s many dimensions” and stressed that these went beyond hunger, lack of shelter, ill health, illiteracy and lack of education. The poor, it said, ‘are often treated badly by the institutions of state and society and excluded from voice and power in those institutions’

From Social Exclusion to Social Inclusion There is no consensus in the literature that social inclusion and exclusion are two ends of a continuum or that they are binary opposites, even though much of the literature tacitly assumes this. Steinert distinguishes between integration and participation as potential opposites to exclusion. He rejects integration (which he equates with ‘inclusion’) as being too passive and normative. In a similar vein, Barry notes that highly socially integrated societies can be marked by large inequalities of power and status. Walker and Wigfield contrast inclusion and exclusion as follows: If social exclusion is the denial (or non-realisation) of different dimensions of citizenship then the other side of the coin, social inclusion, is the degree to the poor, it said, ‘are often treated badly by the institutions of state and society and excluded from voice and power in those institutions’ which such citizenship is realised. Formally we might define social inclusion as the degree to which people are and feel integrated in the different relationships, organisations, sub-systems and structures that constitute everyday life. As a process, then, social inclusion refers both to integration into social, economic and civic life and the pursuit of active citizenship as well to counter poverty understood in the sense of capability deprivation. An inclusive society is a society for all, in which every individual – each with rights and responsibilities – feels he or she has an active role to play, thus reducing the risk of social dysfunction and disintegration. Social Inclusion and Redress the NDP’s overriding goal is to eliminate poverty and reduce inequality through a virtuous cycle of economic growth and development. To do this, it advocates a new approach to policy – one that moves from “a passive citizenry receiving services from the state” to one that “systematically includes the socially and economically excluded”, where people are “active champions of their own development”, and where government works to “develop people’s capabilities to lead the lives they desire”.

Generally, then, the NDP is anchored in the concept of social inclusion. Its vision is of an inclusive non-racial society as described in the preamble to – and founding

provisions of – the South African Constitution. Specifically, Chapter 1531, on “Transforming society and uniting the country” deals with “promoting economic and social inclusion, ... active citizenry and... the crafting of a social compact”. This chapter departs from the premise that a “capabilities” approach to development is “critical to broadening opportunities, an essential element of the nation-building process”. It elaborates: South Africa needs to build a more equitable society where opportunity is not defined by race, gender, class or religion. This would mean building people’s capabilities through access to quality education, health care and basic services, as well as enabling access to employment, and transforming ownership patterns of the economy. Redress measures that seek to correct imbalances of the past should be strengthened. Yet it is instructive to note that the NDP is critical of the way in which some of the existing models of redress have been implemented – the Employment Equity Act, which the NDP notes “does not encourage the appointment of people without the requisite qualifications, experience or competence”.

The NDP underscores the fact that race and gender need to be considered alongside qualifications and experience, and that skills- and staff-development should be at the centre of employment equity plans. On other redress measures such as black economic empowerment and land South Africa needs to build a more equitable society where opportunity is not defined by race, gender, class or religion. This would mean building people’s capabilities through access to quality education, health care and basic services, as well as enabling access to employment, and transforming ownership patterns of the economy.

Reform, the NDP stresses that they should be rooted in the letter and spirit of Section 9 (2) of the Constitution. They should promote growth or jobs to support the NDP’s overarching goals. They should not enforce rigid quotas or the mechanical application of numerical formulae. And they should focus on broadening opportunities as opposed to manipulating outcomes.

Outcomes must be linked to opportunity, effort and ability because an inclusive society in which citizens have developed their capabilities is a society in which opportunities are not granted as special favours to selected beneficiaries. This truly “developmental” approach to redress, anchored as it is in the concept of social inclusion, is a far cry from the ANC’s so-called “second transition” to a “national democratic society”. The ruling party placed a renewed emphasis on the “second transition” at its policy conference in 2012, based on its analysis of the “national democratic revolution”.

With its misguided emphasis on strengthening the role of the state in the economy and its prioritisation of existing flawed models of racial redress (all of which manipulate outcomes rather than extend opportunities), the

“second transition” totally controverts the Constitution, the NDP, the capabilities approach to development, and the concept of social inclusion.

It is often said that South Africa is the most unequal society in the world. Business and Economy Editor Andile Makholwa put a few questions to Haroon Borat, Professor of Economics and Director of the Development Policy Research Unit at the University of Cape Town.

How unequal is South Africa society?

Is it true that South Africa is the most unequal society in the world?

Depending on the variable used to measure inequality, the time period, and the dataset, South Africa’s Gini coefficient ranges from about 0.660 to 0.696. The Gini coefficient is the measure of income inequality, ranging from 0 to 1. 0 is a perfectly equal society and a value of 1 represents a perfectly unequal society.

This would make South Africa one of the most consistently unequal countries in the world. I say “consistently” because you may find a Gini of say 0.7 for a country that has had only one survey in the last 20 years. This is not a consistent measure. Or you may find a society that has undergone civil war.

Why is inequality so pronounced in South Africa?

There is a myriad of reasons, but some of the key factors include skewed initial endowments (or assets that people and households have) post-1994 in the form of, for example, human capital, access to financial capital, and ownership patterns. These, and other endowments, served to generate a highly unequal growth trajectory, ensuring that those households with these higher levels of endowments gained from the little economic growth there was.

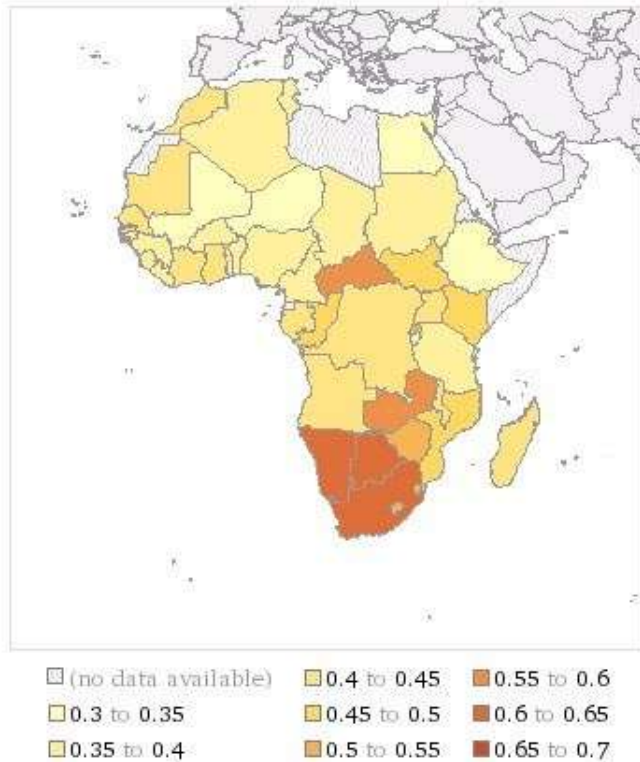
In addition, we are an economy characterized by a growth path which is both skills-intensive and capital-intensive, thus not generating a sufficient quantum of low-wage jobs – which is key to both reducing unemployment and inequality.

What can be done about it? Is there anything the political economist Thomas Piketty can teach us?

Piketty's thesis in part argues that schooling is critical for reducing inequality in the long-run. Human capital accumulation is one possible mechanism through which to overcome a growth path where the rate of return on capital r exceeds the rate of economic growth g – $r > g$.

To generate a more equal growth path, thus equalizing r and g , it is argued that the schooling and educational pipeline plays a potentially crucial role in an economy's long-run growth trajectory.

Gini index map:



Footnote

In the Summa Theologiae, Medieval Theologian Thomas Aquinas said of Greed: 'it is a sin directly against one's neighbor, since one man cannot over-abound in external riches, without another man lacking them... it is a sin against God, just as all mortal sins, inasmuch as man contemns things eternal for the sake of temporal things.'

Earth provides enough to satisfy every man's needs, but not every man's greed.

Mahatma Gandhi

Greed, Inc: Making millions off the country's poorest

David Care

10 Dec 2014

David Carel is currently a Rhodes Scholar at Oxford University. He researches South African social policy with a focus on basic education and the social grant system.

South Africa recently accomplished one of the greatest feats of financial inclusion in the history of the region – and few people batted an eye. In just 18 months, the South African Social Security Agency (SASSA) opened more than 10 million new bank accounts for grant recipients, incorporating an unprecedented share of the nation's poor into the formal banking system. Yet behind this well-intentioned effort lies serious abuse. The company overseeing the distribution of grants has heavily exploited its position, undermining the welfare of grant recipients that the state is meant to protect.

Cash Paymaster Services (CPS), a subsidiary of the financial services behemoth Net1 and winner of the tender to distribute R10 billion in SASSA grants each month, undertook a mass re-registration of all 16 million beneficiaries between March 2012 and August 2013. By opening bank accounts for grant recipients in this process, South Africa surpassed the National Development Plan's target of 70% financial inclusion by 2013. The new system was heralded to reduce grant fraud, cut distribution costs and improve accessibility for recipients.

But the contract stood on questionable ground from the start. Central features of the tender procedure had been changed days before submission, all but excluding most bidders. The bank chosen for the accounts was Grindrod Bank, a subsidiary of a freight logistics and shipping services provider with virtually no branches accessible to grant recipients. To make matters worse, last year the United States department of justice investigated Net1 for violating the Foreign Corrupt Practices Act, citing falsification of financial reporting. In November 2013, the Constitutional Court declared the awarding of the tender to CPS to be "constitutionally invalid", though it was left in place out of fear of disrupting the grant system.

All along, behind the scenes of this legal and political debacle, grant recipients have suffered.

Net1 and its multitude of subsidiaries have leveraged their access to grant recipients to market their own products. SASSA recipients, expecting a simple grant to help make ends meet, are bombarded with offers for micro-loans, insurance packages and airtime advances. In dire straits, countless recipients capitulate, and the consequences are dismal; loans have been found to include up to 100% annual interest and service fees can quickly accumulate to over 50% of the principal. Though SASSA has attempted to intervene, recent reports suggest that these offerings have continued. Many recipients, who live hand-to-mouth, find themselves heavily indebted to the very corporation that was chosen to help the government provide for their welfare.

Recipients have been subjected to a range of other deductions as well. When their bank accounts were opened in the re-registration process, they were inadvertently tied to a national debt registry. As a result, outstanding debts that they had incurred

in prior years, such as for house furniture they had not fully repaid, suddenly began to be deducted straight from their SASSA bank accounts. While one could argue that the companies have a right to collect on these debts, it is not the role of the state, and certainly not in its social security arm, to force this to happen. The integration of recipients into the open banking economy without protection has channelled millions of rands directly to corporations.

Moreover, these factors have severely undermined the ability of recipients to use their new bank accounts to save. Several studies have shown that simply having access to a bank account can drastically increase savings. But largely because of the debit orders and extortionate loans described above, trust in bank accounts and the grant system has eroded. Recipients, unaware of the complex financial instruments operating behind the scenes, do not understand why their money is disappearing and largely assume that SASSA is deducting funds from their grants. Rather than securely saving their money, recipients instantly withdraw their entire grant in cash, increasing both immediate expenditure and risk of theft. Despite the country opening millions of new bank accounts for the poor, recipients cannot use them to save, devastating any chance of using the grant as a ladder out of poverty.

The constitutional right to social security hangs in the balance. The foster parent, the disabled and the elderly are finding it harder and harder to make ends meet as Net1 makes money hand over fist. If it was difficult enough to put food on the table for a month with R300, how are families supposed to cope with R150? Not only are we failing to provide for citizens' social welfare, we're granting corporations an unprecedented opportunity to make immense amounts of money off the backs of the most vulnerable. And they are taking advantage of it.

A new tender for the SASSA grant distribution was released just weeks ago. To SASSA's credit, they have closed several loopholes in the tender guidelines and have rebuffed Net1's attempts to withdraw and change the tender. But the battle has not yet been won. We must hold SASSA accountable as it awards the new contract. We must push our legislators to close legal loopholes that allow for aggressive banking tactics aimed at the most vulnerable in society. And finally, we must be highly vigilant as the new distributor begins implementing its new system next year.

The design of a social grant system is not morally neutral. It represents and enacts a set of values of the state as it provides for the welfare of its citizens. With the new tender, the social grant system finds itself at a defining crossroads. We can affirm the remarkable gains that have been made over the last 20 years, or continue to thrust the balance of power in favor of major financial institutions. What values does the country want to promote in its social security system – justice and human dignity, or corporatism?

South Africa urgently needs new policy ideas to reverse the alarming increase in poverty among its population. New figures reveal an increase of three million South Africans living in poverty over the last five years. More than half (55%) of the population lives on less than R1,138 (USD\$107) a month, up from 53% in 2011.

In a country with 55 million people, 34 million are going without some of the basic necessities, like housing, transport, food, heating and proper clothing. The escalation in hardship and vulnerability reverses the steady progress made since the 1990s.

The poorest have been hit the hardest. One in four citizens survives on less than R531 a month and can't afford to buy enough food to keep healthy. This proportion has risen from one in five in 2011.

The consequences are plain to see. They include more street begging, homelessness, loan sharks, social discontent, substance misuse and violent crime in many communities. Income is not the only measure of poverty. Progress on education, health and basic living conditions also seems to have stalled.

Progress setback

The decline in living standards has occurred despite the extension of social grants to two million more recipients in the past five years, bringing the total number of social grant beneficiaries to 17 million. That is nearly one in three people.

Over the previous decade and a half, extending social grants proved to be an effective way of alleviating hardship. Something has changed.

The global economic slowdown and depressed commodity prices have obviously contributed to the problem. These factors have raised unemployment to record high levels. Domestic political uncertainties, regulatory conflicts and weaknesses in public administration have also dented business confidence and undermined private sector investment.

New ideas are needed to combat poverty and inequality in South Africa. A good place to start is the concept of inclusive growth. This is partly about ensuring more people play an active part in economic, social and political processes. It gives people agency and dignity, and helps to hold institutions to account.

The limits of redistribution

Since the 1990s, the government's approach to poverty has focused on fiscal redistribution. Tax rates increase the more people earn, and the revenue raised has

been used to support poorer groups. Social assistance has taken the form of free housing, free education, health care, sanitation, electricity and social grants.

Spending on this “social wage” has more than doubled in real terms (taking inflation into account) over the past decade. It now amounts to 60% of total public spending. South Africa is reputed to have one of the most redistributive fiscal policies (tax and spending) in the world.

Yet, with a sluggish economy, high government debt and new demands for bailouts from state owned enterprises and universities, the ability to pay for this welfare system is severely strained. It will be extremely difficult to raise the value of social support or extend it to more people in the period ahead.

Since South Africa progressed from apartheid to democracy in 1994, there has been an understandable focus on distributional matters. These efforts have taken priority over action to promote broad-based growth, integrated development and overall prosperity.

Too little attention has gone into expanding production, employment creation (outside the public sector) and enlarging the resource base. Among households, too, there has been excessive emphasis on spending, rather than saving and investing in education, skills and household assets. As a result, the economy and society are poorly equipped to cope with shocks.

Inclusive growth

“Inclusive growth” is often touted as a way forward. It’s an umbrella concept to get people with different interests to work together and build a new consensus around a shared agenda for the country’s development. But what does it mean in practice?

A central element is creating new and different kinds of economic opportunities and linking them explicitly to social needs. Major investments in technology, infrastructure and other facilities should lower barriers to inclusion and give more people on low incomes a chance to work or develop skills to progress.

Growth can’t be left to market forces and private enterprise. And social development can’t be left to government alone. A more integrated “whole of society” approach is needed to bridge historical divides.

This means business, labour, civil society and different spheres of government all playing a role in combating poverty by going beyond their conventional responsibilities. Organisations should take positive steps to continually open

opportunities and reduce social inequalities. Firms should actively seek out new markets, new suppliers and new sources of labour.

Local development

Recent discussions have been limited to national stakeholders. Equivalent local initiatives have been few and far between. Yet a strong and prosperous society cannot be engineered from above.

South Africa needs to build competent institutions at local level too. Common platforms for collaboration are required to harness the energies and share the know-how of people in the cities, towns and villages where they live, work and invest.

A place-based approach means tailoring inclusionary economic policies to local realities and opportunities. Local investments in housing, transport, business property and skills will have a greater impact when they are carefully linked and coordinated.

Support informality

Current ambivalent attitudes towards informality are not helping anyone. The informal economy could be a nursery for people to learn valuable skills, a stepping stone to formal jobs, and a seedbed for larger, more competitive businesses.

Many unemployed and destitute adults can't get the grants available to pensioners, children and the disabled. Yet various forms of bureaucratic red tape obstruct their initiatives to start informal enterprises and "create their own jobs".

Informal settlements are a route for people to escape rural poverty and gain access to urban job markets. Yet they are neglected, hazardous places threatened by government evictions. Affordable urban housing could instead be a driver of inclusive growth and spatial transformation.

In an economic slump, with tight public finances, the government needs new and different ways of responding to local realities. It should orchestrate efforts throughout society which actively support people's struggles to get ahead, not just enable them to get by.

Written by Ivan Turok, Executive Director, HSRC, Human Sciences Research

Scenario Planner: Clem Sunter

'South Africa has succeeded in ending political apartheid, but has yet to finish off economic apartheid'.

'We got rid of political apartheid but have not gotten rid of economic apartheid,' he said. 'Malema and I both agree that we need economic freedom.'

He called on leaders to host an economic Codesa to ensure the country stops meandering into what he terms the second division.

'We're at the second crossroads - the economic crossroads,' said Sunter

New deal or no deal

We are at a second tipping point around economic freedom, in contrast to the first one around political freedom in the early 1990s. Moreover, just as the first tipping point required Codesa I and II to negotiate a new political democracy for the country, we need Codesa III to negotiate a new economic democracy.

It is now a case of a new deal to launch South Africa onto the growth path of becoming a winning nation; or no deal, plunging the nation into penury or, worse still, civil war. Codesa III will require different players at the table including business, agricultural bodies and trade unions alongside the major political actors. Other community-based organisations, NGOs, business schools and various academic experts will be required for aspects of the debate. Following in the footsteps of the

previous Codesas, an open debate must lead to decisions and actions ushering in a new economic order. We have done it before, we can do it again.

The agenda will be different. Here is the one I propose; but obviously Ebrahim Patel and members of the National Planning Commission must be involved in formulating it:

1. Nationalisation

It is hoped that, by mutual consent, the policy of nationalisation of entire industries is abandoned as a desirable option; but the role of state owned enterprises is clarified. The possibility of employee share ownership schemes is examined to give workers a stake in the mineral wealth and means of production of the country.

2. Land ownership

The issue of vacant farm land is discussed as is the current failure of the willing buyer-willing seller scheme. Alternatives to improve the prospects of emerging black farmers are identified as well as a ladder to climb from small-scale farming to large-scale agri-businesses going downstream in the food chain. Ways that the big food retail chains can encourage farming enterprises to be established and grow their profitability by becoming part of the supply chain are investigated. Realistic targets on transfer of land from white to black farmers are set. Employee share ownership schemes are examined for the same reason as in mining.

3. Beneficiation and general rules of investment

Ways of adding value to both mineral and agricultural products before they are exported are debated as are the rules generally for investing in industry in the country. The objective is to remove policy uncertainty which is having an adverse impact on foreign direct investment and local investment.

4. Capital ownership

The strengths and weaknesses of the current BEE programmes are evaluated in terms of changing the ownership of existing capital. The role of banks, the JSE, possible local stock exchanges, venture capital companies, stokvels and government guaranteed loan schemes is debated as a means of providing new capital for enterprise development.

5. Public private partnerships

This area has unbelievable potential in improving service delivery in areas like infrastructure including independent power sources, and the running of railways and ports. Equally in health, housing and education there must be many possibilities that can be captured in discussion.

6. Economic freedom

This is a critical item on the agenda and covers a whole range of issues comprising technical and entrepreneurial training; tax incentives to get companies to hire young people and train them; tax holidays and simplified labour legislation for small business; changes in company scorecards to promote stronger relationships between big and small business; the extension of the cell-phone to become an electronic wallet and portable IT system for small business; and the possibility of introducing basic income grants and local energy transfer systems (bartering of services and goods) in rural communities. Worker co-operatives as a way of empowering labour forces should also be covered – John Lewis as a successful retailer in the UK being a remarkable example.

7. Environmental sustainability

No agenda is complete without discussing the impact of business on the environment, carbon taxes, green industries, water shortages and desertification. A balance between economic development and environmental sustainability is central to any long-term economic plan.

This agenda is just a straw dog to motivate people to add their own issues. However, the idea of a big-bang event like Codesa III should not be lost. It is infinitely preferable to a series of smaller meetings behind closed doors which will probably lead nowhere. We have to make the whole process transparent with extensive media coverage. We have to achieve a set of measurable outcomes to which the players attending the meeting commit themselves. Finally, we have to have a system that monitors progress so that strategies and tactics can be adapted in light.

Four things the World Bank and IMF want SA to do

Carin Smith

Sep 07 2017

When asking how South Africa can survive the current crisis, one only has to look at the four things the World Bank and other international bodies have already pointed out in the past, according to best-selling author, political scientist and historian RW Johnson.

Firstly, the education system must be improved.

Secondly, labour laws and regulations must be liberalised so that it is easier for employers to hire and fire people and it is easier to import the skills the country needs.

Thirdly, the size of the "swollen" civil service must be cut. On top of that salaries in the civil service are now estimated to be about 30% higher than the private sector, Johnson said at Rode-Reim Real Estate Conference at the Spier Wine Estate near Stellenbosch.

Fourthly, the sustainability of state-owned enterprises (SOEs) must be addressed.

National Development Plan

The National Planning Commission's Diagnostic Report, released in June 2011, set out South Africa's achievements and shortcomings since 1994. It identified a failure to implement policies and an absence of broad partnerships as the main reasons for slow progress, and set out nine primary challenges:

1. Too few people work.
2. The quality of school education for black people is poor.
3. Infrastructure is poorly located, inadequate and under-maintained.
4. Spatial divides hobble inclusive development.
5. The economy is unsustainably resource-intensive.
6. The public health system cannot meet demand or sustain quality.
7. Public services are uneven and often of poor quality.
8. Corruption levels are high.
9. South Africa remains a divided society.

Following months of public consultation and revision, the National Development Plan 2030 has been handed over to President Jacob Zuma by the Chairperson of the National Planning Commission, Minister Trevor Manuel.

The handover of the thick document was conducted during a Joint Sitting of both Houses in Parliament on Wednesday. Cabinet, led by the President, will now consider the plan, adopt the key recommendations in the plan and begin implementation.

A draft of the plan was released by the Commission in November last year and six months of public consultation followed. The Commission has now revised the

document with inputs from South Africans from all walks of life, business, labour, government departments, provinces, state-owned enterprises and agencies.

'This is a historic occasion... This plan is the product of thousands of inputs and perspectives of South Africans. It is a plan for a better future, a future in which no person lives in poverty, where no one goes hungry, where there is work for all,' said Manuel ahead of the handover.

Medium Term Strategic Framework 2014 – 2019

The government's comprehensive plan for implementing the National Development Plan and the commitments in the manifesto of the ANC as the governing party over this five-year term. This plan is the Medium Term Strategic Framework (MTSF) for 2014 to 2019, which has now been approved by Cabinet

1. Quality basic education
2. A long and healthy life for all
3. All people in South Africa are and feel safe
4. Decent employment through inclusive economic growth
5. Skilled and capable workforce to support an inclusive growth path
6. An efficient, competitive and responsive economic infrastructure network
7. Vibrant, equitable, sustainable rural communities contributing to food security for all
8. Sustainable human settlements and improved quality of household life
9. Responsive, accountable, effective and efficient local government system
10. Protect and enhance our environmental assets and natural resources
11. Create a better South Africa, a better Africa and a better world
12. An efficient, effective and development oriented public service
13. Social protection
14. Nation building and social cohesion

With the steady drip feed of #Gupta Leaks it's easy to forget the governance and development issues that South Africa should be prioritizing.

The NDP now looks dead in the water. It certainly did not enjoy universal buy-in when it was launched, but it represents a time when South Africa took itself seriously enough to plan for its future. It also remains the only yardstick by which to measure the President Jacob Zuma administration, as if it were a normal government interested in improving the economy and the lives of its citizens.

We now know that Zuma's Cabinet reshuffles were about putting the right cronies in charge and not about fine-tuning socioeconomic development. But examining the NDP is still a useful exercise to measure the distance between where we are and where we had hoped to be.

The NDP planned for a period of growth and development between 2010 and 2030, during which time the number of jobs would increase from 13-million to about 24-million and unemployment would be slashed from 25% to just 6%. The scope of the NDP was far more comprehensive than this — it included plans for energy creation, foreign policy and societal transformation — but it was built around the skeleton of massive job creation.

This job creation, in turn, was predicated on sustained high levels of economic growth: 5.4% a year under the best-case scenario and 3.3% a year at worst. The cumulative effect of this growth would have been an economy in 2030 that was between two and three times the size of its 2010 counterpart.

The NDP envisions that any shortfall in job creation would have to be counterbalanced by an increase in the number of short-term jobs (or "job opportunities" as they are euphemistically called) that are provided through the expanded public works programmes.

We know now that we have barely skimmed the lowest of these growth targets; the economy grew by 3.3% in 2011 and growth in the past five years has averaged just 1.6% each year.

The accompanying graphic shows the compounded effects of such low growth, not so much anemic as bloodless, more paraplegic than pedestrian. Using 2010 as an index, the economy grew by just 12% between 2010 and 2016, compared with a best-case projection of 37% and a worst-case projection of 22%. In other words, our economy's actual growth since 2010 has been a little more than half of the worst-case scenario envisioned by the NDP.

For the country to reach the NDP's growth and employment targets it would have to grow by an average of 3.9% for the next 14 years to achieve the worst-case scenario and by 6.9% to achieve the best case. The projected growth for the next five years isn't close to these numbers: a leading bank has forecast gross domestic product growth to meander along between now and 2022 at below 2% a year, as reflected in the graphic.

If these low growth numbers are maintained for the next six years, the targets for the past eight years become almost impossible: 5.8% growth a year for the worst-case scenario and 11.2% for the best. These growth targets would be ambitious for a China, an India or an Ethiopia; they're patently unrealistic for South Africa.

There is far more detail in the NDP than just a shortlist of macroeconomic targets to achieve or to miss.

There's a breakdown of jobs to be created by sector and the necessary sectoral reforms to achieve these jobs targets. There are targets for renewable energy generation, for continent-wide trade agreements, for the training of artisans and for the increase in the number of PhD graduates. There are descriptions of the microeconomic and social reforms that are needed for increased community safety, for rural development and for social and cultural cohesion. Some of these have clear numerical targets but other achievements are more abstract.

What is clear is that we can't talk about putting meat on the bones of this ambitious national plan when the skeleton itself is riddled with osteoporosis. And this analysis of our growth and development shortfalls barely touches the rot that has infested our economic and democratic institutions.

- The NDP's authors apparently never imagined a day when the fiscus would be so comprehensively emptied and looted by criminals and incompetents, when the treasury's contingency fund would be reallocated to bailouts for state-owned enterprises and salary top-ups for public servants. We can't even afford to subsidise the short-term job opportunities when cumulative ratings downgrades threaten the guarantees that the treasury has provided for the nonperforming Eskoms and SAAs of our economy.
- We could wait until 2030 to declare the NDP an abject failure, or we can acknowledge now that the Zuma administration has rendered our plans unachievable and our targets unattainable. We've become so fixated on a future

without the Guptas and so numbed by the broken promises of Zuma and his coterie that we've neglected to measure our progress by normal standards.

By whichever measures you choose to analyze, the Zuma administration has come up short. We've moved backwards in terms of unemployment, fiscal stability and future prosperity.

National Development Plan progress

Sithembile Mbetse

Lecturer in Politics

University of Pretoria

'The real pity of the National Development Plan's current half-life', Sithembile Mbetse suggests, 'is that South Africa could really use a prominent, unifying document at this time in its history.'

She points out that the NDP was intended not just as plan of action for tackling economic challenges but also as a kind of national mission statement: a set of shared values to take South Africa into the future.

'The NDP hasn't been able to be that. But I think that if you look at where we are as a country, in terms of the deep societal cleavages around race, violence, and so on, we are in quite desperate need of something we can all get behind,' Mbetse says

What is the National Democratic Revolution

Blade Nzimande, General Secretary SACP

For the SACP, especially since the adoption of the Native Republic Thesis of 1928 ('A struggle for a native republic as a stage towards a socialist South Africa'), we had always understood the national democratic revolution as the most direct route to socialism. The latter perspective was fully elaborated in our 1962 programme, 'The Road to South African Freedom'. The concept of a 'national democratic revolution' emerged from within Marxism-Leninism in its analysis of the unfolding national liberation struggles in the 20th century. The NDR has historically been understood as a revolution led by progressive motive forces (mainly oppressed and exploited) to defeat repressive and colonial regimes and build people's democracies, as both an objective in itself, but in circumstances also where, due to domestic or global balance of forces, such a revolution is unable to immediately proceed to socialism.

This could be because the motive forces are either not strong or conscious enough to drive the revolution towards socialism or other objective factors pose a limitation to a transition to socialism.

The above was indeed the SACP understanding of the NDR which was nevertheless shared by many inside the ANC itself. This however did not mean that the SACP had conceived the NDR merely as a stepping stone or an 'instrument' towards socialism. The SACP has always understood and accepted that the very immediate objectives of the NDR - the liberation of blacks in general and Africans in particular, and the building of a non-racial and non-sexist society - were important objectives in themselves. It is for this reason that, contrary to the arguments of our left and right detractors, the Alliance is still important, since the main objectives of the NDR have not been achieved, despite progress made since the 1994 democratic breakthrough.

At the same time the SACP has consistently and correctly argued that the national and gender contradictions cannot be fully resolved under the national democratic revolution, as this can only happen if the revolution proceeds to socialism. It is for this reason that we have approached the challenge of consolidating and deepening of the NDR from the perspective of our strategic slogan 'Socialism is the Future, Built it Now'.

For the ANC, a perspective also shared by the SACP, the national democratic revolution meant the achievement of a non-racial, non-sexist and prosperous society. In addition the ANC, much as it might not have shared all the perspectives of the NDR as articulated by the SACP, had always been understanding of the SACP's perspectives in this regard.

Zuma continues to be a liability for the revolution - Cosatu

Jeanette Chabalala

September 22, 2017

Trade union federation Cosatu has once again called on the African National Congress to recall President Jacob Zuma to save the country from "embarrassment".

Cosatu in Gauteng announced on Friday that it was all systems go for the national strike against state capture, corruption and job losses.

"In our view, every day [Zuma] is allowed to continue as president of the country such a day becomes a wasted day for the advancement of the revolution in our country," the trade union's provincial secretary Dumisani Dakile said while briefing the media in Braamfontein, Johannesburg.

"The president has continued to become a liability to the revolution and the progressive forces in the country and also across the globe."

The march is expected to take place on Wednesday, September 27.

Dakile said all Cosatu affiliates in various sectors would join the strike.

He called upon the national executive committee of the ANC to "save us from embarrassment that the country and movement continue to be exposed to by the president.

"The killing of various comrades and cadres of the movement for having taken a stand against corruption and having tried to the best of their ability to expose it further demonstrate the level of decay under the leadership of the president," he said.

Dakile said Cosatu members had highlighted that they could no longer "fold our arms and rely on the boardrooms while the country is being sold to the highest bidder".

Relations between Cosatu, the South African Communist Party and ANC are at an all-time low after Zuma reshuffled his Cabinet in March without consulting its alliance partners. 2017-09-24 06:05

The ANC's allies, Cosatu and the SA Communist Party (SACP), will on Wednesday take to the streets as part of a national shutdown in a show of force against President Jacob Zuma, the man they propelled to power a decade ago.

The trade union federation and the communist party said their intention was to voice their opposition to state capture, corruption and job losses, for which they blame Zuma's government. Their previous calls for Zuma to resign have fallen on deaf ears.

Cosatu obtained a certificate to strike from the National Economic Development and Labour Council (Nedlac) last month, where they spelt out their plans.

While no mention of the campaign for Zuma to resign was made in the notice to strike, Cosatu general secretary Bheki Ntshalintshali said it was central to the mass action, which was expected to bring the country to a standstill.

"In the march, we will be saying Zuma must go. We can't put it down on the notice to Nedlac because it doesn't have power over a political strike, but deals with socioeconomic issues," he told City Press this week.

City Press heard that some within Cosatu were hoping the march would not only pile pressure on Zuma, but also boost their campaign for Deputy President Cyril Ramaphosa to succeed him.

However, Cosatu has been weakened after its expulsion of the National Union of Metalworkers of SA in 2015. It remains to be seen how many of its 1.2 million members it can attract to stage a successful march. The SACP claimed it had mobilised 250 000 of its members.

The national shutdown comes just days after the alliance members dramatically turned the tables on the governing party, forcing it to choose whether it wants to be treated as an outcast in a reformed partnership.

The fate of the alliance

The three partners in the ANC-led alliance – Cosatu, the SACP and the SA National Civic Organisation (Sanco) – have silently isolated the ANC over its consistent failure to convene the long-awaited political alliance council. This week, the organisations threatened to convene the meeting without the ANC. The liberation movement was failing to lead the alliance and society in general, they said.

Numerous meetings failed to sit as the movement grappled with deep divisions that threaten to split the 27-year-old alliance, which was formed after the unbanning of political parties in February 1990. The last political alliance council was cancelled after Zuma questioned why he should meet people who called for his resignation and barred him from speaking at their gatherings.

Disagreements among the ANC's top six leaders were also seen as the reason strategic alliance meetings failed to sit. Ntshalintshali, however, dismissed as "flimsy excuses" the reasons given for the failed meetings.

The fate of the alliance most likely hinges on the outcome of the ANC's elective conference in December. Cosatu has insisted there is no plan B if Ramaphosa does not replace Zuma, unless its members were to abandon the ANC and join the SACP, which resolved in July to contest elections on its own.

SACP spokesperson Alex Mashilo said the strategy was not to leave the alliance, but to reconfigure and strengthen it.

City Press heard there could be huge implications for the ANC if it did not attend the alliance meeting, which is expected to take place before December.

Cosatu and the SACP have long called for the redesign of the alliance because of concerns that too much power was centralised in the ANC and in one individual – Zuma.

It is here where Cosatu, the SACP and Sanco – with workers on their side – will strategize and decide how best to structure the alliance if it were to remain intact. They want its council to be given new powers, making it a strategic centre where political decisions are approved and managed.

Some are warning that the ANC could alienate itself from the grouping if it snubs the council meeting, and could find itself without friends when the reality of the 2019 election campaign sinks in.

However, ANC secretary-general Gwede Mantashe said that, without the governing party, it would merely be a “gathering” of ANC allies.

“If allies call what is a semblance of a political council on their own, ignoring others, that would not be a political council, but a gathering of the left axis.”

It was “not possible to isolate the ANC”, he insisted.

He would not comment on the implications if the alliance partners were to dump the ANC, and said they were best placed to respond.

“They have the freedom. They are independent of the ANC. They are no sub-structures of the ANC. Any party can do anything,” he said on Friday after the ANC’s national executive committee (NEC) met in Irene near Pretoria.

The committee discussed whether to appeal against a Pietermaritzburg High Court ruling, handed down on September 12, that the ANC’s 2015 KwaZulu-Natal provincial elective conference was unlawful. One option open to the NEC could be to establish a provincial task team, including some NEC members, to hold a new conference.

He said it was up to the workers, as citizens of the country, to exercise their choice and vote for who they wanted. If the intention of the ANC’s allies was to build an alternative to the party, the final decision ultimately lay with workers at the polls.

Mantashe was noncommittal when asked when the ANC would meet its increasingly frustrated and rebellious allies to iron out contentious issues.

The National Democratic Revolution: Rewind, Reform, Run and Hide – or Reboot?

Phillip Dexter

3 Jun 2016 02:06

We stand at another turning point or a crossroads in our country. In fact, this seems to happen every other week. Everything from “Zuma Must Go”, to the rise of the EFF, the proclaimed demise of Cosatu, to the presumed rise of the Workers Summit, the increase of overt racism, to the “Rhodes Must Fall”, point to a fractured, divided and directionless polity.

This is because the 1994 political, economic and social compact that was codified in our Constitution in 1996 has clearly run its course. The failure to transform the economy and the seeming inability of those in political office to address poverty, inequality and unemployment are a testament to this fact. This is not a failure, or the fault of any one political party. It’s a national failure. A failure of vision, of leadership and of responsibility. In some perverse way, it’s a coming of age.

We, as a country, should now grow up; having been suckled and protected by the political class of revolutionary democrats that led the fight against apartheid and defeated it, we are soon to be on our own, as so many of them have passed on.

They, rightly so, solved the democratic challenge, but they did not solve the issues of land, property, and wealth and the lack thereof. The democratic breakthrough of 1994 kicked the issue of the economy into touch. With it went social justice. But the ball is back in play and the side that does not pick it up will lose.

This impasse or crisis in the National Democratic Revolution, depending on one’s view, is the real, underlying cause of our national woes. Corruption, Nkandla, the Spy Tapes, rising racism and the stagnant economy that perpetuates and reproduces unemployment, poverty and inequality, are symptoms, not causes. These issues point to the need to discuss the current state we are in.

Neither the DA nor the EFF can lead such a discussion. The DA is essentially a neoconservative party, cloaked in the guise of some vague commitment to a liberalism of sorts, paternalistic at best and institutionally racist at worst. The EFF is a populist party, cloaked in the guise of a socialist one. Just as with previous breakaways from the ANC, such as COPE and the PAC, every ill the EFF cites of the liberation movement, it suffers from itself. The United Front is a loose coalition of socialists, issue-based campaigners and anarchists with a committed but small and relatively ineffectual base.

But what does that make the current ANC, SACP and Cosatu-led Alliance? It seems to be a movement that has truly lost its way. While it has a radical vision, has delivered democracy, a truly radical Constitution, ensured the delivery of basic services, social welfare and the beginnings of transformation, the weaknesses and failures of the current ANC leadership are undermining these gains and its proud track record. The current leaders of the ANC and its allies no longer lead society by mobilizing the broadest range of forces. They lead by bombastic claims to legitimacy. The movement is no longer directed by the revolutionary national democrats and democratic socialists in the organization, but by a small, acquisitive elite, with their material interests as the priority and patronage as the method of maintaining power in the organization.

This leadership has made the programme of the movement, the National Democratic Revolution, literally grind to a halt. It has made the interests of the nation secondary to the interests of a few individuals and families, some of whom are not even South African. Xenophobia is unacceptable, but subordinating the national interest to foreign interests is usually called treason.

The balance of leaders, who hear no evil, see no evil, speak no evil, have their heads buried in the sand. They think that by deciding on postage stamps, cutting ribbons at 12 new houses, or by holding a prayer meeting, the world will change. It's a shame. Class formation has captured the leadership of the ANC and those who have not aligned themselves with the programme of the new elite simply sit quietly. The silence of the lambs.

There seem to be four responses to this situation in our organization. One is to hark back nostalgically to the ANC of the past and try to wish it back into existence. As one sage political activist said, in the middle of the road crossing from the parliamentary precinct to a luxury hotel, "Comrades, that ANC you keep talking about, of Oliver Tambo, of Chris Hani, of Dora Tamana, face it! It's gone! It's never coming back!" The politics of reminiscence.

The second response is to think that a process of reform of the movement can happen gradually, slowly educating cadres to become principled revolutionaries and relying on a kind of magic that will ensure that the values and principles that are written in the historical documents of our organization will somehow enter these cadres by a process of osmosis. This in the current milieu of the sick, twisted, warped and perverse capitalism that is the product of colonialism and apartheid, and super-charged by globalization. This is politics as ritual, a kind of magic, or muti.

The third response is to ignore the reality we are in and to blame all the ills we face on the opposition, on enemy agents, on anything and everything from pixies to the Illuminati! The "run-and-hide-from-reality" approach to politics.

The fourth view is to recognize the challenges we face as being part of the success of the NDR. This is about owning the changes we have brought about, in terms of race, class, gender, differently-abled people, youth and the elderly. It is a position that accepts that it is right that we have black millionaires, but wrong that we still have poverty. It accepts that it is right that we have universal social grants, but wrong that so many are still reliant on them. It accepts that while we have built many houses, these are not of the size and quality we want our people to live in. It is also a position that is uncompromising about corruption, nepotism, a poor work ethic and a two-tier society, with one world for the rich and another for the poor. It is a position that understands that this success, a success of the ANC, has created new challenges and that we need to grasp the fact that this means that we in the ANC must radically change the way we organize, mobilize, debate, discuss, contest ideas, elections and practise governance.

The revolutionary approach to politics. We cannot leave revolution to the EFF, the UF or the DA. This is an ANC-led revolution. It must therefore lead it. To do so, it must be the first to proclaim that there are no holy cows. Even the ANC itself cannot be a holy cow.

Significantly, it's not the Constitution that is the problem, even if there are crucial amendments to it that are required. The Constitution remains a radical, progressive and visionary document. The reality of our situation is that the poverty, inequality, unemployment, patriarchy, economic stagnation, poor governance, poor leadership, and many other negative features of our society, are a result of the failure to achieve the realization of the society envisioned in the Constitution.

It is the timidity of leaders that is the problem here. For instance, nowhere in the Constitution does it prohibit nationalization, land reform, a basic income grant, aggressive redistribution of wealth or compensation for the effects of apartheid itself, if those are what are required to transform our society in socio-economic terms. Those who say that we could never have achieved socio-economic transformation in 22 years are correct. But the achievements we have made, while these are definitely an improvement on the apartheid past, are simply not good enough. More, far-reaching progress could have been made.

Countries such as China and Brazil have shown this. So, have Singapore, Korea and Taiwan. Each of us may have different views about why this is so. Those who never supported the ANC will blame it. Those who have lost power to others in the ANC will blame the current leadership. Those in power now will blame the former regime and even, bizarrely, "enemy agents".

This blame game is only relevant in an academic way. The key issue is, we are all responsible. We have had 26 years to change people's lives in a substantial way and

we have squandered the time. The former NP dragged the negotiations process out and encumbered us with a system of provincial government and protections for the ill-gotten gains of colonialism and apartheid that is costly, ineffective and is simply a further obstacle for taking government closer to the people. The ANC in government adopted policies that stifled growth and led to the exacerbation of the infrastructure backlog apartheid bequeathed us.

The current conservative opposition are now intent on ousting the ANC from power and will replace it with a neoconservative one that will further impoverish people and retard development and socio-economic justice. If the populists win, we will spiral down into a state of chaos, as the demands they are making will lead to increased social conflict.

The question we must ask is, what do we have to do to move beyond this crisis and restore hope and movement towards the society defined in our Constitution? Equally important is the way we do this. The programme to achieve this vision must be radical, but also democratic, inclusive and responsible. As important is who leads us in this effort. We must identify, promote and support a calibre of leaders who don't steal public money, who don't lie to their people, who stand up for the poor, the weak, the exploited, and who fight for political, economic and social justice in a principled manner. The ANC must lead this national dialogue.

Instead, members of the ANC are currently being whipped into line by a leadership that is too caught up in trying to cover up for its own indiscretions, and to protect its continued incumbency, to see the damage being done. Even worse is the possibility that they may not even care about this damage. This they do, while sitting on the top of the pyramid, when the system has manifestly failed to allow the country to move forward.

There are three challenges the ANC leadership is failing to address that must be dealt with if we are to move beyond this current situation:

1. The organizational and ideological incoherence of the organization and its allies;
2. The political reforms needed to ensure government is made more radical, more representative and more responsive; and,
3. The economic policies that it has continued to implement, despite their obvious weaknesses and failures, and the lack of radical reform of the economy.

Some ideas for discussion

What are the game-changers that would ensure our country moved forward out of this quagmire? Among these are;

Organizational Reforms the ANC and its allies need to make

- We cannot continue to operate with membership systems that are manipulated by those who have money. We need to set up a modern, effective administration that ensures integrity and fairness in the organization itself.
- The Alliance must debate the future form of its operation. If the SACP were still a truly radical party, it would be occupying the space the EFF does, in a constructive and responsible manner.
- The ANC needs to consider allowing platforms in the party, for socialists, anarchists, liberals, etc., so that it does not keep losing members every time there is a disagreement.

Political Reforms

- There must be a compulsory voting system. All citizens must have civic education, learn about the Constitution and must vote. Allowing the apathy, we do is distorting the system and creating a cynicism about politics that will only benefit the wealthy and the powerful.
- We need to discuss directly electing our president, premiers and mayors. These leaders must be accountable directly to the electorate. That way we can elect them or remove them and still vote for the party of our choice. Those parties that elect poor, useless or corrupt leaders will be punished by an electorate that has a say.
- We need to have 50% elected constituency MPs, 50% elected constituency Members of Provincial Legislatures (but preferably Regional Councils) and as we have local councillors. These can be multi-member constituencies. This will promote accountability.
- We need to reform the current provinces, metros, municipalities and have regions, city regions/metros and local municipalities. Provinces don't work, are a cost with no benefit and these drain resources away from the places where people live, work and play. We will save money this way and bring government closer to the people.
- The funding of political parties must be public and no private fundraising should be allowed if it is not disclosed. Such private funding should not be beyond the cost of paying for the deposit for an individual or a party to stand. Currently, money dictates who wins power. This must end. The people must choose their leaders, not the rich and the corrupt.

Race, class, gender, differently-abled people and youth

- We need a new approach to dealing with the past and to building diversity, tolerance and social cohesion in the present. It must be an approach that focuses on all difference; race, class, gender, sexuality, different ability and youth, and empower these categories. The issue of race must not be elevated above others and must be given a time-specific period as a category. After that period, it must fall away as an official category.
- An emphasis on class, gender, different abilities and youth will, by its very nature, prioritize black people, but without alienating racial minorities. This will eliminate an unnecessary distraction and source of conflict in our society.
- Included in this approach must be compulsory, consistent, education and information-led campaigns to defeat racism, sexism, ageism, xenophobia, homophobia, misogyny and discrimination, and victimization in all its forms.

Economic transformation

- There are fundamental structural problems in the economy that have not been addressed. The debate around these tends to be focused in a polarized way that argues that either labour market reform that reduces the protection of workers and privatization will solve all our ills, or, continuing the path we are, will eventually bring us what we want. Unbridled capitalism has failed. State socialism has failed. We need to “democratize” and to socialize the economy, eliminate monopolies, make opportunities available to all, ensure nobody starves or has no income at all, and especially ensure that children are protected from the violence of poverty.
- The reality is that monopoly capital, a bloated, wasteful public service, and entrenched patterns of ownership based on the historical injustices of the past are stifling growth, and are reproducing poverty, inequality and unemployment.
- Underperforming, expensive, corrupt, protected and wasteful companies in both the private and the public sector, and government departments and municipalities, feed off the workers, the poor, the middle classes. These pay little to no tax, deliver at best mediocre services and yet make super profits, earning their executives obscene remuneration packages.
- Ironically, the only way to deal with this issue is to ensure the very thing these hypocrites chant as a mantra, but just don’t apply to themselves – the market – is given a more prominent place. Markets are not ideological, these are mechanisms of distribution. It’s who owns the goods and services sold, and who has the income to buy them, that is an ideological issue. We must open competition in all spheres of the economy and ensure that demand is what drives growth, profit and sustainability.

- The energy sector must be opened up in a radical way for IPPs and the distribution grid must be run as a separate economic entity. Allowing each home to be both a producer and a consumer of renewable energy will reduce the reliance on carbon fuels, make nuclear energy obsolete and keep supply constant and prices affordable. There must be a time line for the elimination of all dirty fuels. This will save the environment, and create new industries and more opportunities.
- All land should be owned by the state and leased to the users, on 99-year leases for residential land and on 25-year leases for commercial land. This will remove the land issue as an emotive one, make land for the benefit of all and remove the inequality created by allowing the historical land grabs and thefts of the past to remain unresolved.
- In agriculture, promoting hemp, other new crops that need less water, small-scale agriculture and similar interventions are needed to shift our agricultural model from one that is based on traditional European agricultural models to ones that suit our environment. This will ensure sustainability and create more opportunities. No building should be permitted to be built in the city or surrounds without it having, for example, rooftop gardens or an equitable alternative, such as solar or wind power.
- Mining must be done in a more sustainable way. Now mining is very quickly transforming our country into a poisoned, arid wasteland.
- ICT is too costly and consumers are being ripped off in this country by service providers. Wi-fi should be free for e-mails and WhatsApp and much cheaper for downloading and internet usage.
- Manufacturing is constrained by the risk-averse nature of capital in our country. Even government entities, such as the IDC, NEF, SEFA and others, are more conservative than the private sector and don't fund enough of enterprises that will change the economy and create jobs. Let's have a national venture capital fund that everyone invests R10 a month in.
- Tourism is a major industry that is not being managed strategically to ensure we attract people to the country in the numbers needed to ensure growth in our economy. Part of the reason is pricing, but also crime and violence. These must be addressed for our own citizens as well as for the benefit of the tourism industry.
- Employment must be created, at a basic, minimum wage for all. The expanded public works programme must be made accessible to everyone, to earn a stipend and do the construction, cleaning, security, caring, small-scale farming and other work that is needed to change this country. These few examples show that we can fundamentally change the way we do things, at no extra cost to the country, with political will and the mobilization of our people.

- Finally – the banks. These are the most exploitative, cynical, monopolies of all. Radical reform of this system, from the SARB down, is a priority.

Social/Public services

- The poor public services, at ridiculous rates, are simply unacceptable. Education, healthcare, public transport, housing and similar services should be at a rate the poorest can afford– free. This will change our economy by including everyone in it. Performance management in the public services is cumbersome, ineffective and based on ridiculous neoliberal management models. It's simple – work hard, be nice, get paid. If not, get another job.
- Investment is needed on a massive scale to ensure services are delivered to all. We must ask those who earn, who have the money, to invest more. To get them to do this, we need to eliminate corruption, waste, and mismanagement.
- Education and skills are poor, for no reason other than a lackluster approach by those with the power to transform this crucial sector. It seems inconceivable that those in power continue to allow people who can't teach, to teach, yet they do.

A To-do List

- A consultative conference is needed as called for by the Concerned Africans Forum. After this internal process, the ANC must meet with other political parties and create new rules for engagement. Where we are headed currently is conflict and a zero-sum game.
- Local government elections must take place in a peaceful and secure environment. The opposite is happening.
- National elections are not too far away. By then, reforms should be decided upon and where possible be implemented. ANC members must get involved. We must be allowed to influence the direction of the country. Currently, there is a façade of internal democracy. In truth, ordinary members have little to no say on issues in the organization and in the country.
- Radicalism, revolution and transformation need bold, inspiring and innovative leaders. Let's have a debate about how we choose these.

In conclusion

- We must ensure that the ANC wins a decisive victory at the polls on 3 August 2016. But we must promise the people of our country and the members of the organization that we will have a serious, honest, representative dialogue about what has gone wrong and how to fix it, immediately after the elections.

- Let us not make the mistake of thinking that by keeping quiet, doing as we are told, being bullied into silence, being told to be disciplined by people who are themselves out of order, will lead us anywhere but into political nowhere land. We can try to rewind the national democratic revolution and go back to the past. That's a romantic view. We can try to reform the movement. That will bring some positive results. But we have left that too late. We can pretend the problems are not severe and that they are caused by some mysterious force. That's irresponsible. It's time to reboot. Its socio-economic justice, or bust.
- The ANC is not *ordained* to lead. We must earn the privilege of leadership every day. As the organization with the biggest electoral mandate in South Africa, it is the responsibility of the ANC to give life to the Constitution. We are not leading at the moment. History will weigh heavily on us all should we continue to fail to do so. **DM**

Middle class angry at super wealthy

Carin Smith

Jul 08 2016

It seems most of the reaction to the Brexit vote is just about what the consequences could be "now", while no-one is looking at what the European Union (EU) could look like in five to ten years' time, scenario planner Clem Sunter said on Thursday.

He sees the Brexit vote as part of one of the mega trends in the world he has flagged to watch for scenario planning purposes. He calls this warning flag the anti-establishment flag.

"The middle class is angry with the super wealthy," said Sunter as guest speaker at a business seminar hosted by financial services provider deVere in Cape Town.

"Of course the poor have always been angry, but it is when the middle class gets angry that things change."

He sees the rise of Donald Trump and Bernie Saunders on the US political scene as further results of this "anti-establishment" flag. In South Africa he sees the violent riots in Tshwane as well as other incidents, for instance at the University of Johannesburg and on the N2 in Cape Town, as further signs of the anti-establishment flag.

"These violent incidents are dangerous as they can lead to a country being regarded as a so-called failed state. If South Africa is viewed as a failed state, it means it will be regarded in the same way as, for instance, Libya and Somalia," said Sunter.



He added that, although he has given SA a higher chance of becoming a failed state in the past, he now gives it a 10% chance of happening. This is due to having been convinced by political analysts that SA has strong enough public institutions to prevent the country from sinking into a failed state status.

At the same time he gives a 45% chance each to SA finding itself in the "premier league" or in the "second league".

Economic Codesa

"SA needs an economic Codesa, not just the implementation of the National Development Plan (NDP)," emphasised Sunter. This is because, in his view, the key to economic growth in SA lies in allowing entrepreneurs and SMMEs to flourish.

He said he tries to capture the mega trends which could change the world. It is important not only to pick up these mega trends, which are changing the game, but to be agile in responding to them.

"Most strategic decisions are about what life will be like in five to ten years' time. Therefore, about which direction and tactical decisions are about how to get there," said Sunter.

"Therefore, the current context is not meaningful, but rather about what you project the consequences of the current situation will be."

Apart from the anti-establishment flag, there are a number of other mega trend flags he is watching on the world stage. One of these is what he calls the "religious flag", which he has picked up on since the 1980s.

"This is a difficult flag to do scenario's on and I do not think the Americans have as yet understood the nature of this flag. They still think they can use a purely military approach," said Sunter.

"I support the Chilcot report which says there was no end game about improving the lives of people in Iraq and if their lives are not improved there will be radicalisation. It should be about creating a better life in the Middle East and not just about bombing."

Another flag is the "red flag" relating to the actions of Russian President Vladimir Putin. Should one build nuclear conflict scenario's is the question to ask, according to Sunter.

"Keep your eye on Putin and also on what China is doing in the South China Sea. There is a second Cold War going on."

Grey flag

Another flag is the "grey flag" of the aging population of the world and its resulting economic consequences. Looking after the elderly could, for instance, consume 40% of the US budget in future and the Japanese economy is likely never to grow again because of it, in his view. Europe is moving in the same direction.

In the US, on the other hand, the youth are growing and that is to Sunter the difference between the US on the one hand and Japan and the EU on the other hand. This flag impacts even on China, which has the fastest aging population on earth due to its one child policy and this will affect the pace of its economic growth.

At the same time Sunter cautioned that a country does not only need a young population per se, but also needs good governance."The world is back to a low economic growth path - unless some new technology comes along to kick-start growth again."

A last, but very important mega trend to watch, in his view, is the climate change flag, which is deemed to be the second biggest security threat to the US, while it brings the need for smart water management in SA.

Leader Comments on NPC Priorities

It is ironic that where the greatest national need in South Africa today is jobs, the ANC Government has no idea how to create sustainable employment.

The boring economic cliché 'It is the Public Sector's function to level the economic playing field to enable the Private Sector to create employment' comes to mind.

At present the Private Sector is sitting on R1,4 trillion in cash but is too afraid to outlay any of it because the playing field is a disgusting mess. At the same time, the Public Sector is trying to steal the pensions of coal miners, school teachers and nurses to bale out their failed State-Owned Enterprises. The money that they are salivating over is not theirs it belongs to pensioners and voters and amounts to roughly R1,7 trillion.

The dead ideology of the ANC cost 40 million lives under the Marxists in Europe, until common sense put a stop to that foolishness in the eighties. With the ANC Government littered with communists, not averse to enjoying the fruits of capitalism personally, it is unlikely to see the wood for the trees anytime soon.

The National Development Plan, compiled sadly without input from the country's expert scenario planners, Clem Sunter and Frans Cronje, nonetheless identified nine challenges facing South Africa to day.

Included below are comments from members of Leader.co.za on some of the issues identified by the National Planning Committee.

National Development Plan

Jon Foster-Pedley

Dean, Henley Business School South Africa.

On 15 August 2012, at a special joint sitting of Parliament, the National Planning Commission (NPC) handed President Jacob Zuma the revised National Development Plan (NDP) 2030 entitled, 'Our future - Make it work'.

The NPC is an initiative of government, first appointed in May 2010, with its establishment seen as the government's promise to South Africans to build a state that will grow the economy, reduce poverty and improve the quality of life. The NPC is responsible for developing a long-term vision and strategic plan for SA, and advises on cross-cutting issues that impact on the country's long term development. The plan is the product of thousands of inputs and perspectives of South Africans from all corners of the country, from all walks of life, including comments from individuals, organisations, government departments, provinces, municipalities, state-owned enterprises and agencies.

On 6 September 2012, the Cabinet Lekgotla welcomed the NDP as duly prepared by the NPC, and acknowledged the plan as the strategic framework to form the basis of future government planning. At the national conference of the ruling party held at Manguang from 16 to 20 December 2012, the ANC issued a draft declaration with regard to the NDP, stating that the government was engaged in vigorous debates on the persistence of the legacy of apartheid colonialism, as reflected in the triple challenges of poverty, inequality and unemployment.

Responding to these challenges, the country is boldly entering the second phase of the transition from apartheid colonialism to a national democratic society. This phase will be characterised by decisive action to effect economic transformation and democratic consolidation, critical to improve the quality of life of all South Africans, and to promote nation building and social cohesion. Because race was so tied to prosperity in our history, people have a stereotype idea of inequality.

Race is important as it's part of who we are, part of our heritage, but it should not be what defines us. What defines us should be, as Martin Luther King has said, the content of our characters, not the colour of our skins.

Speaking at the handover of the NPD, NCP chairperson, Minister Trevor Manuel said that if the plan is properly and successfully implemented, SA will boast an employment level heading towards 90% with no poverty and strong economic annual growth of 5.4% by 2030. Since the NDP is a plan for SA's collective future, it's up to all citizens to make it work. For this reason, there's no better time than now to become an African hero. I'm not talking about grandstanding heroism. I'm talking about a quiet, inner heroism and integrity where people are not corrupting themselves by over-indulging, but rather committing to educating and developing themselves, believing in their own vast potential and abilities, and supporting their families and community with a deep sense of dignity and ethics.

The opportunities are there, our dreams and aspirations are embedded within us all. All we need are detailed actionable steps to achieve them. South Africans are ready to achieve what they want to receive, and ready to let go of negative influences and destructive ways of thinking to find a greater purpose of humanity. Our job is to believe in this, and believe that we have the intelligence, the capacity to learn, to acquire the necessary skills, and apply them with imagination to make our objectives tangible. This heroism is strongly related to building confidence. It also entails having the courage to become the viable alternative to diffidence, which once was the norm. Heroes decide now with conviction that, "I'm not going to be the person who's going to complain and blame government or others for my misfortunes. I'm going to stand strong and courageous, and come up with great ideas to transform my own life and create the opportunities to make it real."

The consultation process when drafting the NDP revealed three broad messages from citizens. In the first instance, South Africans expressed a deep patriotic commitment to SA, a love for the country with a desire to see it succeed. From my experience in executive education and from comments and attitudes from some of my students, I learned that, deep down, in one sense or another, we all want to succeed. We all want to be heroes and be proud of our achievements that would ultimately benefit our country and its people.

Secondly, South Africans expressed concerns that there are problems that need strong focused leadership. They spoke of unemployment, uneducated youth, non-functional public services and of public officials who were cold and uncaring. In 20 years' time, 25% of the world's youth will reside in Africa, of which 60% to 80% will maybe be unemployed, which is not something the continent can afford. It's unnecessary and totally avoidable with the correct approach. If we believe unemployment is unnecessary, and not treat it merely as a statistic, we can change that if we have the confidence to do so. Confidence is gained firstly from the knowledge that one can manage change. It comes from developing a sense of purpose and of vision, then working towards it without embarrassment or shyness. When we have a purpose, that's when we achieve great things.

Thirdly, the consultation process revealed an overwhelming sense from all to be part of the process of making SA a better place and to take action to put collective interest ahead of narrow sectoral concerns. SA needs leaders who are confident to innovate and try new ideas, and create new businesses with capabilities of managing them well. Good business ethics is what we need if we want to add value and empower people, open up more markets and lay foundations for future generations. Businesses must become activists, identifying and fingering corruption as a crime against people that deprives them of housing, health, and schooling. It's about

putting wealth in the hands of capable and socially conscious heroes to provide value in transferable skills, social development, schooling and education, constantly inventing new ways of learning and development.

If you reward non-performance then you get non-performance

Rob Snelgar

Head of the Department of Industrial and Organisational Psychology at NMMU

It is easy to state that the unemployment problems stem from the apartheid era influences. However, there are wider factors that have played a role.

The worldview of the larger proportion of the SA population has strongly influenced both the push on the part of companies to create jobs as well as the desire of people to be employed. In the past there have been dramatic violations of the principle of fair exchange: the idea that one should be rewarded for what one produces, and only for what one produces.

Political exploitation of certain sectors of the populace pushed employment down to the level of slave labour, and this was partial exchange at best. It was guaranteed to drive down productivity and morale, and encourage people to do as little as possible. There is also the clichéd condition of “entitlement” which has dramatically affected the principle of fair exchange. People can be led into thinking that they can receive without contributing, and this defies the balance of fair exchange, both within the work situation as well as in society as a whole. Thus, people in South Africa have been led to believe they are entitled to a job, a home, a salary, and this has affected the worldview and consequently the work ethic of society.

If you reward non-performance then you get non-performance, and if you penalise performance then you get non-performance. Thus, if you give unemployed more hand-outs than absolutely necessary, then work ethic is damaged, and if you punish top performers with graduated income tax, productivity will drop.

The balance of fair exchange has been educated out of us, and that balance would need to be restored if one is to seriously consider tackling unemployment, both because it is not beneficial for companies to create jobs and the desire to be employed or improve productivity has been damaged by the issues of “rights” and

“entitlement”. The onerous labour laws are not conducive to job creation either.

In the first world countries, companies are motivating staff by using higher level motivators such as autonomy, mastery, purpose; however, in South Africa the approach is generally far more focussed on how to coerce people to come to work and then to actually be productive – a very negative focus. In order to solve the problem of unemployment, this very serious issue of worldview would have to be confronted rather than simply assuming that job creation is the answer.

As mentioned, this is a complex problem, but simply creating jobs is not the solution.

Fixing South Africa's schools

Max Price



Took up the post of Vice-Chancellor of the University of Cape Town in July 2008. From 1996 to 2006, Dr Price was dean of the Faculty of Health Sciences at the University of the Witwatersrand.

The extent to which our school education system is in deep crisis cannot be over-emphasized. Historic and ongoing underfunding undoubtedly contribute to the poor performance of township and rural schools – but what is doubly disturbing is our performance relative to many of our much poorer neighbours - how is it that

these countries outperform us, when they spend a fraction of what we do on education?

It is important to acknowledge that there is a multitude of causes that have contributed to the failure of public schools not least of which are an all-pervasive set of societal factors. Children who are hungry, or whose lives are daily challenged by domestic or community violence, or whose motivation for a good education is undermined by their observations that high school graduates are generally unemployed, or whose overcrowded home environment makes studying particularly difficult – these societal factors are important, but there is little the education system can do to alter those in the short or medium term.

Having said that, we believe that factors internal to the education system carry the major responsibility for the schooling crisis and merit interventions because this can

raise the quality of educational provision to black children in this country. In this brief response, we focus on: (i) the ongoing changes and amendments to curricula; (ii) the availability of learning and teaching materials such as text- and work-books; (iii) inadequate organisational support to teachers and the efficacy of the bureaucracy; (iv) the balance power between the education departments, principals, teachers and unions; and (v) teacher efficacy.

What then can be done?

Turning first to the issue of curriculum. The attempted implementation of outcomes-based education has been a failure. It may well be that the revised grade and subject-specific curriculum and assessment plans (CAPS) are an attempt to do just that; however, an unrealistic implementation timeframe and inadequate support programme leaves us worried that these latest reforms will also falter.

One understands the pressure to deliver curricula fixes sooner rather later in view of the tragedy of losing yet another cohort of school leavers – but we compromise much more and over many more years if we don't finally do it properly. We should rather address the 'lost generation' whom we have failed over the last decade with specially designed and dedicated programmes to equip them for the world of work, while taking the time required properly to design and implement the new CAPS. It takes time because of all the preparatory steps required, such as getting agreement on content and approach, multiple iterations and reviews in the process of writing the curriculum statements, development or retraining of teachers, the writing, reviewing, publishing and supply of textbooks.

Second, the unreliable provision of teaching and learning materials says much about the efficacy of the educational bureaucracy in general, and the continuing failure of the State's provisioning systems. At a recent meeting in the Cape Metropole, a principal of a township primary school made an emotional appeal to the education officials present (including his Circuit Team Manager) because Foundation Phase workbooks were not delivered as promised before the beginning of the school year but only in May. It is important to note that this took place in a province which has one of the best functioning educational bureaucracies in the country. Explanations and excuses abound, but so far on from 1994 it is simply unacceptable that the State is unable to set up and run more effective provisioning systems. The failure to deliver such pivotal resources also impacts hugely on the morale of teachers and learners. If the Provincial Education Departments cannot get this right themselves, they should outsource the logistics to the private or NGO sector.

The third factor is the broader inability or failure of the Education Departments to

deliver on their core functions – whether this be the supply of learning materials, the provision of libraries, toilets, repair of windows and leaking roofs, maintenance of desks and infrastructure, rapid filling of vacant posts and efficient handling of disciplinary cases, or the support of teacher development. This failure not only compromises the functioning of the schools, it also compromises the relationship between the State as represented by the educational bureaucracy on the one hand, and its employees (i.e. teachers) on the other because of the interdependence between accountability and support. When the state fails to deliver, its ability to demand accountability of principals and teachers is undermined.

This takes us into the fourth internal factor: accountability and the balance of power. Holding teachers to account is proving no easy task. As alluded to in the Diagnostic Report, late-coming, absenteeism and an inability to enact the basic functions of teaching are endemic in many South African schools. The behaviour of some teachers in many township secondary schools verges on the anarchic. How do we make sense of this ongoing crisis of authority pervading all levels of our education system? And what can be done?

The destruction of relations of authority, which was one of the consequences of schools becoming 'sites of struggle' in the last two decades of apartheid rule, has had the most terrible consequences. Attempts to reconstruct accountability systems and external controls have been further undermined by the power dynamics at play between a seemingly all-powerful teachers' union (SADTU) and the State. Moreover, SADTU's influence in the promotion and appointment of senior staff and principals who are or were union members, creates an ongoing conflict of interest for those in management positions.

Thus, the resolution of the crisis in authority and management in our schools system requires government to restore political authority over schools in ways which will ensure that teachers and principals can be held to account.

Finally, there is overwhelming evidence that many teachers are ill prepared for their task – ranging from subject content knowledge to pedagogical methods and classroom management skills. There are understandable historical reasons for this and the teachers themselves are usually not to blame. The problem is pervasive and crippling. Yet we have no choice but to accept that a significant portion of the existing teaching corps are the only agents of change that we've got. Therefore, we need to do everything in our power to build teachers' capacity to teach better and principals' management capacities. Higher education institutions can play a critical role in this if teachers are willing and funding is made available.

In closing, with the experience of almost two decades behind us we must now take the long view, and accept once and for all that there are no quick fixes. Raising the quality of education in this country will take a generation – but if set on the right path, and with the necessary political will, we can produce steady incremental improvements.

There is reason for hope. For there are remarkable examples of schools serving poor communities, which face all the same circumstantial and historical odds against their succeeding, yet which can and do work - and we know the ingredients of their success. These include credible, visionary and ethical leadership, strong management and internal accountability processes, detailed operational plans, commitment to staff development, and a focus on building a culture of teaching and learning. Perhaps most important of all, it needs a mindset of success.

Entrepreneurship: A solution to job creation



by Cobus Oosthuizen: Dean of the Faculty of Management and Leadership at Milpark Business School.

A national strategy on Entrepreneurship could offer a solution to the unemployment figure, currently sitting at a staggering 51% of young South Africans. A unified national centre consisting of stakeholders from government and the private sector could bring a national strategy on entrepreneurship to fruition and align commitments, provide a common goal on a macro level and lead and coordinate micro initiatives across the country. The ultimate purpose of a national centre for entrepreneurship would be to induce economic growth through start-up businesses and to stimulate the generation of new corporate jobs through corporate entrepreneurship.

Although steps have been taken by the private and public sector towards increasing the level of entrepreneurial activity, the desired results are not being achieved and many challenges remain. The Global Entrepreneurship Monitor (GEM) research attributed this to a low level of overall education and training, social factors that do not promote entrepreneurship as a career path of choice, lack of access to finance and a difficult regulatory environment in South Africa.

What is required is an 'entrepreneurial transformation'; a fundamental change in how South Africans perceive, think, and behave in terms of entrepreneurship, its function and how it relates to the larger economy. Entrepreneurial behaviour is not

limited to people devoted to creating businesses from scratch but also to employees in existing companies whose individual and independent actions drive the innovation process. Corporates should be encouraged to create organisations that enable all people to learn, develop and function in an entrepreneurial way. To achieve this, the entrepreneurial leader needs to understand the environment and be visionary, be flexible and create management options, encourage teamwork while employing a multi-disciplined approach, encourage open discussion and build a coalition of supporters to inspire and motivate followers to achieve results greater than originally planned.

More emphasis needs to be placed on lifelong learning, focused on creating responsible leaders for the 21st century – leaders with an understanding of the important role that entrepreneurs play in the economy. Entrepreneurship is one elective that students on the Milpark MBA may choose and is also a focus area in several other qualifications at Milpark Business School. Students are given the opportunity to develop their entrepreneurial skills and are also exposed to Corporate Entrepreneurship as a way of enhancing the innovative abilities in their organisation, thus retaining a competitive edge and increasing corporate sustainability.

South Africa must become a stronger competitor in the mainstream global economic arena. The literature on entrepreneurship shows clearly that it has the potential to improve and increase productivity and ultimately GDP. Entrepreneurship will also enable South Africa to compete in different ways: instead of competing on comparative advantages (low-cost labour or natural resources) we will be able to compete on competitive advantages from unique products and processes, to tapping foreign distribution channels for our own benefit.

There is no doubt that entrepreneurship can and will contribute to job creation through individual start-up businesses and organisational entrepreneurship and that both are essential for our future. Milpark Business School will continue to face South Africa's entrepreneurial challenges head on and lead our students into the future.

Where are we in 2017?

FW de Klerk

Former President and Nobel Peace Prize Laureate

'South Africa is in a big mess. State Capture is not just a slogan but a reality. The important institutions have been compromised. The National Prosecuting Authority, the Special Police section, which was there to fight corruption, 'The Scorpions' have been abolished. All the newcomers are in a sense, at the beck and call of Zuma and his team. We've had this wonderful Public Protector, Thuli Madonsela, but there's a question mark hanging over the head of the next one, is she not also like the newcomers in the National Prosecuting Authority, which replaced people who were

not afraid, went without fear or favour to do the job which the Constitution gives them to do?

Now, we have people who are, to a certain extent, politically motivated and political dominated in these institutions. The economy is in a mess. Economic confidence has been destroyed. Companies are sitting on billions and billions of Dollars and they're not investing it. They're waiting for something to happen. They're waiting to see how things will turn out? The lack of investment is causing unemployment to grow. Our education system is in tatters, bad education. It's not that there's not enough. Everybody gets educated but the quality of the education is very low, and many of the things I'm saying, not all of them but this for instance, the question of education. It has been highlighted by the National Planning Commission, of which Trevor Manuel was the chairman and of which Cyril Ramaphosa was the deputy chairman. Their analysis shows that only through better education and more focussed education trained on the labour requirements of the country will result in bringing down the unemployment level. So, South Africa is in quite a mess. I think Jan Smuts or somebody said, 'SA is always in trouble but it never sinks.' He used other words but that was more or less the message that he gave. I think there is a resilience within SA. There is a quiet moderate majority, also amongst black South Africans who want the country to succeed, and who say, 'we're not going to hand over into the hands of reckless leaders. We're going to discipline them.' The polls show that the ANC might drop below 50% in the next general election. They're not losing white voters. They're losing black voters. Black South Africans are beginning to say to the ANC, the ANC as you are now, where Zuma is leader, 'we will not vote for.' Maybe they won't vote for other parties immediately but there will be a tremendous stay away vote if things continue as they do in the 2019 election'.

'South Africa has about six to 12 months in which to sort its problems out, otherwise things will start getting worse again, warned This is the window period during which, in his view, various global factors will still cause a more positive ripple effect to somewhat stabilise the SA economy.

We are in trouble and we need to be aware of that. It is such a pity, because at the beginning of 2017 SA was destined to grow again as emerging markets found favour again,

That is how we started 2017, but then came the Cabinet reshuffle, which turned things around again. Pravin Gordhan had to exit his job purely for doing it properly.'

Downgrade

Gardiner pointed out that all the ratings agencies are waiting for the outcome of the ANC's leadership election conference in December. If they downgrade SA even further, about R120bn of certain overseas investments in the country will be forced to be withdrawn, hitting the rand hard.

'So, if we don't fix our situation quite fast and we get downgraded, we will stay in junk for a while. This will mean, among other things, more job losses and the poor suffering the most,

We could so easily have avoided it. If the finance minister switch was not done, I think it was unlikely that we would have been downgraded.

At the same time, there are still some positive aspects that could impact the SA economy, in his view. The nuclear deal, which would have cost SA an added R1trn in debt, has been shelved for now due to civil society raising its voice in court.

Furthermore, commodity prices are likely still going to rise; the drought ended; and inflation is slowing sharply.

December

But what will happen in December? It is very important for President Jacob Zuma to have a (next) president sympathetic to him in order to pardon him for criminal charges. If Nkosazana Clarice Dlamini-Zuma is elected, it will be 25% investor unfriendly – so investor unfriendly option and the SACP and others might break away,

A Cyril Ramaphosa victory, on the other hand, could bring back good people like Pravin Gordhan, Trevor Manuel and Tito Mboweni.

In Gardiner's view, the most likely outcome will be a compromise to make the ANC "stumble along" until the 2019 elections.

We are up the creek without a paddle and will be even more so if something happens to make foreign investors nervous. Yet, there is no need to change the government. All I want to see is a stable ANC running the country by getting good people to run

How world sees SA: 'Another one-party African state, led by corrupt dictator and his friends'

Nic Cheeseman

Professor of Democracy, University of Birmingham.

This article was originally published on The Conversation.

April 10, 2017

Nelson Mandela, Desmond Tutu and the general wave of pro-Rainbow Nation endeavours gave South Africans hope in the early years of ANC rule that they were different and that South Africa could buck the trend of corruption and dictatorship across Africa. But President Jacob Zuma and his clique have clearly indicated, by thumbing their collective noses at the will of the people, that South Africa is just another one-party state, led by kleptocrats. South Africans demonstrated en masse across towns and cities last week following a cabinet reshuffle that enabled Zuma to shore up support for himself and his friends. Pictures of emotional South Africans calling for Zuma to go, and take his friends – the Gupta brothers – with him, dominated the social media landscape. Yet there is no sign that Zuma will reverse his decision – or that others in the ANC will take action to eject him. The sad truth, according to UK-based analyst Nic Cheeseman, is that the rot set in long before Zuma took charge. Corruption runs deep and wide. Meanwhile, surveys over the years have shown that South Africans generally believe they are superior to others across the African continent. Recent events confirm to others in Africa and onlookers from afar that South Africa is no different to the other African countries. Even if Zuma goes, patterns of patronage and clientelism have a way of reasserting themselves, cautions Cheeseman. This is why South Africa has been downgraded to junk status by international credit ratings agencies: International investors no longer expect South Africa to be exceptional and they will look elsewhere in the world for opportunities. – Jackie Cameron

There was a time that South Africa looked very different to the rest of Africa. The “rainbow nation” was seen by many – including a lot of its own citizens – to be exceptional, having more in common with the developed states of Europe than some of the countries on its own doorstep.

But, in the wake of a series of destabilising corruption scandals, financial mismanagement and the incompetent leadership of President Jacob Zuma, this is no longer the case.

It’s time therefore to look to the rest of the continent for evidence on how the crisis within the country’s ruling African National Congress (ANC) is likely to unfold.

A protestor holds a banner suggesting the ANC is “For Sale” during a nationwide march against corruption in Cape Town, South Africa, on Wednesday, Sept. 30, 2015.

The notion of South African exceptionalism runs deep. Having suffered white minority rule much longer than most other African states, the country had one of the most stable and successful transitions to democracy on the continent. Following the election of the ANC in 1994, Nelson Mandela’s government promoted tolerance and responsible government.

At that point, South Africa did not look very “African”. While Nigeria was blighted by endemic corruption, the ANC was led by a man whose reputation was beyond reproach. When the ZANU-PF government was becoming increasingly brutal in Zimbabwe, Mandela’s administration was promoting the rule of law and inclusion. And just as the Democratic Republic of Congo, Rwanda and Somalia were falling apart, the South African state appeared to be growing stronger.

Moreover, the notion of exceptionalism wasn’t just something dreamt up by academics or reporters: it was also deeply felt by South Africans themselves. Some surveys have found that many believe that they are exceptional, and in some cases that they are superior to the rest of the continent. This had some positive consequences, most notably by supporting the reconstruction of a broader national identity.

But it also had its downsides. A report by the country’s Human Science Research Council into the xenophobic violence against migrants from Mozambique, Malawi, and Zimbabwe in 2008 concluded that, in addition to urban deprivation and intense competition for jobs and housing, a popular understanding of “exclusive citizenship” motivated anti-foreigner sentiment.

The xenophobic violence, and the economic conditions that gave rise to it, were a clue – for those who had their eyes open – that South Africa wasn't really that exceptional after all.

On the one hand, a number of other countries such as Ghana and Mauritius were also doing well when it came to consolidating democracy. It was just that these positive stories tended to be ignored.

On the other, some aspects of the South African "miracle" didn't stand up to closer scrutiny.

Before and after Zuma

After the transition to majority rule the country recorded impressive achievements in terms of its progressive constitution and growing welfare state. But at the same time it soon became clear that many parts of the bureaucracy were prone to rent seeking behaviour.

Similarly, despite its proud history and impressive first four years in office, the ANC was already exhibiting patrimonial tendencies well before Zuma became president in 2009.

As political scientist Tom Lodge has argued, many of those who rose to prominence in the movement during the apartheid era had been born into privileged positions. And the ANC was forced to develop ties to criminal networks to operate after it was banned by the National Party in 1960 and forced into exile.

During the liberation struggle, the imperative of fighting the apartheid regime kept these patrimonial tendencies and criminal connections in check. But after the advent of democracy they started to become more pronounced.

South African president's radical economic transformation. More magic available at www.zapiro.com

Partly as a result, schemes such as Black Economic Empowerment were used not to transform the underlying structure of the economy, but to generate opportunities for self-enrichment. South African political analyst Moeletsi Mbeki has called this "legalised corruption".

These tendencies were then exacerbated by Zuma's rise to power, in large part because he's a leader that understands politics through a patrimonial lens. Lacking the intellect and management skill to lead by example, he has set about entrenching

himself in power by promoting loyalists within the party and the state. This while condoning corruption and sacrificing policy for patronage. As a result, the party's patrimonial tendencies have been sent into overdrive.

In addition to major corruption scandals over the upgrade to his Nkandla home and a multi-billion dollar arms deal, Zuma has drawn fire for his close relationship to the Gupta family. He allegedly allows the family to influence major policy decisions in return for its financial support.

More recently, the president plunged the ANC into a full-blown crisis by removing many of the most competent members of the cabinet and replacing them with loyalists. As a result, South Africa's credit rating has been downgraded.

For many, this was the straw that broke the camel's back. In the days that followed, a number of prominent political figures and the ANC's partners in the triple alliance, the South African Communist Party and the Congress of South African Trade Unions (Cosatu), called on Zuma to go.

Lessons from elsewhere

Putting this process in its historical context is important: it makes it clear that while Zuma has been a disaster, it would be naïve to think that he is the sole source of the ANC's problems – or that his removal will solve them. It also shows that South Africa is not exceptional, and instead faces similar problems to many other countries on the continent.

Protesters carry placards as they take part in a demonstration against President Jacob Zuma in Cape town, South Africa, December 16, 2015. REUTERS/Mark Wessels

One small silver lining to this cloud is that we can use the experience of other states to better understand the prospects for South Africa. One thing we know from Kenya and Nigeria is that the kind of politics practised by the president quickly embeds clientelism within key parts of the government and bureaucracy.

When this happens, it's not enough to change just the president. Meaningful reform requires the removal, or at the very least retraining, of an entire tranche of figures put in place during the president's tenure. Otherwise, patterns of patronage and clientelism have a way of reasserting themselves.

The experience of other states also tells us that some of the solutions that have been promoted as silver bullet solutions for South Africa's predicament are unlikely

to work. It's been suggested that the direct election of the president (who at present is elected by the parliament) would lead to more accountable and responsible government. But America just directly elected Donald Trump, while Zimbabwe continues to directly elect Robert Mugabe. Presidential elections are no panacea.

The lesson from other African countries is therefore a worrying one: the road back is a long one.

Distinctive features remain

But these comparisons shouldn't lead to defeatism. There are a number of ways in which the country remains distinctive. Civil society remains more robust than in many other states, and more independent as the Confederation of South African Trade Union's criticism of Zuma demonstrates.

Similarly, the judiciary tends to be both of higher quality and more impartial, while the governing ANC itself has more internal checks and balances than most governments on the continent.

These features didn't prevent the slide towards patrimonialism, and on their own they will not topple Zuma. But they are the foundations on which the struggle for a new South Africa can be fought.

How corruption is fraying SA's social and economic fabric

Sean Gossel

13 Jul 2017

South Africans are not happy. According to the recent Bloomberg's Misery Index, South Africa is the second-most miserable country on earth. Venezuela tops the list of emerging countries.

This isn't too surprising considering that the country is embroiled in multifaceted crises. It also has among the highest unemployment and inequality levels in the world.

Unfortunately, recent credit rating agency downgrades as well as the fact that the country is in recession mean that these horrid conditions are unlikely to reverse soon.

Consequently, the poor in South Africa have little chance of improving their lives. They will therefore be even more reliant on the provision of state services. They will

also increasingly be on the receiving end of the two extractive systems that are deeply embedded in country's socio-political and economic systems.

The first is the patronage and state capture machinery as recently documented in a report by leading academics. The effect of this corruption is that the capital allocated for service delivery is wasted, the private sector is crowded out, and the monopolizing positions of dysfunctional state-owned enterprises distort the economy.

The second is where state capture merges with patronage politics at local government level. This is accomplished by managing and staffing municipalities with unqualified party loyalists – or close associates – who disseminate services inefficiently from a shrinking pool of capital, while further extracting rents through a sub-layer of corruption.

The effect is that the poor must pay an additional tax in the form of bribes for access to mispriced and inefficient state services. In addition, as the looting via state capture and municipal corruption intensifies, service provision and delivery declines. This means that the poor are then subject to bribe inflation to gain access to shrinking capacity. Violent service delivery protests inevitably escalate.

Demographics and education

South Africa's five-year average economic growth rate declined from 4.8% over the 2004-2008 period to 1.9% over the 2009-2013 period. Between 2014 and 2016 it averaged 1.1%. At the same time irregular, wasteful, and unauthorized expenditure ballooned. It's therefore not surprising that the number of violent protests increased from an average of 21 a year between 2004 and 2008 to 164 a year between 2014 and 2016.

Unfortunately, South Africa's demographics and education statistics don't suggest that this trend is likely to reverse soon.

South Africa's youth statistics are depressing. Young people between the ages of 15 to 35 comprise 55% of the country's 36 million working age population. Of the 19.7 million youths, only 6.2 million are employed while 3.6 million are unemployed but still actively looking for work, and 1.53 million have stopped looking for work. The remaining 8.4 million are at school, tertiary education, or are homemakers.

Youth unemployment is 36.9%. This is nearly double the unemployment rate among adults. Among black youth, 40% are unemployed compared to 11% of white youth.

Taking the level of education into consideration, 2011 data show that the unemployment rate for 25 to 35 year olds who had less than a matric was 47%, compared to 33% for those that had a matric, and 20% for those with a diploma or

post-school certificate. But if one looks at the younger group of 20 to 24-year-olds, 16% are in school, 12% are in post-schooling education, 21% are employed, and 51% are unemployed and not in any education or training.

Considering that the percentage of black professional, managerial and technical workers in the 25 to 35 age bracket dropped by 2% over the past 20 years (meaning that this generation is less skilled than their parents), the statistics in the 20 to 24 age bracket indicates that this trend is likely to worsen.

Worryingly, studies show that countries, such as South Africa, that have a youth bulge and poor education attainment are likely to suffer from political instability. This is because if the demographic transition occurs in a stagnant economy with a high level of corruption then the low opportunity costs increase the likelihood of political violence by poorly educated young men.

Fixing systemic failures

South Africa's current crisis is a systemic failure extending across national and local government. Although it's possible that the political cost of corruption is now reaching unacceptable levels, reversing the effects of state decay on the poor will take short-run and long-run interventions.

Short-run measures will need to include holding public officials to account, reforming state owned enterprises and reversing the numerous institutional weaknesses at all levels of government.

But public and private stakeholders will also need to formulate long-run policies that will improve the quality and through-put of the country's junior and secondary education systems, and entrench youth employment incentive schemes. In addition, skills training will need to be reformed and reinvigorated, and the technical vocational educational system will need to be reconstructed.

If South Africa is to recover, then the country's badly frayed socio-economic fabric will need to be restitched, not just patched.

Jeremy Gardiner

Investec Asset Management.

Corruption in South Africa has become so blatant that the Zuptas are stealing right before our very eyes. This is what one can gleam from Pravin Gordhan's latest comments on the matter. Gordhan says that up to R250bn has been pilfered from

South African taxpayers – a shocking number that will get bigger unless something is done soon. It's a free-for-all and one wonders if it will ever end.

The former finance minister said he had to put it bluntly, the story of the capture of Eskom was "part of a story which is reflective of the fact that R150 billion to R250 billion has disappeared from South Africa's overall fiscal system".

It was a matter of finding a spot around the world – "your favourite geography" – and you will find a bank where there is "some of your taxpayers' money, money borrowed by the sovereign... when big sums of money are involved."

He said South Africa was at an important inflection point. Civil society had to stand up and continue what he called "a struggle" to expose corruption at every front. People had to be prosecuted and sent to jail.

Cape Messenger specifically asked Gordhan when the man at the pinnacle of all the rot – President Jacob Zuma – would go. In the audience at the launch of the Eskom booklet aimed as a state capture resource for Parliament's public enterprises' inquiry, civil society, journalists and engaged citizens, the former finance minister – who was fired in March – deflected the question to his parliamentary colleague Derek Hanekom.

Hanekom asked himself the rhetorical question: "Why are we still in the ANC?"

Painting a picture of a long commitment to the values of integrity which gave rise to the ANC, he said: "It does not mean we are there for ever and ever. For the moment, we are there. We are (still) there with pride."

It was easy to forget the good things.

"We can list the achievements... but right now we are in trouble."

South Africa was not reaching the economic growth that was needed to solve the troubles that South Africa had – including the fact that 14 million people lived in extreme poverty and 55% were living in poverty. "We have got to turn that around."

Referring to the question about when “the ghastly man” – a description of President Zuma – would be out of the way, he said: “I am going to get to the... What was it the ghastly... ? To turn that around, a few critical things need to be done. It is not going to be that easy. We can’t just wish it happens.”

Hanekom said: “We can’t say we will deal with you in 2019. What kind of country will we have in 2019 if we don’t deal with the problems now?”

The problem has to be dealt with in the ANC,” he said. “It doesn’t mean that those outside of the ANC shouldn’t raise their voices, they should,” he said. They should be vigilant “and hold us to account”.

But he believed the country was on the verge of turning around a political corner. That would take place within the ANC. “The person whose fingerprint is on many of these things (President Zuma)... there is not (only) one (corruptor) by the way ... many ministers are captured, many in the NEC (ANC national executive committee) are ... in some way or another captured (by corruption)”.

Those who remained in the ANC – like himself – had already asked the president to step down. That had first occurred in November and then again in May. He described this as “the right thing to do”.

“The elected leadership of the ANC that we currently have has not been able to do those things that you know that Pravin asked for... but it doesn’t mean that the entire elected leadership is happy.” The very fact that so many in the elected leadership wanted change “is positive”. This had been reflected in the vote of no confidence in parliament recently. “That is a positive development,” he said.

In three months there would be the ANC national conference where new leaders would be elected. “In three months’ time, I am firmly of the view that the change we are all yearning for ... desperate for ... will come. I believe that the man who disposed of Pravin Gordhan and (deputy finance minister) Mcebisi Jonas ... and by the way, there was a minister of tourism there as well ... will have to step down very soon after December. I really believe that.” Hanekom was also fired as Tourism Minister earlier this year.

“Those are internal battles we will have to fight,” said Hanekom. Turning to the audience he said they would have “to support us (the ANC insiders) because ... you will pay the price if we don’t succeed”.

Hanekom said he was positive that a new leadership would make the appropriate reforms required to eradicate structural corruption which had seeped into Eskom and other state institutions.

Gordhan said he stood by everything that Hanekom had said, but he did not specifically make a point about whether President Zuma would step aside and be gone.

But he differed slightly with Hanekom on time frames for change. He said that the time for fence sitting from all parties was over “because if we don’t handle (these problems) correctly” it could take up to 15 years for the country to start recovering. “We are beginning to enter a dismal path”.

Gordhan said earlier that the bad people in South Africa had developed “a fantastic ability to produce so many Houdinis in one country where they were repeatedly ... trapped and detected and (are) seen to be transparently filling their pockets ... yet nothing happens (to them).”

Demonstrators carry placards as they march to protest against corruption in Cape Town, South Africa September 30, 2015. REUTERS/Mike Hutchings

He said the new struggle for integrity and the end of state capture of institutions like Eskom required patience. People needed to plug away to ensure that people were brought to book and were prosecuted for wrongdoing.

Anton Eberhard of the University of Cape Town’s business school, introducing the Eskom inquiry published by the school, described it as being part of a network of academic activities which was beginning to show “conclusively that we are not dealing with random acts of corruption... but a systematic political project to repurpose the state to facilitate the concentration of rent seeking and corruption”

involving the Gupta family, the Zuma family with a network of cabinet ministers, Eskom board members.

Eberhard, a former member of the National Planning Commission, tracks the gradual capture of Eskom, its board and management team, over the two terms of President Jacob Zuma. It appears to have been fully captured and the dirty hands of the Gupta family appear to have reached right up to the various ministers who have served as Minister of Public Enterprises.

At the start of the Zuma presidency, which began in 2009, Barbara Hogan was Minister of Public Enterprises. When she resisted the president's wishes to transform the Eskom board it was tickets for her. She lost her job in November 2010 and left formal politics.

In came Malusi Gigaba – now Finance Minister – as Minister of Public Enterprises in 2010. He proved to be “more yielding” said Eberhard. “We see the major repurposing of governance where wholesale change (occurs) at the Eskom board.” From being highly respected internationally, the board had little Eskom or corporate experience.

The previous board, which had been led by some time by Reuel Khoza included three respected CEOs of international utility companies, said Eberhard. “Yet for Zuma this experience was not fit for purpose.”

Brian Dames, the CEO of Eskom, who had been appointed while Hogan was minister, came under tremendous pressure from Gigaba. “He was treated appallingly by Gigaba. Letters were delivered to his office indicating that his services were to be dispensed with... then extended... and then terminated ... all with scant notice. He also received a number of death threats delivered to his office,” reported Eberhard.

It was during that time that Gigaba intervened in Koeberg's procurement pushing aside Westinghouse.

By March 2014, Collin Matjila – seen as a Gupta clone – was appointed. Gupta leaked emails showed that Matjila’s CV had been circulated by Salim Essa, a Gupta associate, to President Zuma’s son Duduzane Zuma.

Eberhard reported that the second term of President Zuma – from 2014 – was a time of facilitation “to grease the wheels of rent seeking at Eskom”. It went into turbo-charge mode.

Lynne Brown was appointed as Minister of Public Enterprises in May 2014. While she appeared to do the right thing by appointing DTI director general Tshediso Matona as Eskom CEO, she also reshuffled the board. “She appointed in December (2014) a new board packed with Gupta associates”, reported Eberhard. “We have confirmed reports of meetings at Brown’s (ministerial) residence where the Guptas were in fact present.”

Matona sought to issue a tender for a corruption investigation at Eskom so it was soon “clear that he could not survive”.

In March 2015 four executives in the Eskom team – including Matona – were booted and the Eskom chairman Zola Tsotsi was pressured to resign. Ben Ngubane, the president’s friend, was appointed Eskom chairman “despite allegations of unethical and improper conduct” and despite a lot of resistance from the ANC itself, reported Eberhard. “The shock suspension of four executives including Matona ... was clearly not the work just of a fledging new board ... (it) was orchestrated at the highest level.”

President Zuma “not only personally called the DG of Public Enterprises to put this in motion (while Minister) Brown was abroad ... He also summonsed Tsotsi to his Durban residence where Dudu Myeni (the SAA chairperson) relayed the president’s instructions.”

State capture goes into a high gear with the appointment by Brown of Brian Molefe from Transnet as Eskom CEO in April 2015.

Molefe came along with financial officer Anoj Singh from Transnet. "This is a significant moment... both piloted and perfected schemes at Transnet to benefit the Guptas and their associates through large procurement contacts...they carried this experience into Eskom."

From there it is free flowing rent seeking. Tegeta – a Gupta company – was given lucrative contracts, relaxed terms on supply agreements and on April 13 2016 a prepayment of R659 million.

In April 2016 Eskom paid Trillian R495 million for consulting services, including R30.7 million paid on 14 April of that year. "Minister Brown tells parliament (in December 2016) that Eskom has no contractual engagements with Trillian."

Since then Molefe has gone. Anoj Singh admits in July 2017 that Eskom has paid Trillian R495 million since 2016. He has been suspended. Charles Kalima and Edwin Malebane, executives, were suspended in August this year in connection with the Trillian payments. They were later reinstated.

The Guptas have sold Tegeta coal interests to Amin Al Zarooni, a connection of the Guptas.

Animal Farm

George Orwell 1945

Beasts of England, beasts of Ireland,

Beasts of every land and clime,

Hearken to my joyful tidings

of the golden future time.

Soon or late the day is coming,

Tyrant Man shall be o'erthrown,

And the fruitful fields of England

Shall be trod by beasts alone

Rings shall vanish from our noses,
And the harness from our back,
Bit and spur shall rust forever,
Cruel whips no more shall crack.
Riches more than mind can picture,
Wheat and barley, oats and hay,
Clover, beans, and mangel-wurzels
Shall be ours upon that day.
Bright will shine the fields of England,
Purer shall its waters be,
Sweeter yet shall blow its breezes
On the day that sets us free.
For that day, we all must labour,
Though we die before it breaks;
Cows and horses, geese and turkeys,
All must toil for freedom's sake.
Beasts of England, beasts of Ireland,
Beasts of every land and clime,
Hearken well and spread my tidings of the golden future time

Mr. Pilkington had referred throughout to 'Animal Farm.' He could not of course know — for he, Napoleon, was only now for the first time announcing it — that the name 'Animal Farm' had been abolished. Henceforward the farm was to be known as 'The Manor Farm' — which, he believed, was its correct and original name.

'Gentlemen,' concluded Napoleon, 'I will give you the same toast as before, but in a different form. Fill your glasses to the brim. Gentlemen, here is my toast: To the

prosperity of The Manor Farm! There was the same hearty cheering as before, and the mugs were emptied to the dregs.

But as the animals outside gazed at the scene, it seemed to them that some strange thing was happening. What was it that had altered in the faces of the pigs? Clover's old dim eyes flitted from one face to another. Some of them had five chins, some had four, some had three. But what was it that seemed to be melting and changing? Then, the applause having come to an end, the company took up their cards and continued the game that had been interrupted, and the animals crept silently away.

But they had not gone twenty yards when they stopped short. An uproar of voices was coming from the farmhouse. They rushed back and looked through the window again. Yes, a violent quarrel was in progress. There were shoutings, bangings on the table, sharp suspicious glances, furious denials. The source of the trouble appeared to be that Napoleon and Mr. Pilkington had each played an ace of spades simultaneously. Twelve voices were shouting in anger, and they were all alike. No question, now, what had happened to the faces of the pigs. The creatures outside looked from pig to man, and from man to pig, and from pig to man again; but already it was impossible to say which was which.

Madonsela uses Orwell to explain

By Simon Allison

Public Protector, Advocate Thuli Madonsela fell back on a classic metaphor which no one in her well-educated audience at Wits University could fail to understand.

"George Orwell tells us about a community, pretty much like ours, but it's a community of animals. These animals were enslaved by humans, and the humans made those animals work very hard. The humans never produced anything for themselves... but the humans ate all the food and gave the animals very little. Over time, among the animals, leaders emerged that started to tell the animals that it's not right to be oppressed by humans. We deserve not to starve while they are eating all the food. Those conversations kept happening over time in little circles until they reached a critical mass... one day the animals revolted and kicked the humans out of the farm."

"When the animals then decided to govern their own farm, they created rules for themselves. These rules included all animals are equal, no animal should eat milk or eggs, no animal should sleep in a bed with sheets. It was going to be to each according to their ability, and each according to their needs. After a little while everyone was happy. The humans were gone.



“The animals that liberated most of the other animals were the pigs. After a period of time, the pigs started to feel that we liberated you, we deserve better, and after time the pigs started to eat more than the others. The pigs do all of the thinking, they do all of the coordination, they liberated the animals, they deserve to be fed better. And the rules started changing, imperceptibly overnight... It used to say all animals are equal, then suddenly, it said some are more equal than others.”

The *Animal Farm* reference was devastatingly applicable to South Africa’s current polity, with liberators-turned-tyrants, and Comrade Napoleon, chief of the pigs, with his snout firmly in the trough. As for the rest of us – well, we’re

the other animals, wondering what happened to our glorious liberation.

As she told her story, the jam-packed Senate Hall – students crowding the aisles, hanging on every word – went deathly quiet. Everyone understood exactly what she was saying – and that there was no other way she could say it.

After her speech, the Public Protector was mobbed by students asking questions and taking photographs. If she was looking for a little bit of moral support, she didn’t struggle to find it here.

In answer to one of the questions, Madonsela offered a few words of advice for her future successor, whoever that may be. “Make decisions that are owned by you and your team. Also make decisions that will make you sleep well at night. You should never try to please everyone. You should just make sure that what you do is something you can live with.”

On today’s evidence – given the strength of the moral conviction which she clearly demonstrated – Thuli Madonsela had no trouble sleeping last night. Unlike Comrade Napoleon, we suspect.

It’s time to break free of the ANC

Mamphela Ramphele

Ramphele is co-founder of ReimagineSA

August 20, 2017

It is up to South Africans to free themselves from the mental slavery of historical loyalty to a party that has betrayed its promises.

The recent parliamentary no confidence vote against President Jacob Zuma was an eye opener even for the blindest loyal ANC supporter. The ANC leadership sought to force parliamentarians to privilege their loyalty to the ANC over their oaths of office to uphold the values of the Constitution of South Africa.

The choice was quite stark – supporting a motion to remove from office a man who not only came into it facing 783 charges of corruption, but one who has demonstrated beyond any doubt his total defiance of any code of conduct that defends and upholds our celebrated Constitution. His conduct has been characterised by total impunity. Yet the ANC urged its MPs not to vote in support of the motion of no confidence that could have freed our nation from this man who is making a mockery of our sacred constitutional democracy. He is trampling on the blood of martyrs such as Ahmed Timol, Solomon Mahlangu, Mapetla Mohapi and Stephen Bantu Biko.

To add insult to injury, he went public after the failed motion with a statement that ANC parliamentarians cannot claim a right to voting with a conscience, they should be guided only by an ANC conscience in decision making. Not surprisingly, Zuma loyalist Bathabile Dlamini had preceded Zuma's statement asserting that it wasn't conscience that brought her to Parliament, but the ANC.

South African citizens must now come to grips with the reality that we are currently dealing with a party that is usurping our sovereignty as citizens of a constitutional democracy and seeking to install itself as the sovereign.

The fundamental question we face is whether we are willing to live in an era in which, just as in our past, an oppressor uses the most effective weapon – our minds – to oppress us while claiming to be our liberator. Whether or not we allow ourselves to be held in bondage by liberation pretenders who have demonstrated their utter contempt for the national interests of our country is entirely in our hands as citizens.

Betrayed the promise of freedom

What further evidence do we need to conclude that the ANC leadership has betrayed the promise of freedom? Our children's futures lie in ruins as our schools

underperform even war-torn countries such as Yemen. Young people in their millions roam our streets with their dreams in tatters, while the elites splurge on luxuries bought with stolen public resources. The leaked Gupta emails detail a level of impunity by Zuma and his Gupta partners that is unprecedented.

Our strategically important state-owned enterprises have been hollowed out by Zuma's Gupta friends. Instead of being engines of transformative socioeconomic development they have become bankrupt burdens that suck resources from programmes intended for the poorest among us.

The rule of law has been substantially undermined by Zuma. He has destroyed the capacity of law enforcement agents: the SAPS, the Hawks and the National Prosecuting Authority. These have effectively become Zuma's lapdogs. There is no equality under the law anymore. Women get battered and their abusers walk free. Even Zimbabwe's first lady Grace Mugabe can walk into our country and assault a woman for being in the company of her sons and get away without being held to account.

The idea that the ANC should be kept in power as the leader of society would be laughable, if it was not so excruciatingly cruel and callous. It is the equivalent of an abusive spouse urging the other party to stay in the relationship to sustain the relationship because the alternative is unthinkable.

John Henrik Clarke, an African American historian, reminds us that: "To control a people, you must first control what they think of themselves and how they regard their history and culture. And when your conqueror makes you ashamed of your culture and your history, he needs no prison walls and no chains to hold you." This is the definition of mental slavery. South African citizens seem to have allowed themselves to become mental slaves of a political party that claims to be their liberator. Defying and challenging this mental slavery is treated as treachery that people are made to be ashamed of.

We are grateful to those brave leaders and parliamentarians who are increasingly defying this treachery that masquerades as patriotism. The chilling accusations of foreign-inspired regime change only expose the level to which the mental enslavers are prepared to go to keep citizens prisoners of a corrupt and uncaring ANC government.

We have an epidemic of gender-based violence and abuse of children, yet president Zuma remains silent in the face of the admission by his deputy minister of higher education, Mduzuzi Manana, that he assaulted women during this Women's Month. We cannot even speak of the shame of the ANC Women's League president,

Bathabile Dlamini, who cannot even bring herself to condemn such acts “as she is not a tool, she does not work for newspapers”! With these kinds of leaders one can only conclude that the ANC has lost all legitimacy to represent the ideals of our democracy.

It is now up to South African citizens to decide whether to free themselves from mental slavery of loyalty to an ANC that has betrayed the ideal of our freedom struggle and is undermining our constitutional democracy, or continue being prisoners of historical loyalties.

For women the choice is equally stark. Are we to continue being the mental slaves of a patriarchal system that is abusing and killing women and children, or are we to stand up and say: “Enough is Enough”? We now have powerful young men and women across the spectrum of political persuasion ready to lead. Should we not be resolute in only supporting leaders in public service who live by the values of ubuntu and who respect the dignity of all, especially those most marginalised?

It is no longer an option to say I have no choice. We have the right to make choices as citizens to promote and protect human rights, human dignity and the rule of law. There is no future without living out the values of our hard-won constitutional democracy. Citizens must now lead to ensure that we can shape a future we can proudly leave to our children.

National Decline

South Africa is in turmoil today. The euphoria of the end of apartheid and the advent of democracy, the 'Rainbow Nation' thrill, the racial honeymoon, the dignified patience of the previously disadvantaged – all have grown old. The prospect of a leftist government, labour driven, long on demands yet short on intellect and morals, promises that the dream will become a nightmare.

One reason for this development is that the aspirations of the youth have not been satisfied. After those dark and desperate years, which saw the end of the apartheid regime, a generation of young people were filled with the joy of their impending freedom and the opportunities this event would bestow on them. Sadly, the incoming majority has been concerned with the creation of a new elitist class and redistribution of wealth to the senior cadres. There has been little concern for the aspirations of the young people of South Africa.

The benefits of learning, character building, moral education and religion were lost in the turmoil of the 1980s and 1990s, resulting in a rudderless, sometimes murderous element, pervading South African society. The Rainbow Nation is today the crime mecca of the world, and the 'haves' now have more and the 'have nots', appallingly less.

Can we put an end to this moral decay?

Certainly not where the greater number seem to think that a cell phone is worth more than a human life. John Ruskin, British social commentator (1819-1900) may

have been very insightful when he once said: "Let us reform our schools and we shall find little reform necessary in our prisons".

Perhaps adopting sound, non-sexist, non-racial and evergreen wisdom from the past can be used to commence regenerating the shredded moral fibre of this country?

What is this morality to which we should aspire?

Morality refers to the concept of human ethics which pertains to matters of right or wrong – also referred to as good and evil – used within three contexts: individual conscience, systems of principles, and judgements – sometimes called moral values – shared within a cultural, religious or political grouping.

The code of ethics is concerned with how a moral person should behave. Ethical values are beliefs concerning what is morally right and proper as opposed to what is simply correct or effective.

Whether in life or business, ethical values should be ground rules for behaviour. When we live by these values we demonstrate that we are worthy of trust.

A system of standards used to produce honest, decent and ethical results is considered moral.

Albert Schweitzer, author of *On the Edge of the Primeval Forest, the Decay and Restoration of Civilisation and Civilisation and Ethics* has this to say on the matter: "Ethics are nothing but reverence for life. This is what gives me the fundamental principle of morality, namely that good consists in maintaining, promoting and enhancing life, and that destroying, injuring and limiting life is evil".

To aid you in your search for ethics, I have gathered a selection of pertinent wisdom from the past. Perhaps young people in South Africa will see in these excerpts, building blocks with which to construct a viable morality for their young lives and hence for the country they are destined to inherit.

If they do nothing, the street kids of today will sadly become the gangsters of tomorrow.

Stepping Stones

Bryan Britton

Published 2010

The Tribal Foofie Slide

Our tribe lived on the right-hand bank of a mighty river. The bank sloped steeply down to the raging torrent below. My ancestors had lived for many centuries on this right-hand bank and our history was littered with stories of brave members who had perished trying to descend from our safe plateau to the river below and then ascend the far bank to paradise. Fresh grazing, wild fruit and an abundance of mature trees beckoned from the left-hand bank.

One day a strange, new tribe appeared from nowhere on the lush bank across the ravine.

Within days they had erected a contraption from the high trees on their bank. The contraption then shot an object trailing a strong rope over the steep ravine and onto our bank. They shouted for us to secure the rope to trees on our side of the ravine.

We were amazed as member of their tribe started clambering across the ravine using their hands and feet to creep, hanging upside down, along the rope. The rope swung from side to side and our people screamed in fear of the strangers tumbling to their death in the torrent below. But somehow, to everyone's relief our new neighbours all made it across and were soon greeting and shaking hands with our tribe.

Pretty soon the strangers had erected a platform in one of our highest trees and had secured the end of the rope to the trunk. Then they asked for a volunteer from our tribe to crawl along the rope to the far side. Tsolo, our bravest and strongest member naturally volunteered and soon he has waving and shouting from his new pregnant surroundings on the far bank. Everyone was anxious to join him. But the strangers demanded a forfeit from each of those wishing to cross. Some gave treasures from their ancestors, others gave clothing that they had made and yet others promised to be labourers on the far bank.



Not all our tribe were able to make it to the far side. Some grew weak in the crossing and plummeted into the ravine. Others could not produce the required forfeit and yet others were happy to see out their declining years on the

impoverished right-hand bank.

The members of our tribe that succeeded in the crossing lived out their days prosperously on the bounteous left bank. But, sadly most of our tribe were still on the right-bank and seemed destined to live out their days in poverty there.

Then one day I witnessed a miracle.

Men dressed in hard hats and blue overalls arrived on our side of the ravine. They had strange machines that made loud noises and blew smoke out of huts built on top of them. Within three full moons they had placed long hard pipes across the ravine and shortly afterwards carts, people, animals and the remains of our decimated tribe were able to walk over the bridge, as they called it, to the fertile left bank which had remained out of reach for so long.

I got up the courage to talk to one of the hard hats as I crossed the bridge. I asked innocently 'How did you do this'.

Sitting in my new, lush surroundings, I attempted to understand his answer. He had said: 'Primary Education, Secondary Education, Tertiary Education, Foreign Direct Investment, Private Sector Confidence and Good Governance.'

I hope that before I go to meet the ancestors, I learn the meaning of the hard hat's words.

Welcome to the decline, South Africa

Mike Schüssler

11 November 2015

'So much style without substance
So much stuff without style
It's hard to recognise the real thing
It comes along once in a while

Like a rare and precious metal beneath a ton of rock
It takes some time and trouble to separate from the stock
You sometimes have to listen to a lot of useless talk'

Neil Peart in Grand Designs.

It is not only South Africa's sport that is on a slippery downward slope in world rankings; the Springboks lost to Japan in the World Cup, Bafana is 75th in the world and our netball has slipped to fifth in the world.

Similarly, our economic rankings are also heading in the wrong direction, from the ease of doing business to our position on the World Economic Forum's competitiveness rankings.

Even our highly-rated universities are slipping on international quality rankings. In fact, over the last two decades, we have fallen from the top 30th positions on international rankings to between 40th and 50th, and in other instances... even lower.

Gone are the days when South Africa was in the top quarter or even the top third. Those days are now the heydays.

But the real number that should get the attention is that which shows how South Africa is getting poorer. Not in absolute terms, but relatively speaking. In 1990 the average per capita income was ranked 50th in the world, but this has slipped to 77th in 2013.

Last year was a disaster and SA dropped nine places to 86th place. Today the average Chinese citizen and the average person from Azerbaijan; Turkmenistan; Belarus and Bulgaria are all richer than the average South African.

In fact, South Africans are now in the bottom half of the world in terms of income. On a per capita basis, the average South African earns only 63% of the average world citizen.

New data from the World Bank shows Chinese income overtaking our income, both in purchase power parity and market income terms. It is also evident that if South Africa cannot improve efficiency levels and commodity prices continue to fall, we may find ourselves on the wrong side of the 100th position in 2020.

In 1994 South Africa was the 25th biggest economy in the world. By 2014 we had slipped to the 33rd position and there is a good possibility that we will soon be surpassed by Denmark; Malaysia; and Singapore. If our current weak growth performance and the slide in the exchange rate of the rand worsens, it is also very likely that South Africa will no longer be in the top 40.

Falling out of the top 40 largest economies is serious as many big companies only look at the top few markets to invest and sell in.

Generally, these declines are not sudden, but this does not go unnoticed. South Africa's attractiveness as an investment destination will slowly start to disappear while we also lose our relevance on the political radar.

This makes it all the more difficult to turn around the downward trajectory of economic growth. It not only becomes more difficult to retain sport talent, but also to retain our top scientists and entrepreneurs. Academics also look for greener pastures, and our top students follow suit.

Foreign investment then dries up. South Africa will become much less of an investment priority and when the Department of Health bullies another pharmaceutical company who wants to do business, they are likely to go elsewhere.

They will run even further in the opposite direction when our politicians and protesters continue to praise countries and rulers who have economically enslaved their people.

The reality is that South Africa's economic cupboard of ideas is empty. One top firm after another is chasing opportunity elsewhere. Our top 60 companies now earn

70% of their turnover outside of SA borders. In effect, they have left and South Africa is just another market.

By most standards South Africa is not sitting at the main table anymore. We are actually fighting for the crumbs.

Remember it took 15 years of growth at 11% plus for Ethiopia to rise from the poorest country in the world to become only the eighth poorest. Zimbabwe fell 20 places in the same time.

It is so much easier to become poorer than richer.

But spare a thought for Zimbabwe, which could be seen as a benchmark South Africa needs to stay away from.

At independence Zimbabwe was in the 67th position and firmly in the top half of the international rankings. The country is currently in the bottom 22 and is the worst performing country in the history of the modern world.

Today the average Zimbabwean dies earlier and is hungrier than in 1980!

It is indeed much easier to get poor than to get rich.

Under siege: The biggest prize of all, the R1.8 trillion pension piggy bank

Tom Eaton

15 September 2017

'All told, the PIC shepherds R1.8-trillion, which is about R400-billion more than the combined war chests of the top 50 companies in this country'

Largely overshadowed by the main plot of the wretched soap opera that is Jacob Zuma's presidency, another drama is playing out today.

You'd be forgiven for not remembering the names of these supporting actors, but right now the rumored showdown at the Public Investment Corporation isn't just the most important story in the country. It is the whole story.

The PIC is the largest piggy bank in South Africa, managing the vast Government Employees Pension Fund that keeps millions of elderly citizens alive

According to recent reports, our de facto rulers in Dubai are planning to replace PIC boss Dan Matjila with one of their stooges, staging a vast financial coup apparently scheduled to take place today.

Whether this happens remains to be seen. Treasury has issued denials, and the PIC itself has made reassuring noises. But if the Guptas are rebuffed today or next week or next month, they surely cannot restrain themselves forever. The figures are just too big to resist.

A few months ago, I wrote a column wondering why the Zupta faction had fought so hard for so long to remain in power. Their motivation for taking all that flak, I speculated, was a gigantic pile of money: hang on long enough, force through the R1-trillion Russian nuclear deal, and they could bank at least R100-billion in kickbacks.

I think it's still a solid business plan, but why would you take on all that stress – saunas with Russian oligarchs, avoiding Putin's poisoners when you step out of line – when you could simply skim a little off the top of the money that's already sitting in the PIC?

And a little is all you'd need: R100-billion is just 5.5% of the PIC's pile. If you nick R5.50 of someone's R100, have you really been all that bad?

Some might claim that this is too far-fetched. Surely this can't happen? Surely this government understands what would happen if it gave the money of rural pensioners to billionaires in Saxonwold? Surely the capture of the PIC is impossible?

Perhaps. But I would refer you to the 'About Us' tab on the PIC's website, where a quote by Nelson Mandela provides a chilling answer and a perfect description of the Zuma years, of the assault on our institutions, and our current captured state.

It reads, simply: "It always seems impossible until it's done."

Judge Fabricius Judgement

In his judgement in the case between Gupta companies and the Bank of Baroda, Judge Hans Fabricius raised concerns about the signs of collapsing rule of law and the failure of the police and the National Prosecuting Authority to act according to their constitutional obligations.

Having read affidavits in the case where the Guptas failed in their court bid to compel the Bank of Baroda to keep their accounts open, Judge Fabricius said: "I could not help to wonder whether, unbeknown to me, democracy and the rule of law had somehow been suspended pro tanto. Could it be possible that the future, so bright in 1994, was now only history?"

Fabricius is right. The overwhelming evidence of prosecutable crimes in Gupta banking transactions and the failure of the police to act on it could make one doubt whether the legal order envisaged in the Constitution is still intact.

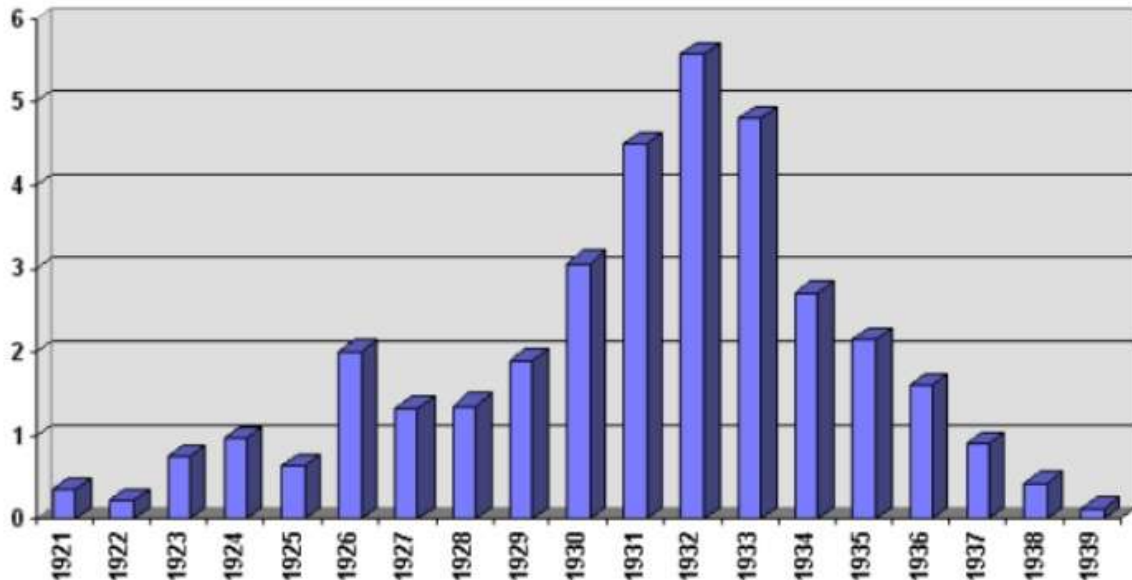
Unemployment and Youth Unemployment

South Africa's immediate needs to survive are: one million sustainable new enterprises capable of creating five million job opportunities

We were back to the 'dig ditches, then fill ditches' tactic of depressed pre-war Germany.

Men were forced to go into the Labour Service at the age of eighteen. This lasted for six months and was one of the methods that the Nazis used to cut unemployment. In the Labour Service men worked building roads, digging ditches and reclaiming land. Most of the work was manual. This meant that they toughened up for the army. They lived in camps and marched to work every morning. They were only paid about 50 pence a week, but meals and accommodation were provided.

Unemployment in Germany (1921-1939)



After Labour Service men went into the army for two years. Conscription was started for all Germans in 1935. After military training, there was plenty of work. In 1933 unemployment in Germany stood at 6,000,000; by 1938 it was 500,000 and by 1939

Whatever your reason, it is time to talk about inequality for two reasons. The one is strategic. When you it had virtually disappeared. This was one of the most important reasons why most Germans accepted Hitler's ideas; he offered security after the Depression.

However, there is no doubt that work was created. The Nazis introduced public work schemes for men who worked in the National Labour Service (Reichsarbeitsdienst or RAD). Their work would have included digging ditches on farms to assist irrigation, building the new autobahns, planting new forests etc. The men of the RAD wore a military style uniform, lived in camps near to where they were working and received only what we would term pocket money.

However, compared to the lack of success of the Weimar government and the chronic misery of 1931 to 1932, these men felt that at least the Nazi government was making the effort to improve their lot'

Where are the leaders who can end inequality in our schools?

Jonathan Jansen

14 September 2017

Sometimes we make a deal with our consciences. We see something wrong and then pretend we did not see it. In one province, you can drive within 60 minutes from the most expensive private boys' school on the continent (let's call it King's), with stunning colonial architecture and lush green lawns that seem to run for miles, to a mud hut school (let's call it Kagiso).

Same country, same government, and the same education system operating under the same constitution which declares that "everyone has the right to basic education".

What these two schools represent is so obviously wrong but we let it slide. Perhaps we feel helpless in the face of the enormity of the equality challenge. Maybe we feel it is the government's responsibility; after all, the Bill of Rights as it pertains to education also speaks of the "redress" of past discrimination and comparable standards. Or it might be that our children are in the better schools and our selfish instincts kick in: at least my child is getting a good deal out of this not-so-new South Africa.

the other way.

ignore inequality for long enough it comes back to bite you with a vengeance. In a country where violence has become part of our social DNA, we don't just disagree. We burn. As found out by the Uber taxi drivers in Gauteng or the staff at the Cape Peninsula University of Technology, where classrooms on the Cape Town campus were set alight this week, or any South African woman whose crime is being female in this violently misogynistic country. When we allow grievance to simmer for so long in a country such as ours, nobody is safe.

But there is a higher, more profound reason for talking about inequality. It goes to the question of social justice. This we also know all too well. It is wrong for a few to be so outrageously privileged and others, the majority, to be left behind. Unless you believe that the poor are the architects of their own misfortune - in which case please stop reading this article - then you know we need to act on this injustice. But where to begin?

I admire privileged schools that reach out to disadvantaged schools; this weekend I will be speaking at such a joint effort between former white and township schools in Fish Hoek. Well-established schools that take soup pots to flooded townships in winter must be encouraged, as should the family that puts up money for a bursary at a top school for the domestic worker's child. Good. But those kind efforts do not resolve the problem of King's and Kagiso. For redressing that glaringly visible picture of injustice, you need a government.

It is my firm conviction that the present government lacks both the educational ideas and the political will to resolve this injustice. Our government also looks the other way. It has in the past shown contempt for movements such as Equal Education, with its modest attempts to deal with the problem of unequal infrastructures for teaching and learning. The Ministry of Basic Education pretends matric results are getting better as if the test scores of township children, however improved, ever resolve the vastly unequal post-school chances of children from King's compared to those from Kagiso.

I find the ongoing media fixation with political personalities and intra-party shenanigans so disheartening. Cyril versus NDZ? Really now.

Nobody asks the more fundamental question, namely, what kind of governmental leadership can act justly and wilfully to end the scourge of inequality in our schools?

When this government, like others, fails to resolve these structural problems in education or the economy, they will resort to all kinds of populist performances.

Yes, allowable hairstyles is an important cultural issue - but for heaven's sake, it is not the major fault line in our massively unequal school system. The fury generated around the issue of girls' hair affects a privileged few and is a distraction from deeper problems in the unequal distribution of educational opportunities. Forcing a former white school to take one more black pupil than its teacher-to-pupil ratios allow is also a storm in teacup yet it generates enormous political mileage for media-savvy MECs. One hateful teacher at St John's makes the headlines for weeks.

In the meantime, King's and Kagiso remain unresolved.

We need a new government that can deliver social justice for the children of Kagiso, and of King's.

Unemployment Chronic

Have South Africans 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*

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 2016.¹

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 coloured 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, coloured, Asian and white descriptors, are still used for official purposes in the country.)

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 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 must 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.

Quo Vadis

The days of the ANC are over. The ANC are to be admired as a liberation force and their accomplishments to 1994 are to be applauded. But as a governing party, it has taken but twenty-three years to prove that they are sorely lacking in ability, ideas and morality.

The ANC Bill of Rights was completed in 1990 and that document was fine-tuned in 1994 into one of the finest Constitutions in the democratic world. But it lies gathering dust as they have sadly reverted to the same syndrome of big man tribalism, African elitism, kleptocracy and national disdain which has become the cliché for Africa since the start of decolonization in 1941.

Notwithstanding, the ANC has a bigger administration than the USA despite being 20% of America's size

Already the western world has turned its back on South Africa and essential Foreign Direct Investment, as a result, is dwindling.

Communist tendencies and talk of nationalisation has driven off potential foreign investors

Should South Africa be downgraded one more notch by the Ratings Agencies we will see a legislated capital flight from the country of R250 billion.

The mineral resources that buoyed up white minority rule in the latter part of the last century, have largely been depleted and new job creating technologies, looming on the international horizon, are beyond the reach and capability of a poorly educated and unskilled South African population.

The progression from kindergarten, to primary school, to high school, to university, to a job, to being a taxpayer and assisting the country to live within its means appears to be a bridge too far. If achieved, it will take decades. Welcome to Africa.

There are more social grant recipients than people employed.

Support of the enormous body of social grant recipients is not sustainable in the face of high unemployment and the migration of taxpayers. State policy has not had much of an effect. Grants have reduced poverty, but cannot affect inequality much, and the fiscal space for expanding the social grant system is now limited. High inequality probably will remain a feature of South African society for decades to come, at least until education and services radically improve and their benefits are felt in the labor market

The ANC has alienated entrepreneurs like Elon Musk, Roelof Botha and others who now spawn jobs for foreign countries and farmers who now plough their skills into foreign loam.

The National Development Plan, a sound business plan for the country to the year 2030, astutely devised by ex-Finance Minister Trevor Manuel's NPC Committee, plays second fiddle to greedy Kleptocrats and the Communist inspired second phase of the National Democratic Revolution.

The ANC have usurped the Private Sector's role of creating employment and offer only financially disastrous State-Owned Enterprises and Government Positions as employment alternatives. These, as we know are nepotistic, inflationary, non-productive and unsustainable solutions to an economy desperately in need of growth.

At a time when the world is shedding 'womb to tomb employment' and betting on Small Business to create employment, through innovation, South Africa is reverting to monolithic edifices of the Marxist era. The ANC have yet to be convinced that their old indoctrinators Marx, Lenin and Castro were proven wrong in Berlin in the eighties.

So, what of the future? Will South Africa be re-colonized by Russians, Chinese or Indians? Will South Africa inevitably go the way of the other fifty-four de-colonized

African nations and slip into economic mediocrity and eventually join the queue at the IMF with a begging bowl?

Frans Cronje, CEO of the Institute of Race Relations, paints four possible future scenarios. In his recently released book 'A Time Traveller's Guide to SA in 2030' he says that two scenarios are dismal, one is partly positive and one is extremely so — his "Rise of the Rainbow" scenario.

SA's future is mostly grim

They call economics the dismal science. At present, scenario planners seem to be in a competition to see who can be the most depressing. Frans Cronje sees a sliver of light.

Claire Bisseker

27 April 2017

President Jacob Zuma is very much in power, he will remain in power, and there's an infrastructure that will survive after him. As a result, SA's democratic rights and freedoms will be increasingly shot down.

This is the central view of Institute of Race Relations CEO Frans Cronje. He suggests four potential scenarios for SA's future in his new book, in this happily-ever-after rainbow nation, South Africans find common political ground by 2030 and by unleashing the energies of the private sector end up prosperous, free and stable.

1. Zuma faction in poll position and civil society vulnerable to attack

This is not the way Cronje thinks the future is most likely to pan out. In fact, he believes that SA's future as a free and open constitutional democracy may already have reached the point of no return. "It's been a gradual process of the white-anting of institutions while one man and his faction have accumulated almost untrammelled power," he says.

He also thinks confidence in the robustness of SA's civil society and media as an effective countervailing force is misplaced. Both are "quite vulnerable to attack" should they ever pose any real threat to Zuma's project.

The media can be squeezed by the state withdrawing all its advertising or through the introduction of regulations in the name of transformation, he argues. Similarly, NGOs which already must register with the state and fill in reports could be silenced

through creeping regulation that stipulates they must act in the national interest. There's also talk of a draft bill that would ban NGOs from receiving foreign funding.

Helen Suzman Foundation director Francis Antonie strongly disputes Cronje's view, saying: "I don't think civil society is as weak as we may fear, nor as robust as we would like".

Any attempts to weaken NGOs through regulation would be contested in the courts, he says, and the judiciary would doubtless prove a strong ally in supporting institutions whose mission is to defend the constitution.

"But if the judiciary is captured, we can all pack up," says Antonie.

An opinion poll of five political analysts, released last week by Rand Merchant Bank, shows that the political environment is highly uncertain and multiple outcomes are possible.

According to those polled, the Zuma faction pushing Nkosazana Dlamini-Zuma for president is the clear front-runner to win the ANC's December elective conference (with their odds averaging 36% for a decisive win against only 14% for the anti-Zuma faction). The odds of a "messy win" with no clear winner are close to 20%.

But if Zuma remains as president of SA until 2019 the odds of the ANC losing the 2019 general election are as high as 47% on average. At almost 60%, the odds of a split in the ANC are even higher.

2. The Break-up of South Africa

Based on current trends, Cronje feels the most probable of his four scenarios is "the Break-up of SA".

In this future, the ANC wins the 2019 election on a ticket of resurgent nationalism but then fails to enact the economic reforms required to meet voters' expectations so loses its national majority thereafter.

This creates a vacuum in which unstable coalitions and policy confusion reign. Government finds it impossible to implement the economic reforms required to create growth.

For a moment, it looks like civil society might force positive change but hope soon fades as mass protests develop a nasty racist character and turn into violent rioting.

Race, ethnic and class divides become deeper and South Africans gradually drift apart into enclaves — the wealthy and middle class behind the walls of their cluster homes and golf estates; the poor clustered into rural areas along tribal lines run by traditional leaders and in the inner cities into ghettos run by gangs.

"We're actually further down this road than people realize," says Cronje.

The elite and the upper middle class will suffer through it, their dollar-denominated wealth will decline, there'll be terrible problems – the country might run out of petrol – and they will be forced to become increasingly self-sufficient, independent of government. So, there will be good private schools and independent universities in the enclaves.

"If you're well hedged and living on the Atlantic Seaboard you will be able to maintain a fairly high standard of living ... if you can block out the horror outside the walls."

It's been a gradual process of the white-anting of institutions while one man and his faction have accumulated almost untrammelled power

Property rights and civil liberties are likely to be eroded as the regime refuses to reform policy.

"Anti-government protest action will escalate sharply and will be met, when not with rubber bullets and arrests, with wild populist promises and hateful racial rhetoric and incitement to terrible violence," writes Cronje.

He feels this outcome is probably more likely than his final scenario, the "Rise of the Right," in which the ANC under Zuma's hand-picked successor surprises its critics after the 2019 election by using its authority to force through pragmatic economic reforms.

Cronje says elements on the Right fantasize about "a new breed of authoritarian African capitalist society" modelled on the Asian Tiger economies and what is emerging in Rwanda and Ethiopia. At heart, the Asian Tiger countries (Hong Kong, Singapore, South Korea and Taiwan) were authoritarian societies where government used complete power to enforce sensible macroeconomic policies.

The Rise of the Right

In the "Rise of the Right" scenario the new ANC president professionalizes the civil service, deregulates the labour market, re-orientates empowerment to support growth and jobs, and embraces the private sector as a partner to drive growth.

"The Rise of the Right is positive," says Cronje. "We are growing quickly and are politically stable. Unemployment will be wiped out. But we have surrendered rights and freedoms."

Some political philosophers wonder if this might even be a necessary initial step for any society to move from poverty to prosperity. That is certainly the lesson of the Asian Tigers.

This model is not the most probable scenario, Cronje thinks, since factionalism and leftist ideology still have too much hold over the ANC, and the civil service remains too weak and corrupt to implement the changes required.

In his book, he regrets that he could not come down in favour of the happily-ever-after scenario.

"While it has regrettably become difficult to offer a frank and honest as well as broadly positive assessment of where SA is headed, it also serves no purpose to play down the real threats to our future, the ineptitude of the current government, and the devastating consequences of its racial and ideological fixations," he writes.

"There can be little doubt that past reluctance to face up to those hard truths ... contributed to getting the country into its current political and economic predicament."

Will the next Nelson Mandela please stand up and lead this motley nation to economic freedom?