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A CENTURY OF STRUGGLE

THE NATION AND CLASS

BY DR PALLO JORDAN

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GEPF LOOKS TO REST OF AFRICA FOR INVESTMENT GROWTH

Africa has long been neglected as an attractive and viable investment destination by multinationals and South African business.

It is the realization of this indifference to growing economic opportunities in the continent that has emboldened Government Employees Pension Fund (GEPF) into action with a simple aim – to become a catalyst for change.

"Our continent is ripe for investment," says John Oliphant, GEPF's head of Investments and Actuarial. "With over one billion people and a rapidly growing middle class, Africa, in tandem with the rest of the developing world, presents exciting investment opportunities for investors looking for good returns. With an almost stagnant growth recorded in developed economies, Africa has strongly emerged as the next frontier for investment success," he says.

To add credence to its conviction, the GEPF has allocated 5% of its nearly R1 trillion of assets under management to be invested in the rest of the continent. "Africa has stepped into the limelight as a more prominent emerging market player," says Oliphant.

This belief is equally shared by Arthur Moloto, Chairperson of the GEPF Board of Trustees. "Because of the historical neglect of the region, huge potential opportunities have been overshadowed by a legacy of conflict, corruption and economic crises.

"However, it is evident that the region has of late seen a broad range of reforms. Infrastructure initiatives are opening new avenues of commerce, and new efforts towards regional integration. Strengthened regulatory and legal systems are providing greater levels of transparency and accountability," says Moloto.

As of March 31, 2011, the GEPF had 1.242 million contributing members, 345 000 pensioners and beneficiaries. By the end of March 2011, its net assets totaled R914 billion.

The fund's Africa investment strategy is directed at promoting development, job creation and improving the lives of Africans while growing its investment portfolio. By the end of 2011 the GEPF had invested about R825 million in the Pan-African Infrastructure Development Fund (PAIDF) which has exposure in various African markets – this represents about 0,1% of its portfolio. The PAIDF is managed by Harith Investment Managers.

Transport, telecommunications, energy and water and sanitation are the main targeted sectors of PAIDF investment aimed at speeding up Africa's growth.

Despite affordability of constructing and maintaining much needed basic infrastructure to accelerate development, international consensus is that Africa would be the economic powerhouse of the future.

The GEPF, through its investments in the PAIDF meant it had exposure in the following assets: the Monastir concession that owns both international airports in Tunisia;

Dark Fibre Africa and Dartcom that have provided state of the art under-sea broadband optical fibre cabling of which Vodacom is the main client; Main One which provides and operates the broadband cable system that links Nigeria and Ghana to the rest of the world; the Aldwych power company which also has stakes in power stations in Kenya and Zambia; the Nigerian majority-owned SeaWolf Oilfields Limited and Essar Telecom Kenya Holdings.

Oliphant emphasizes that as one of the fastest growing regions in the world,

Africa's growth is partly due to its rich natural resource reserves. Growth had also recently been accelerated by strong economic fundamentals including improving debt ratios, favourable demographics, emerging consumer demand, improving political stability, stable currencies and rising foreign reserves.

The economic sectors that showed the greatest growth potential were agriculture and agro-processing, resources particularly mining, infrastructure, social infrastructure, manufacturing, environmental and sustainability projects, telecommunications and ICT, the financial sector and property.

Asset allocation to various sectors would be guided by various important factors including macroeconomic fundamentals, political stability, demographics, the level of financial markets integration or development and the ability to exit, he says.

Research shows that investors are more concerned about technical issues than about macroeconomic and political risks, at least in key markets. "In some regards, Africa's biggest challenge is to overcome deeply entrenched perceptions. But a striking shift that can be observed among investors is a change in focus from macroeconomic and political worries towards more technical market concerns," Oliphant adds.

Africa is benefiting from the global trend that has seen more investors seeking growth from diversified markets.

"With GDP growth rates below 2% across most of the developed economies, and the South African growth rate estimated to be around 2.6% to 3%, Africa's (excluding South Africa) attractiveness is readily apparent."

Research shows that, for instance in sub-Saharan Africa, GDP growth was expected to average 5% over the next 10 years, significantly higher than the 2.6% -3% expected in South Africa, and the 1.5% expected in Western Europe. Indications are that many countries in Africa will exceed 7%; for example Ghana (8.6%), Ethiopia (7.9%) and Uganda (7.7%).

Moloto believes that while growth forecast is very compelling, the risks remain very high particularly in politically unstable environments. "Investments in high risk markets must be preceded by a thorough risk assessment and possible mitigation strategies," he says.

This explains the time taken by GEPF to plan and roll out its Africa investment strategy – it had to go through a political risk assessment process. "To the extent that political risk cannot always be successfully mitigated, some countries might not qualify as investment destinations," says Moloto, who is also the fund's investment committee chairperson.

As an example, the North African and Sahel regions, will be excluded from the first phase of the strategy implementation because of political unrest and instability.

Moloto concludes by dismissing the perception that Africa is rife with bad corporate governance as "highly exaggerated".

"It can however be an issue in the small and medium enterprise space and not in the listed space. Hence our private equity activities in Africa require a lot of monitoring by personnel on the ground to contain such risks," he concludes.

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The real story about service delivery

By **Ben Turok**

Frans Cronje of the South African Institute of Race Relations has written an article on service delivery that deserves special notice. ("State delivers, but demand increases", *Cape Times*, 22 Feb 2012). What is remarkable is the exceptional clarity of the analysis and the unexpectedly positive message about the performance of the ANC government. We have become so ensnared by the constant criticism in the press, and from the SAIRR, that this piece deserves our full attention.

Service delivery has not failed, he writes, contradicting the usual refrain. "Between 1996 and 2010 the number of households living in a formal house increased from 5.7 million to 11 million or by 92 percent. Close on two-thirds of these houses were built via state housing programmes." By contrast the number living in shacks increased from 1.5 million to 1.9 million or by 26 percent.

He goes on to say, "Increases of a similar magnitude are true for every other area of service delivery, from access to piped water, toilets and electricity to refuse removal." The number of households cooking with electricity increased by 5.9 million over the same period, 1996–2010.

The consequence of these successes is found in lower poverty as measured by StatsSA's living standards measure (LSM) figures. "The proportion of people in LSM 1 (the poorest) has fallen dramatically." This is because government has been "remarkably successful rebuilding the environment in which people live." Also, despite serious deficiencies, our education and training systems have increased the proportion of African engineering and other professional graduates as a proportion of the total, without reducing white graduates.

So why do we have the opposite impression from press reports, especially concerning service delivery protests? Cronje's answer accords with academic writing on revolution: people are stimulated to struggle when there seems to be a turn in the tide of misery. When the masses sense the opening of new possibilities, they gain in confidence and resort to mass action. Hence the level of protest has increased from 10 major incidents in 2004 to over 100 in 2010.

Cronje does not say that major problems have been resolved, only that there have been significant improvements. He repeats the well known story about youth unemployment, crisis in education and the rest.

This is not the place for a deep analysis of the state of the nation. But we do need to reflect on the inadequate provision of information and analysis from state institutions, including the Government Communication and Information Services (GCIS), which does not assist us in getting a clearer picture of state performance. True, there have been a number of ten year reviews and suchlike. But the data have not been given high profile and have been categorised as a "social wage", a dubious term that cannot be properly measured quantitatively.

In short, Cronje has shown us how government should deal with the issue of service delivery.

MAKING EVERY FIGURE COUNT

In order to fulfil its monitoring and evaluation role, government needs reliable data and statistics, a fact evidenced by the recent Census 2011. No one feels more passionately about this than Pali Lehohla, the Statistician-General of South Africa and the head of Statistics SA.

Pali Lehohla, the Statistician-General of South Africa and the head of Statistics SA.

In October last year, 103 000 field workers went door to door, gathering social and economic information from 98 percent of the country's households. This data is currently being processed and the results of Census 2011 will be made known in November, making it easier for the government to plan for the needs of the SA population.

'Census 2011 involved massive public mobilisation,' comments Statistician-General Pali Lehohla, who is also the head of Statistics SA. 'We were encouraged by the willingness of the public to participate. Of course, with an operation of this size, mistakes were bound to happen. I don't think we need to fear mistakes. We just need to be nimble and agile so that we can adapt and adjust quickly.' He believes the results of Census 2011 will facilitate the functioning of the government. 'It will make it easier for the state to do its work because there will be more information at its disposal,' he says. 'It has been the biggest census so far in terms of population size. However, the censuses done in 1996 and 2001 were similar in size geographically. In terms of population projection, the size of the SA population is 50.8 million, but this figure will be accurately established when the results of Census 2011 are known.'

The government departments that will benefit most from the results of Census 2011 are those involved in social services – in other words, health, housing, education and home affairs. The figures will help track changes in the population in terms of size, influenced by births, deaths, immigration, emigration and internal movement. This in turn will aid the state in terms of understanding what the demands on its resources are. ‘It’s very useful for planning purposes,’ says Lehohla. ‘But really it affects all aspects of life in this country and will be of benefit to everyone.’

The cost of conducting Census 2011 was R3.2 billion, of which R1.2 billion was spent on salaries. In terms of the short-term employment that the census created, 5 000 people were employed for a period of six months, 103 000 were employed for three weeks and 25 000 were employed for three months. ‘Each of the 103 000 enumerators had to visit 150 households to conduct the census questionnaire,’ explains Lehohla. ‘It was a huge undertaking and despite the training they received, some of them found it diffi-cult dealing with situations that arose on the ground, including encountering hostile home-owners and tenants.’

Previous nationwide censuses were carried out in 1996 and 2001. Lehohla explains why this is the first census to have taken place in 10 years: ‘There was meant to be a census in 2006 as the law states that one needs to be done every five years. It’s very taxing on an organisation to do this every five years, and the current thinking by the cabinet is that it should be shifted to every ten years. In order for this to happen, the law needs to change.’

Lehohla dismisses the notion that South Africa is leading the way on the African continent as far as stastistics are concerned. ‘In many respects, we are the obvious leaders, but in other areas we are lagging behind,’ he states. ‘An obvious example is informal sector activities. In SA, we measure who is employed through the informal sector, but we don’t know how many traders are engaged in selling mielies, for example, versus how many traders are selling oranges. We don’t know all the products being traded. Other African countries, such as Tanzania, are better at this than we are. We are measuring the commercial side of agriculture well, but not subsistence farming.’ However, he acknowledges that in terms of complying with the international code of practice for official statistics, SA is one of the leaders in the world.

Lehohla is adamant that the role played by quality data in a country cannot be underestimated. ‘Reliable statistics remove all forms of ignorance and conjecture,’ he asserts. ‘In a modern society, we need trustworthy statistics and rationality. We all have opinions, but you need facts to make well-informed decisions.’ He concludes: ‘Statistics are a store of factual information that relate to our past, our present and our future. This information is then made accessible to everyone and is a means of holding the government accountable for its actions. It is how an individual can compare himself with the rest of the community.

‘Statistics help the government to make decisions and are an instrument of democracy. They provide transparency and place individuals on an even footing.’

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The nation and class

By Z Pallo Jordan

The author is a member of the national executive committee of the African National Congress. This lecture was presented to the political education programme of the ANC parliamentary caucus

I was asked to speak today on the topic of "the nation and class". I think many of us have the feeling that South Africa has undergone some very important sociological changes and that we should pay greater attention to that sort of transformation.

On 30 October 2011, *City Press* carried an article by editor Ferial Haffajee, headlined "We must claim victory, but also admit defeat". It says that, while wealth has grown among black South Africans, it is matched by a wealth gap. Another piece, called "South Africans on the move", points out that it takes, on average, four generations for a poor family in the United States of America to reach the income of an average middle class family. These profound changes can take place in the space in one generation in South Africa today.

It goes on to note that in South Africa there has been a shift from a mindset of entitlement to one of empowerment. Of those surveyed, 73 percent think that the only way to get things done is to do them yourself; it is no use waiting for the authorities to act. A pie-chart graph showed that a sizeable portion of the JSE is now in the hands of black capitalists. Those are the sorts of sociological changes that have taken place in South Africa since 1994.

WHITE DOMINATION AND APARTHEID

We are all conversant with the Morogoro Conference, the consultative conference that the ANC held in Tanzania in 1969. The "Strategy and Tactics" document adopted at that conference identified the central contradiction in South Africa then as the contradiction between the colonised black majority (Africans, coloureds and Indians) and the white colonial/racist state. This contradiction expressed itself in racial terms. The document said that this contradiction would not be resolved by the colonial/racist state reforming itself out of existence. And because the colonised people and the colonial state occupied the same territory (a system referred to as "colonialism of a special type"), colonialism in South Africa would not be overthrown in the usual fashion – that is, by the colonial state packing up and leaving the territory. The colonial contradiction in South Africa required a popular struggle for the attainment of democracy and the creation of a democratic state.

This was how we understood white domination and apartheid. There is a tendency these days for people to reduce apartheid to its mundane but highly visible "Whites only" signs, to the fact of different park benches for the different races, different toilets, and different compartments on the train. These things are true! But we understood apartheid was much more: those surface appearances gave expression to a system of power.

We argued that

- the system of minority rule was based on the monopolisation of political power by the white minority
- the monopoly of political power was based on the conquest and dispossession of the indigenous people of the land and its wealth
- this dispossession was then institutionalised through laws, e.g. Natives Land Act (1913), Native Trust and Land Act (1936), the Group Areas Act (1950)
- as a result of this, and in addition to the monopoly on political power, the white minority acquired an undisguised monopoly over economic power: the land, mines, industry and commerce
- consequently, the propertied classes in South Africa were virtually exclusively white, while blacks, on the whole, owned little or no property.

We also said that this system entailed coercive methods of labour exploitation. In most capitalist or market economies, a set of economic circumstances differentiates those who have to work for a living from those who make their living by clipping coupons at the stock exchange. In South Africa, an additional system of laws had been created to deny property or access rights to black people. In addition to that, a whole number of laws – such as the poll tax and the hut tax – were passed to compel Africans to work for others. Then there were measures such as the Natives Urban Areas Act (1923) aimed to control and compel the African people to make themselves available as cheap labour power.

Lastly, we argued that this system had to be repressive in order to function. As a result, the black majority was governed as a conquered people, as subjects who could claim no rights. Violence was always the last resort to enforce all these measures.

Our understanding of white domination and apartheid made us appreciate that this system wasn't just hanging in the air: it arose in a particular historical context. That context is perhaps best expressed in the preamble of the Freedom Charter.

> We, the people of South Africa, declare for all our country and the world to know...
> that our people have been robbed of their birthright to land, liberty and peace by a form of government founded on injustice and inequality;
> that our country will never be prosperous or free until all our people live in brotherhood, enjoying equal rights and opportunities.

We, as a movement, said that an economic system with a specific character based on the private ownership of land, of the mines, of commerce, etc. was imposed on South Africa. That system is usually referred to as a capitalist system and it was at the root of racial/national oppression. For the majority of our people, this oppression found expression in a number of social, economic and developmental indicators: poverty, poor health, little or no access to clean water or electricity, high levels of illiteracy and innumeracy, and generally unsafe living conditions where black communities were compelled to live.

Therefore, when we spoke of ending the system of national oppression, we were speaking of changing precisely those economic and social circumstances. In the view of our movement, the content of freedom and democracy would be the radical transformation of South African society so as to expand the economic and social rights of the oppressed majority. The changes that would bring about this transformation are set out in the Freedom Charter.

ONE NATION

In the Freedom Charter, we speak of "our people" and "we, the people of South Africa". We constantly refer to white and black having the same claims on South Africa, and we pledge ourselves to fight jointly, collectively, for the democratic changes that we thought were necessary. That is a very different conception from that of the white racist state.

If you had asked any of the leaders of the ruling National Party – whether in 1955, when the Freedom Charter was adopted, or even as late as 1990 – they would have told you that this is a country which has many nations. They would have referred to nine "Bantu nations", an "Indian minority", a "coloured minority" and a "white nation". They saw South Africa not as one nation made up of people of different races, but as a country with a multiplicity of nations. And because these nations were all striving separately for self-determination, they were necessarily in conflict. The apartheid system, they claimed, was created to manage and control that conflict. Of course we know that wasn't true. Apartheid wasn't about controlling conflict; in fact, apartheid generated conflict.

Unadorned by the slick rhetoric they acquired after 1957, the authors of apartheid proclaimed its essence in plain language. JG Strijdom, the second National Party prime minister, unabashedly told the whites-only parliament of 1955:

> Call it paramountcy, baaskap or what you will. It is still domination. I am being as blunt as I can. I am making no excuses. Either the white man dominates or the black man takes over... The only way the European can maintain supremacy is by domination... And the only way they can maintain domination is by withholding the vote from the non-European.

Our conception of the nation was of all the people of South Africa, white and black, living together as equals constituting a single nation. That is a very different conception from that of the apartheid regime. It is a very different conception also from that held by many people who called themselves "liberals" in this country, who also tended towards the regime's notion of a multiplicity of nations.

Ours was a very modern definition of the nation. It emerged in a whole range of societies during the late 19th and early 20th centuries. In "A Ballad for Americans", the African-American singer and activist Paul Robeson sang of the American nation as consisting of Christians, Jews, Czechs, Germans, English, Irish, Chinese, etc. That is the sort of nation that emerged as a result of what took place in the US. Similarly, our conception was that the South African nation was made up of people who came from Europe, from Asia, and those indigenous to Africa, who all met on South African soil and who all had an equal claim on South Africa, which they could all collectively call their home. Hence the Freedom Charter proclaimed, "South Africa belongs to all who live in it".

DEFINITION OF CLASS

In his introduction to *The Historical Roots of the ANC*, Ben Turok (2010: 6-7) wrote:

> In general terms, the liberation movement identified with and supported the cause of liberal democracy in South Africa and in the world. The delegation it sent to the Pan-African Congress in Paris in 1921 encountered a large network of other colonial liberation movements at the meeting. Appreciation that South Africa's position was neither unique nor unusual fostered an ethic of solidarity and underscored the need to create a united front of all the oppressed in South Africa.
>
> The South African environment, where gender and national oppression were intertwined with class exploitation, led to the organic coalescence of these three currents around a common programme – the Freedom Charter, which remains the centre of our movement's policy.

Why do we speak of gender, race and class exploitation being "intertwined", and how do we envisage the Freedom Charter addressing that? I think that this is the discussion we need to have about the nation and class.

Historically, societies have been divided into classes that separate those who are dominant and rule from those who are subordinate and are ruled. But over time societies have evolved so that the distance between those who rule and those who are ruled has been greatly diminished.

There are many different definitions of class, subjective and objective. One of the best subjective examples is an English aristocrat who says, "It takes generations and centuries of breeding to become one of us. It's not something you can purchase off the shelf at Harrods."

Now that is an extremely subjective definition of class, and there are many people who subscribe to it: a class is a group of people who have identified themselves as distinct from the rest of society because of certain attributes. Perhaps because of status at birth or geographic origins, they share an identity that distinguishes them from the rest.

But I tend to prefer a more objective definition of class. That definition derives from a particular political tradition and it speaks of class in terms of the relationship of people and families to productive property:

> In so far as millions of families live under economic conditions of existence that separate their mode of life, their interests and their culture from those of other classes, and put them in hostile opposition to the latter, they form a class. (Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte*)

That definition of class implies that people who control productive property and relate to productive property as its owners constitute a class because of a shared lifestyle and economic interests. By the same definition, people who do not own productive property, or those who have very little productive property, in turn constitute another class or classes. It also asserts that, historically, access to productive property has determined who is dominant and who is subordinate in a society.

The definition of class that I prefer is this:

> Classes are large groups of people differing from each other by the place they occupy in a historically determined system of social production, by their relation (in most cases fixed and formulated by law) to the means of production, by their role in the social organisation of labour, and, consequently, by the dimensions of the share of social wealth of which they dispose and the mode of acquiring it. (VI Lenin, *A Great Beginning*

If we subscribe to the objective definition of class, we will underscore certain features when we analyse our own society prior to 1994. I think they tell us something about the relation of class to the issue of the nation.

If we say, for example, that there was a class of people in South Africa who controlled productive property and through that control and access dominated our society, we would need to explain why that particular class was drawn from one particular racial group to the exclusion of others.

Looking at the history of South Africa, what will strike you is that this particular class of people came into existence in a colonial setting in which white people from Europe had conquered black people from Africa and had imported and enslaved other black people from the East. And, as a result of interactions between Asians, Africans and Europeans, had produced people of a mixed racial origin, generally referred to as "coloured" people.

MAINTAINING DOMINANCE

In any class-divided society, the dominant classes want to maintain their position and don't want to share that status with others. That can be done with a number of devices, such as the English aristocrat taking a swipe at the Arab businessman. In other words: access to class and status depends on your background. Unless your father went to a particular school or had a certain title, or unless your family has held these attributes over a long time, you do not have access to our class status.

Another device is religious doctrine. Ancient India comes to mind, where the caste system was evolved to justify the status and power of the dominant sections of society. In brief terms, the caste system was based on the concept of a cycle of life through which every living thing passes. Depending on your conduct, you will be reincarnated either as something powerful and admirable or as something powerless and despicable. If you subscribe to this doctrine, people born into the upper caste had in the past conducted themselves in a way considered morally upstanding by the gods. They therefore deserved their status. And by the same token, those who were born into the lower castes had conducted themselves in a way that the gods considered immoral and therefore they too had earned that status.

The other way to maintain the dominance of a dominant class is through race, the idea that people are, or are not, entitled to rights and privilege because of their racial origin. Race and racism are closely associated with the African slave trade, the colonisation and conquest of the Americas, and the colonisation of Africa and Asia by the European powers after the 17th century.

CLASS AND THE FREEDOM CHARTER

In a colonial setting like ours, race was used by the dominant classes to protect their exclusive rights and access to property. This was translated into the numerous laws, which, as we indicated, resulted in a situation where the majority of black people were without property and the propertied classes in the main were white.

In the Freedom Charter, the third and fourth clauses address very directly the issue of property ownership and the distribution of wealth in our country:

> **The people shall share in the country's wealth!**
> The national wealth of our country, the heritage of all South Africans, shall be restored to the people;
> The mineral wealth beneath the soil, the banks and monopoly industry shall be transferred to the ownership of the people as a whole;
> All other industry and trade shall be controlled to assist the well-being of the people;
> All people shall have equal rights to trade where they choose, to manufacture and to enter into all trades, crafts and professions.
>
> **The land shall be shared among those who work it!**
> Restriction of land ownership on a racial basis shall be ended, and all the land re-divided amongst those who work it, to banish famine and land hunger;
> The state shall help the peasants with implements, seeds, tractors and dams to save the soil and assist the tillers;
> Freedom of movement shall be guaranteed to all who work on the land;
> All shall have the right to occupy land wherever they choose;
> People shall not be robbed of their cattle, and forced labour and farm prisons shall be abolished.

I don't want to get into the controversy that has arisen because of the ANC Youth League's pronouncements, but I think those clauses raise quite a number of important issues that we cannot ignore.

When the Freedom Charter expressed itself in those terms, people in many quarters said that it was a programme for socialism. We have always said that this is not true. Perhaps the best exposition of the ANC's argument was made by Nelson Mandela in an article he wrote in 1956, called "In our lifetime":

> Whilst the Charter proclaims democratic changes of a far-reaching nature, it is by no means a blueprint for a socialist state but a programme for the unification of various classes and groupings amongst the people on a democratic basis. Under socialism the workers hold state power. They and the peasants own the means of production, the land, the factories and the mills. All production is for use and not for profit. The Charter does not contemplate such profound economic and political changes. Its declaration "The People Shall Govern!" visualises the transfer of power not to any single social class but to all the people of this country, be they workers, peasants, professional men or petty-bourgeoisie.
>
> It is true that, in demanding the nationalisation of the banks, the gold mines and the land, the Charter strikes a fatal blow at the financial and gold-mining monopolies and farming interests that have for centuries plundered the country and condemned its people to servitude. But such a step is absolutely imperative and necessary because the realisation of the Charter is inconceivable, in fact impossible, unless and until these monopolies are first smashed up and the national wealth of the country turned over to the people. The breaking up and democratisation of these monopolies will open up fresh fields for the development of a

> prosperous non-European bourgeois class. For the first time in the history of this country, the non-European bourgeoisie will have the opportunity to own in their own name and right mills and factories, and trade and private enterprise will boom and flourish as never before.

Oliver Tambo, speaking at the fourth congress of FRELIMO in 1983, gave a slightly different interpretation of the Freedom Charter:

> We in the ANC and the revolutionary alliance which we head have never considered freedom to be the substitution of black for white faces in the corridors of power, while leaving unchanged the exploitative economic infrastructure from which racism receives its sustenance. We have always understood that the uprooting of the oppressive system must necessarily entail the seizure of the key centres of economic power – as stipulated in our Freedom Charter – and their transference to the common ownership of the people. The radical restructuring of the economy will also require dismantling the white minority's monopoly over the best agricultural land, and its redistribution among those who work it.
>
> We envisage a totally new state system in which the army, the police force and the judiciary serve the interests of the people as a whole and not those of an exploitative minority.

Here are two contrasting views of the Freedom Charter. One envisages that dismantling the monopoly of whites over productive property will result in the emergence of a "non-European bourgeoisie". The other sees it ending the exploitative system on which apartheid is based. Does that mean that these two men – who worked in tandem for many years, whose names and political careers are bound together in the ANC – saw things differently?

I don't think it means that at all. What it indicates is that people arrived in the liberation alliance in pursuit of different objectives, but all of them nonetheless shared the common objective of getting rid of racial oppression and apartheid. There are those who came into the movement hoping it would create the sort of situation that Comrade Mandela is speaking about: ending the white minority monopoly and creating an environment in which black people with talent, drive and capital can rise and become a bourgeoisie.

Others came into the ANC in order to get rid of exploitation and to improve their position in society and the conditions in which they worked. And there were also those who came into the movement and adhered to the Freedom Charter because it offered them an opportunity to rise to the fullest extent that their talents can take them.

Thus we have these various classes and strata in the movement, in the ANC, all adhering to and supporting the Freedom Charter. Are these different agendas and objectives necessarily contradictory?

CLASS AND CONFLICT IN THE ALLIANCE

Sometimes, when reading the press or hearing the arguments put forth by various components of our Alliance, you get the impression that these different objectives are necessarily in conflict. Yet, as a movement, we have always argued that all the oppressed had a place in the ANC. Whether you want to become a capitalist, whether you're a worker or a petit bourgeois: you have a place in the ANC. We have also argued that the Alliance – which consists of the ANC, a broad-church multi-class movement; the South African Communist Party, which identifies itself as a party of the working class; and the Congress of South African Trade Unions, which is a federation of working class organisations – nonetheless is essential for the pursuance of our national liberation programme.

That suggests that these different agendas are not necessarily in contradiction. How then do you harmonise them?

Before 1994, one could not speak in terms of any black person being the owner of a major mining or industrial corporation, or controlling even a small bank. As we know, these days we have black captains of industry, black mining corporations, industries that are owned and controlled by blacks. Is there something wrong with that? Comrade Mandela says that is what the Freedom Charter is all about: creating the opportunity for those blacks who want to be capitalists to rise and become capitalists.

If you own a corporation, be it in the mines or in the industry or anywhere else, you have people who work for you and there is always the possibility of conflict between you and your employees. How do we address that when both employer and employee are black, and moreover might be members of the same movement? Those contradictions do arise and find expression right in front of us, in the streets in front of parliament.

What is the major contradiction in our society today? Many people think it is the class contradiction and no longer the racial one. That is a very interesting outcome produced by 1994. Some people will celebrate that South Africa is becoming a "normalised capitalist society". Others will say that this is something terrible because it means that there will be no unity among the black majority, that this will make us weaker and might even lead to defeat. Some of us have argued that the potential conflict between an emergent black bourgeoisie and a black working class and other strata could be managed.

One of the objective impediments to the prosperity of this country is the underdevelopment of the productive forces. There was a time when South Africa was self-sufficient in food production. Today we import food, which means we are not using our agricultural capacity and our land to its full capacity. All of our urban areas are surrounded by shanty towns of poor people, which means that we are not using our capacity to produce homes and shelter. (Think what we were able to build in a couple of years for the World Cup.) Large scale unemployment afflicts the black majority, and specifically the young people, which means that the South African economy is not absorbing new work-seekers as they graduate from high school, from training colleges and universities, etc.

I submit that black captains of industry have an interest in expanding the productive capacity of our country and growing the economy. I submit that this is also in the interest of the working classes, the working poor and the unemployed. Given that reality, I submit that there are numerous points at which the interests of this emergent black bourgeoisie and the historically oppressed majority converge. Finding, identifying and defining those points is the challenge that faces us at present – and, up to now, the ANC has been unable to manage it. Hence the acrimony in intra-alliance relations and the confrontational style of industrial relations.

THE CONSEQUENCES OF 1994

One reason is that we have been in denial about the changes that have taken place since 1994. We have not been willing to address them; we have not been willing to discuss them; we have not been willing to analyse them; we have not been willing to look at the impact and the influence they have had on our movement and on society as a whole.

At the National General Council in September 2010, one of the commissions raised the problem of people buying membership for others, and branches of the ANC being "owned" by individuals. Week after week, we see stories in the media (which I don't necessarily believe) about bags of money being distributed for people to vote this way or that way, in one conference or another.

This is not the first time that there are people with money in the ANC. Dr JS Moroka was one of the wealthiest blacks in South Africa at the time he was president of the ANC. But the possibility that Moroka could buy votes in an ANC conference never arose!

You can't look at that and say it's "just one of those things". It is an outcome of 1994. New opportunities have arisen for blacks who have acquired wealth to use that wealth to exert political influence on the ANC, on the movement and on the direction of the country.

Unless we are willing to discuss the consequences of 1994, we are not going to address this issue of money exercising an undue influence and impact on the direction of the ANC. Equally, we are not going to be able to manage the emerging contradictions between those blacks who have wealth and those who do not. If we value the unity of the movement, this is a contradiction we have to address.

As the ANC, we speak in terms of one nation made up of many races, many ethnic groups, many linguistic groups, and many faith groups. We value that as an objective for which we have struggled: one nation – defined not racially, ethnically or religiously but by our shared South African home.

We have argued for the unity of the African people as the first condition for such national unity. We have also argued that the unity of the ANC is important for the attainment of those objectives. We have argued for the importance of our democratic alliance.

The outcomes flowing from 1994 are the result of the ANC's actions. Our society is producing interesting and challenging new contradictions. Until now, from the NEC level down to the branch, we are in denial. The ANC does not want to discuss this matter. Every time one raises it, people become uncomfortable. Yes, it's true. And yet it is a reality. Unless we are willing to face up to these outcomes, analyse them properly, and grapple with them in earnest, the issue of nation and class will become very explosive.

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A clean bill of health

Improving public healthcare in South Africa and making it more accessible to all is a daunting task, and one that Minister of Health Aaron Motsoaledi does not take lightly. New Agenda spoke to him about his department's long-term plans.

Health Minister Aaron Motsoaledi is a man with a vision – bolstering the quality and availability of healthcare in the country, while reducing medical costs. Since taking office in 2009, Motsoaledi has worked tirelessly to realise this vision. 'Our long-term plans are to firstly reduce maternal and child mortality rates,' he says. 'Secondly, we want to reduce the pattern of disease of HIV/Aids. Our next priority is to improve the efficiency of the healthcare system.'

Tackling this issue requires a multi-faceted approach, he says, which includes improving infrastructure, bolstering human resources, augmenting the quality of healthcare, re-engineering primary healthcare, and reducing the cost of healthcare, especially in the private sector.

The plan that has received the most media attention is the National Health Insurance (NHI) proposal. 'The NHI is a healthcare financing programme,' Motsoaledi explains. 'The present system of financing healthcare in SA is skewed. There needs to be universal coverage for all South Africans, not just those who can afford private healthcare. We have looked at other countries around the world and we acknowledge that even in instances where health insurance does work, it is never perfect. However, there is no other alternative. We cannot have a situation where 16% of the population has medical aid and 84% are left out. In countries like the UK, medical insurance is mandatory through the NHI. We have a public health system in SA and we need to make it work for all our citizens.'

To this end, the health ministry has rolled out a R1-billion NHI pilot project which covers ten districts in all nine provinces. These include OR Tambo district in the Eastern Cape, Gert Sibande in Mpumalanga, Vhembe in Limpopo, Pixley Ka Seme in the Northern Cape, Umzinyathi and uMgungundlovu in KwaZulu-Natal, Eden in

‘We cannot have a situation where 16% of the population has medical aid and 84% are left out.’

the Western Cape, Dr Kenneth Kaunda in the North West, Thabo Mofutsanyane in the Free State and Tshwane in Gauteng. The first phase of the pilot scheme to be implemented over the next five years would entail the strengthening of health systems, developing infrastructure and improving the staffing of clinics and hospitals.

Motsoaledi says the ten districts, which cover 20% of the South African population, were selected according to their socio-economic standing, their health service performance and demographics. In addition, he says an in-depth audit of the country’s 4 200 health facilities – clinics, hospitals and other health units – is close to completion. ‘We have engaged the services of five companies who have undertaken this audit, looking at issues such as staffing, the availability of drugs, procurement systems, infection control, safety, length of queues, and so on. The results of this audit will help us in our turnaround strategy for provincial hospitals,’ Motsoaledi says.

Regarding the shortage of doctors and nurses, the minister is characteristically forthright: ‘We need more doctors and nurses, but we are not alone in our desire to obtain these skills. There isn’t a country in the world that doesn’t want more doctors and nurses. We can’t force people out of the private sector, but we are hoping that the NHI will make it more attractive for health professionals to divide their time between the private and public sectors. For example, if a GP works in a private practice, he may choose to spend three to four hours a day in a public facility.’

In terms of training new doctors, there are only eight medical schools in South Africa which produce a combined 1 200 doctors per year. This, asserts Motsoaledi, is not enough to meet the needs of the public health system. ‘We want to increase this three-fold to 3 600 doctors per year. We can achieve this by encouraging universities to accept more medical students. Last year, for instance, the Department of Health paid the University of the Witwatersrand R8 million to accept 40 additional medical students. We are also building a new medical school in Polokwane, Limpopo which has its own hospital attached to it.’

He continues: ‘In addition, we are embarking on a drive to rebuild several hospitals around the country, including an upgrade of the George Mukhari Academic Hospital, associated with the Medical University of Southern Africa, and building a brand new structure at the King Edward VIII Hospital at the University of KwaZulu-Natal’s Nelson Mandela School of Medicine. We are also constructing a new tertiary hospital in Mpumalanga.’

Other hospitals will be rebuilt to enhance their efficiency. A case in point is Chris Hani Baragwanath Academic Hospital. ‘As far as Chris Hani Baragwanath is concerned, we realise that it has grown too large and unwieldy,’ comments Motsoaledi. ‘The World Health Organisation recommends that a hospital should never exceed 1 200 beds because it becomes impossible to run hospitals efficiently beyond this number. Chris Hani Baragwanath Academic Hospital currently has 2 888 beds, rendering it unworkable. It has become two-and-a-half hospitals in one. We now are tasked with the job of rebuilding it in a more manageable way.’

He is optimistic that his goals, though ambitious, can be achieved. ‘The NHI will help bridge the gap between rich and poor,’ Motsoaledi says. ‘It will be the first medical aid in South Africa that covers all citizens and will bring about necessary improvements to hospital infrastructure and human resources.’

Steel, cement and fertilizer:

Corporate cartels in intermediate industrial products

By **Reena das Nair**, **Junior Khumalo** and **Simon Roberts**

The authors are associates of the Centre for Competition Economics, University of Johannesburg, and economists at the Competition Commission of South Africa. This article is written in their personal capacities

As recognised in the government's industrial policy, intermediate industrial products are crucial to South Africa's competitiveness. These are the products used as inputs for industrial activities across the economy. They include materials such as steel and plastics for making finished products, fertilizer as an input for farming, and cement for construction. Typically, these intermediate products are characterised by economies of scale and barriers to entry, implying that their production and supply are controlled by a few firms. How these firms behave and how these products are priced and supplied thus has a substantial impact across the economy.

These features of intermediate industrial products led the Competition Commission to identify them as a priority area. In particular, they are central to the government's strategies for diversified manufacturing and infrastructure development to drive growth. Downstream labour-absorbing manufacturing requires competitive inputs for its growth, and the costs of infrastructure investment – and how far a given budget can stretch – partly depend on the price of the inputs required.

The Commission's investigations have uncovered a range of practices that contravene the Competition Act. Viewed through a wider lens, however, the investigations provide important insights into how South African businesses behave – their strategies and orientation. This has much wider implications for how control over economic activity is exercised and the ability to participate in the economy.

The main feature uncovered by the Commission's investigations has been far-reaching collusive conduct at successive and inter-related levels of major supply chains. This is somewhat counter-intuitive as it might be expected that the powerful firms would not want firms lower down the chain to also earn more-than-competitive rents. However, it appears that multi-level cartels are part of the overall governance of value chains intended to protect the position of the incumbents. More colloquially, this is how the "old boys' clubs" maintain control over industries.

The Commission's corporate leniency policy (CLP) has been a very important tool for uncovering cartel conduct. This provides immunity from prosecution to the first company to come forward and admit to being part of a cartel, conditional on providing full co-operation to the Commission in the prosecution of the other cartel members.

The Commission's work has covered a wide range of products and markets, from forestry to industrial gases. This article will focus on three major areas where a number of investigations have shed light: steel, cement and concrete products, and fertilizer. In each we look at the position of the major firms and how they were able to exert control over important markets.

STEEL

Steel is produced in the form of flat sheets and long steel (usually in bars). Flat sheets are used

in roofing, motor vehicles, packaging, household appliances and ship building, while long steel is used extensively in construction to reinforce concrete structures. We focus on long steel products here, in which ArcelorMittal South Africa is the single largest producer. It also dominates in flat steel production.

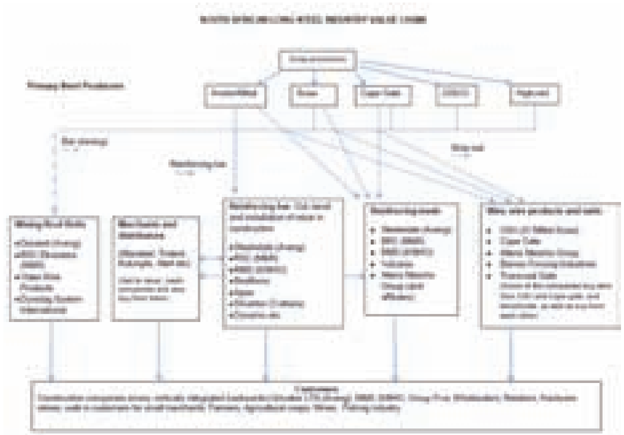
The steel mills generally make basic long-steel products, such as reinforcing steel bars (rebar), from melted scrap metal. The basic products are further processed by cutting and bending the rebar for construction applications, making reinforcing mesh and mining roof bolts, and by drawing out steel rod into wire and related products (Figure 1).

Along with ArcelorMittal, the main producers upstream are Scaw Metals and Highveld Steel, both previously part of the Anglo-American group, and Cape Gate. Cisco (Cape Town Iron and Steel Works), owned by Murray & Roberts, has recently closed down. The processing and application of the long steel products are dominated by subsidiaries of the big construction groups such as Murray & Roberts, Aveng and WBHO.

Long-steel product markets in South Africa are characterised by a long history of co-operation and a network of mutually reinforcing relationships from the input level of the value chain right through to end applications. The Commission has referred five investigations in long steel and scrap markets to the Competition Tribunal, while three others are still under investigation.

The investigations revealed cartels at almost every level of the value chain, from the key input material – scrap metal – to the cut, bend and installation level of rebar in construction projects. As noted, this is somewhat surprising as we might expect that an upstream supplier would want the market into which they sell to be competitive. Similarly, a buyer would want a supplier base that is competitive so that they could play suppliers off against one another. Intuitively, it seems likely that firms operating in a cartel at one level would not want collusive profits to be made at other levels.

Yet cartels *have* operated at different levels and the Commission's investigations revealed vertical agreements in the value chain. The rationale appears to be the overall "governance" of the value chain, including the exclusion of possible entrants. Newcomers could destabilise the cosy arrangements if they had access to inputs and markets from firms upstream and downstream, but a network of collusive arrangements could prevent that destabilisation. Now that the Commission's investigations have ended these arrangements, we are seeing greater dynamism, with new entrants coming into several markets.



Specific arrangements

South Africa has a competitive advantage in scrap metal because more scrap is produced than is required to satisfy local demand. However, according to the Commission's findings, the scrap suppliers colluded to ensure that market shares and margins were maintained. They also allocated specific scrap generators (the smaller collectors) to each other. In November 2010, the Tribunal confirmed the settlement between the Commission and the three scrap dealers in this case – Abbedac Metals, Universal Recycling Company and Amalgamated Scrap Metals Recycling – for R4.9 million, R15.5 million and R3.2 million respectively.

> More colloquially, this is how the "old boys' clubs" maintain control over industries.

Scrap is a key input into long steel production, making regular and sustainable supply important. Lack of such supply would impede new entry or growth. The long steel and stainless steel producing mills agreed annually on a price formula for sourcing scrap and reached an arrangement to only source scrap from the five largest scrap suppliers (New Reclamation Group, Universal Recycling, Ton Scrap, Ben Jacobs and Rand Scrap). This matter has been referred to the Tribunal.

Following a search-and-seizure operation by the Commission in mid-2008, Scaw Metals filed for leniency for price fixing, market allocation and collusive tendering in the long steel market between Scaw itself, ArcelorMittal, Cisco and Cape Gate. The

Commission referred its findings to the Tribunal on price fixing and market allocation of various long steel products, particularly rebar.

Another Scaw leniency application (as the joint venture partner with ArcelorMittal in CWI) revealed similar arrangements in the wire and wire products markets between Consolidated Wire Industries (CWI), Cape Gate, Allens Meshco, Hendok, Wire Force, Agri Wire, Agri Wire North, Agri Wire Upington, Cape Wire, Forest Wire, Independent Galvanising and Meshrite.

Prices and discounts were agreed with reference to a national list price from as early as the 1970s. Customers were allocated by agreeing not to actively target each other's customers. This case was referred in September 2009 but has not yet been heard owing to challenges brought around the Commission's leniency process.

Downstream product cartels

At the downstream level of processing long steel products, several applications brought by Murray & Roberts on behalf of their various subsidiaries have revealed the far-reaching extent of collusion.

Following a leniency application by Reinforcing Steel Contractors (RSC) (M&R), the Commission found price fixing, market allocation and collusive tendering by the firms in the market for cutting, bending and the installation of rebar in construction projects. The firms identified included RSC, Steeledale (Aveng), Silverton, Reinforcing Mesh Solutions (RMS) (WBHO), Koedoespoort, Witbank, Apex, Dynamic, Bestforce and Mac-Fell Laduma Reinforcing).

Following an intense price war, the suppliers met between 2004 and 2007 to discuss prices and margins (mainly through a suggested price list). The conduct took place in five different regions, but the essence of the agreements was fairly consistent. The customer or project allocation and collusive tendering were achieved through an agreed percentage split in the market share, maintained through "cover pricing" off the suggested price list. This case was referred to the Tribunal in January 2011.

A leniency application by BRC Mesh led to the Commission referring a case of price fixing and customer allocation of reinforcing mesh products. Price lists, with periodic adjustments, were calculated and circulated between competitors. The producers also agreed to discounts by customer groupings. The firms involved are Steeledale (Aveng), Reinforcing & Mesh Solutions (RMS) (WBHO), Vulcania Solutions and BRC Mesh Reinforcing (M&R) The Tribunal heard the case in March 2011 and its decision is pending.

RSC Ekusasa (M&R) filed for leniency in a cartel of the main suppliers of mining roof bolts (RSC Ekusasa, Duraset (Aveng), Dywidag-Systems International and Videx Wire Products). Competing firms met and agreed on prices for bids to ensure that each firm won its allocated tender from mines. The tenders were allocated such that each cartel member kept its historic customers.

The Commission has reached settlements with Aveng in each of these cases. For settling the rebar and the mesh cases involving its Steeledale operation, Aveng paid a penalty of around R129 million. In the mining roof bolts case involving Duraset, Aveng settled with the Commission for a penalty of just over R21 million.

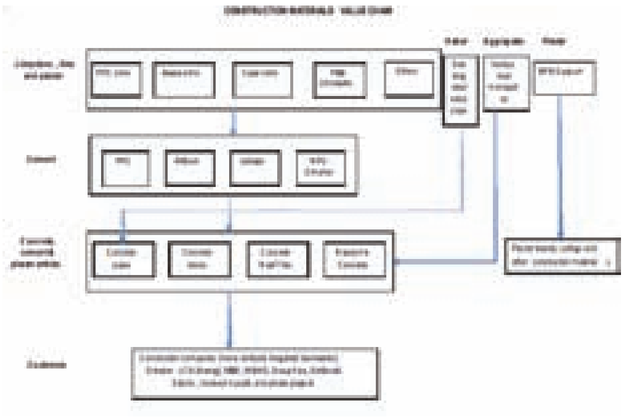
Other cases have involved different wire and wire products, including a cartel in the sale of low-carbon wire rod, mainly against members of the Allens Meshco group. This case was referred to the Tribunal in 2007.

Following the end of the cartels in scrap and rebar, there have been new entrants in the long steel value chain. SA Metals, which previously operated only in the scrap market and produced billets for export, entered into the local rebar market. Another company is looking to set up a new rebar mill in Gauteng. There has also been an exit of a former cartel member, Cisco, a company that was well known to have been operating at higher costs than other players. It is possible it had only survived because the cartel accommodated it.

CEMENT AND CONCRETE PRODUCTS

Cement and concrete products are also important inputs in the building and construction industries. Higher prices from anti-competitive conduct thus raises the costs of construction projects across the board, from low-cost housing to large infrastructure investments. Cartels have been uncovered at several levels of the value chain (Figure 2).

In cement products, the Commission has uncovered conduct that has mainly been aimed at maintaining the erstwhile state-sanctioned cartel that was abolished in 1996. The concrete products cartel, which had endured since the 1970s, illustrates both the lengths to which firms will go to tie up markets, and the negative effects such arrangements have on the economy. We use this as a case study to explain the "anatomy of a cartel", as it indicates the types of arrangements found across the construction sector and related products.



Cement

The Commission initiated an investigation into the cement industry in June 2008, and a year later, in June 2009, conducted search-and-seizure operations at the premises of the cement producers. Around August 2009, Pretoria Portland Cement (PPC) applied for corporate leniency, setting out the cartel arrangements and agreeing to fully co-operate with the Commission. AfriSam reached a settlement with the Commission in November 2011, confirming the conduct, and agreed to pay a penalty of R125 million.

This has brought to light the workings of the cement cartel. When the first democratic government decided that the cement industry should move from central planning in a legal cartel into a competitive market environment, it is now evident that the industry simply took it upon itself to continue the cartel arrangements in its own interests.[1] After the legal cartel was disbanded, the cement producers agreed to preserve the system of market-share targets each producer enjoyed, based on sales in the SACU region (South Africa, Botswana, Lesotho, Namibia and Swaziland). However, immediately after this agreement, a brief price war ensued. It lasted until 1998, when the cement producers held secret meetings in which they agreed to terms to stabilise the industry.

As a mechanism to police this agreement, the producers agreed to share detailed, competitively sensitive information through the industry association, the Cement and Concrete Institute (C&CI). Information on geography, end-use sector and composition, and strength of the product sold was shared on a monthly basis, and later, even weekly.

There were also barriers to entry in the form of access to critical material inputs, such as lime deposits, slag and fly ash (both used to produce blended cement). It is encouraging that, since the end of the cartel, a new greenfield entry is under way, with the new entrant, Sephaku, planning to start operations in 2013. Customers in the cement industry have also informed the Commission that the market dynamics, which were entrenched for many years, have changed in the past few years.

Members agreed to fix prices, along with an elaborate scheme to give the impression of competitive bidding while ensuring that the allocated firm would win the tender.

Concrete products

In December 2007, the Commission uncovered a 30-year cartel in the precast concrete products market. This was the result of a leniency application by Rocla, a subsidiary of M&R, regarding its involvement in the cartel. In its application, Rocla informed the Commission that, together with nine other firms, it had engaged in anticompetitive conduct involving price fixing, market allocation and collusive tendering in the market for precast concrete pipes, culverts and manholes. The other implicated firms were Southern Pipeline Contractors (SPC), Concrete Units, Infraset (an Aveng subsidiary), Grallio, Cobro, Cape Concrete, Concrite Walls, Craig Concrete Products and D&D Concrete.

The cartel behaviour happened at both national and regional levels, combining price fixing, market allocation and bid rigging. The two main producers, Rocla and Infraset, reached agreement on collusive arrangements at the national level – and, indeed, across southern Africa. Local arrangements included smaller producers in Johannesburg, Cape Town and Durban. Market shares were defined for each producer within defined areas, generally set at a 150-km radius around these cities. Firms agreed not to supply outside these areas.

Market shares were defined according to the main products (e.g. concrete pipes and culverts) and tenders were allocated on a regular basis in order to adhere to the determined shares. The modus operandi of the cartel in Gauteng was for members to meet secretly shortly after the Concrete Manufacturers Association of South Africa's formal monthly meetings and share information.

Members agreed to fix prices, along with an elaborate scheme to give the impression of competitive bidding while ensuring that the allocated firm would win the tender. Each member was identified by number and not by name, and those who deviated from the agreed arrangements were "punished" by being allocated less work in the next meeting. Members were required to declare their volumes and deliveries in order to monitor whether they adhered to agreed allocations and market shares.

Access to reinforcing steel, cement and aggregates inputs are crucial for manufacturers. Access to the markets for these products is as important. As subsidiaries of the construction conglomerates M&R and Aveng, the two main ringleaders, Rocla and Infraset, were in a strong position. Furthermore, as explained above, M&R was involved in the upstream reinforced-steel cartel through its shareholding in RSC, while Aveng was involved in the same cartel through its interest in Steeledale. Therefore, they could have ensured barriers to entry into the concrete products market by influencing access to inputs and markets.

Since uncovering the concrete products cartel in 2007, the dynamics in the market have changed. Former cartelists have now entered product and geographic markets they had previously agreed to stay out of. Furthermore, there has been substantial new entry into the industry.

The Tribunal hearing for this case revealed that, once the cartel was uncovered, prices dropped by up to 25 percent.

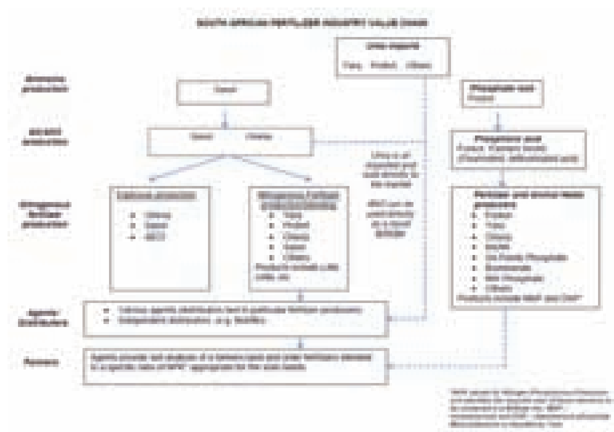
FERTILIZER

Fertilizers typically supply three main plant nutrients: nitrogen, phosphorous (in the form of phosphate) and potassium. In South Africa, Foskor mines phosphate rock and makes it into phosphoric acid. Sasol produces ammonia as a source of nitrogen, and ammonia is made into various ammonium nitrate based fertilizers by Sasol and Omnia (Figure 3).

The investigations of the Competition Commission have identified a mix of abuse-of-dominance by the monopoly producers of the two inputs, as well as cartel conduct at the level of further processing into fertilizer products. This was foreshadowed in matters addressed by the Competition Board, the predecessor of today's competition authorities.

Historically both Anglo-American's AECI and Sasol produced ammonia. The old Competition Board, when it blocked the proposed merger between Sasol and AECI at the end of the 1990s unearthed documents indicating possible collusion between Sasol and Kynoch (later known as Yara), then a subsidiary of AECI, in respect of the pricing of ammonia. As required by the then prevailing legal regime, the Board made a recommendation that this be followed up by the relevant authorities, although there is no indication that this happened.

When the first democratic government decided that the cement industry should move from central planning in a legal cartel into a competitive market environment, it is now evident that the industry simply took it upon itself to continue the cartel arrangements in its own interests.



AECI then closed its aging ammonia production facility down earlier than planned – for which, according to the Commission, it was paid by Sasol. Thus Sasol was left as the monopolist in ammonia. Following complaints laid by two independent blenders and suppliers of fertilizer, Nutriflo and Profert, the Commission referred a case of abuse of dominance against Sasol and collusion against Sasol, Omnia and Yara (formerly Kynoch) in 2005.[2] The collusion identified by the Commission included:

- a network of agreements, arrangements and understandings that had the effect of constructing and dividing the market

- various committees (including the import planning committee, nitrogen balance committee and the export club) covering, among other things, the exchange of information, allocation of sales, agreement on export volumes and prices, directly or indirectly fixing prices, and dividing markets by allocating customers, suppliers and territories.

The Commission had separately identified collusion between Sasol and Foskor in the supply of phosphoric acid, for which Foskor applied for leniency. In addition, Foskor's prices for local customers included a notional import transport charge, despite Foskor exporting the vast majority of its production. Foskor settled this excessive pricing charge and dropped its local prices.

In 2009, Sasol settled both of the collusion cases relating to nitrogenous fertilizer and to phosphoric acid. This followed a record €318 million fine levied against Sasol's global wax operations by the European Commission late in 2008 for cartel conduct, and Sasol media statements indicating that it was undertaking an extensive internal audit to uncover any further anti-competitive behaviour of its managers and/or other staff. In the process, Sasol uncovered evidence of blatant collusive behaviour between its fertilizer operations and those of Omnia and Yara. The settlement between Sasol and the South African Competition Commission included a penalty of approximately R250 million. Omnia and Yara still persist in a technical legal defence that the Commission's case (now including the further information from Sasol) is not competent as it is not the same as the complaint laid by Nutriflo. This was the subject of a Constitutional Court hearing on 24 November 2011.

Sasol settled the abuse of dominance case in mid-2010 with a divestiture of five of its six fertilizer blending plants and commitments to non-discriminatory pricing.

After more than a decade of attention by the competition authorities, past and present, the full extent of the main producers' arrangements to control the value chain is only now evident. These arrangements had the combined effect of entrenching the monopoly positions of the upstream producers as well as rewarding the major processors at the downstream level with cartel margins. As with steel and cement, it appears that the rents were divided up along the value chain and the incumbents' positions protected. With the ending of these arrangements, entrants and smaller players have been able to grow, and consumers – in this case, farmers – get more competitive prices.

IMPLICATIONS

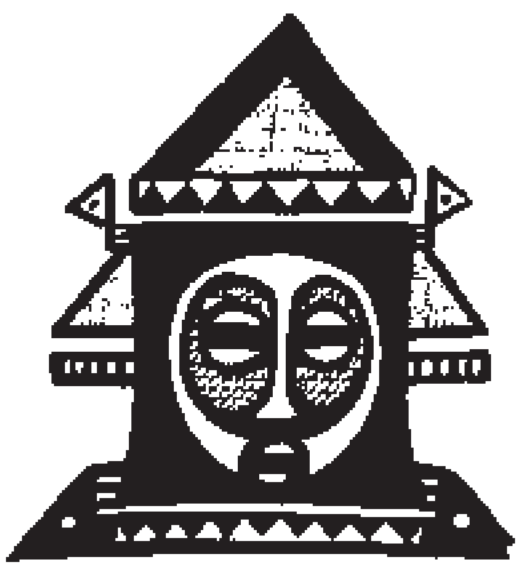
These examples indicate the existence of far-reaching arrangements by the main firms to maintain control of value chains and markets, and to protect the rents they derive from their market power. There has often been a whole range of related and mutually reinforcing arrangements.

In the steel products that we examined, the power and position of the main firms largely derives from controlling upstream production or being associated with one of the big construction companies. A similar picture emerges in cement and concrete products. In fertilizer, the main producers are vertically integrated chemicals companies.

While competition enforcement can address specific anti-competitive arrangements – whether by uncovering evidence of their existence or, in the case of abuse of dominance, of their effect – such enforcement is, by its nature, backward-looking. If we are to ensure wider participation and greater dynamism in the economy, then it is very important that the insights gained from the competition cases lead to complementary actions. These include supporting entrants and breaking down barriers to the growth of smaller firms. Such considerations can be taken into account in the provision of development finance, such as by the Industrial Development Corporation, as well as in the allocation of investment incentives and industry support by government.

NOTES

1. See the press releases of the Competition Commission and the submissions made in the AfriSam settlement.
2. See the submissions made by the Commission in the settlements with Sasol and Foskor.



HAVE YOU GOT WHAT IT TAKES TO COMPETE IN THE INTERNATIONAL MARKET?

INCREASE YOUR EXPORTS, INCREASE YOUR TURNOVER!

Participate at the West African Power Industry Convention (WAPIC) Pavilion in Lagos, Nigeria from 19 – 21 November 2012

Calling all Electrotechnical exporters – the dti will offer the following financial support to qualifying firms:

the dti will offer the following support to qualifying firms:

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- Daily subsistence allowance of R2,000 per day;
- Freight-forwarding of display materials; and
- Exhibition space and booth rental costs.

WAPIC 2012 will focus on Boilers/Combustion Systems, Cables, Computers/Software, Converters, Inductors and Transformers, Emission Control, Engineering Services, Construction Companies, Generation Equipment, Instrumentation Controls, Meters and Associated Technologies (meter-testing equipment, revenue protection technologies and services), Motors/Electrical Equipment, Pumps, Compressors, Relays, Renewable Equipment and Suppliers, Switchgear and Control Equipment, Turbines, Transmission Equipment and Substations, Wiring and Accessories.

For more information visit www.wapicforum.com

The South African National Pavilion will focus on electrotechnical components.

Application Forms and Guidelines can be downloaded from **the dti** website:
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Interested companies can contact Ms Batseba Morudi on telephone: 012 394-1195
or via e-mail: Bmorudi@thedti.gov.za

NB! The deadline for submission of complete National Pavilion application forms accompanied by all supporting documentation is 28 May 2012

the **dti**

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

PROUDLY SOUTH AFRICAN

HAVE YOU GOT WHAT IT TAKES TO COMPETE IN THE INTERNATIONAL MARKET?

INCREASE YOUR EXPORTS, INCREASE YOUR TURNOVER!

Participate in the South African National Pavilion at Midest 2012, International Sub-Contracting Exhibition in Paris, France from 06 – 09 November 2012

Calling all industrial sub-contracting exporters – the dti will offer the following financial support to qualifying firms:

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- Daily subsistence allowance of R2,000 per day (SMME and PDI's).

Midest 2012 is the largest sub-contracting exhibition and will focus on the following sectors: metal processing; screw cutting; machining; special machines; forging; foundry; fabrication; metal cutting; raw materials / materials / semi-finished products; processing of plastics; rubber and composite materials; processing of wood; processing of other materials (glass, ceramics, etc); electronics and electricity; microtechniques surface treatments; thermal treatments; and finishing industrial fasteners

For more information visit www.midest.com

The South African National Pavilion will focus on sub-contracting in the sectors mentioned above.

Application forms and guidelines can be downloaded from **the dti** website: www.thedti.gov.za/finacialassistance/ExportmarketingandInvestmentassistance/groupofferings/nationalpavilions

Interested firms can contact Ms Faith Marima on 012 394-1019 or via e-mail: FMarima@thedti.gov.za

NB! The deadline for submission of complete National Pavilion application forms accompanied by all supporting documentation is 15 May 2012

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REPUBLIC OF SOUTH AFRICA

PROUDLY SOUTH AFRICAN

Holding the vision: The ANC at 100

Excerpts from the Statement of the National Executive Committee of the African National Congress on the occasion of the 100th anniversary of the ANC, 8 January 2012, in Bloemfontein

The centenary of the African National Congress celebrated in Mangaung on January 8 2012 was a landmark event. If space allowed, New Agenda *would have published the speech by President Jacob Zuma in full, as it covered the whole range of the struggle in all its complexity. Instead we have selected extracts that reflect a particular theme. As our readership is very broad, we have chosen to print the comments that reflect the ANC vision of a non-racial, democratic society. This is to counter the cynical treatment of the speech by much of the press. We also want to affirm that – despite the misconduct and wrong positions articulated by a few dissidents – the ANC remains committed to a just, inclusive and democratic society.*
– The editor

Today, we are honoured to be part of the generations that are celebrating the centenary of our movement, the African National Congress. Like with the formation of the South African National Native Congress here in January 1912, we do so not on our own as South Africans, but with the leadership and people of our region, the continent and, indeed, as a product of our long struggle, together with the progressive people of the world.

Today, we will reflect on the issues that shaped the character of the ANC, and the ANC's resolve to inculcate a human rights culture, a system of justice and equality, and a better life in a land that belongs to all who live in it.

LOOKING BACK: THE HISTORY OF THE ANC

The eighth day of January is emblazoned in the historical record as marking the inauguration of the pioneer African revolutionary movement, created by our forebears to re-claim the sovereignty of the peoples of Africa and to re-assert the freedom that the people of our great continent had lost on a thousand battlefields. Since its inauguration in this city 100 years ago, the African National Congress has been at the forefront of the liberation struggle that culminated in the overthrow of white minority domination and the crime of apartheid.

Colonised peoples were not citizens of the empire: we were all subjects who had and could claim no rights, but were governed in terms of the colonial administration's construal of "customary laws". Even in a country such as the United States, with a constitution that guarantees full and equal rights to all its citizens, such protections were ignored, undermined or deliberately subverted as inapplicable to Africans, to Asians, and to the indigenous people who suffered every form of discrimination. In Africa, colonial authorities exercised a host of arbitrary powers, which they wielded at their own discretion over subject African people.

The cause of democracy, repudiated in practice by the white colonial state and the white political parties who misgoverned our country for well-nigh a century, found a home in the national liberation movement. For a century our movement was, and continues to be, the custodian of basic democratic values, principles and practice in our country. The national liberation movement championed democracy because we have always recognised its intrinsic value as the basis for good, accountable government coupled with justice. The principle on which the ANC and the rest of democratic movement consistently have stood is stated unequivocally in the preamble of the Freedom Charter: "no government can justly claim authority, unless it is based on the will of all the people."

The non-racial future that our founders envisaged is reflected in the mixed delegation that arrived in London in 1909 to appeal to the British parliament not to pass the law with its racial exclusions. It included Rev. Walter B Rubusana, Dr Abdullah Abdurahman,

John Tengo Jabavu, DJ Lenders, Matthew Fredericks and Thomas Mapikela, supported by a white democrat, WP Schreiner, and then joined by MK Gandhi. This tradition of co-operation among democrats imparted to our struggle a distinctly non-racial character in a country whose institutions racialised every facet of public and private life. A fundamental premise of the liberation movement was that it was neither possible nor desirable to unscramble the historical omelette. The future of South Africa would be shaped by all those who had made it their home, irrespective of where their ancestors came from, or how they came to be in South Africa. Our movement has always cherished, and shall continue to cherish, the contribution of the small but courageous contingent of white democrats who committed themselves completely and selflessly to the realisation of democratic change.

Consequently, our broad movement for national liberation has, since that first decade, taken in both nationalist and class issues. The national democratic revolution has gender, class and national dimensions that interpenetrate and influence one another. Given the character of white-ruled South Africa, the system of racial oppression and our historical experience, one of the outstanding features of the ANC has been its capacity to encompass all these within its ranks, on the basis of a common acceptance and embrace of the Freedom Charter as a programme encapsulating the aspirations of all our people, however varied their class, gender and ideological positions might otherwise be.

Throughout the twentieth century, the forces of division, injustice and intolerance have continuously sought to separate these trends within the ANC, politically and organisationally; or at least to set them at loggerheads and thus divide and weaken the national liberation movement. The idle and apparently trivial speculations about who is and is not an "Africanist", about divisions between "Marxists" and "nationalists" within our ranks, or about tensions between the gender-sensitive and insensitive have historically served no other purpose.

Building unity

The growing urban African, coloured, and Indian communities acquired strategic importance for the liberation movement during the 1940s. In the towns, the communities themselves underwent transformation as they established new points of association and acquired the skills of modern organisation.

In 1947, during the passive resistance campaign to oppose the Asiatic Land Tenure and Representation Act, whose aim was to further reduce the land ownership rights of a black community, the presidents of the ANC, the Transvaal Indian Congress (TIC) and the Natal Indian Congress (NIC) – Doctors AB Xuma, YM Dadoo and GM Naicker – signed a pact pledging mutual support for one another's campaigns. Known as the Three Doctors' Pact, this was the beginning of the Congress Alliance that henceforth dominated the struggle and included the South African Indian Council (SAIC), the South African Congress of Trade Unions (SACTU), the South African Coloured People's Organisation (SACPO)/Coloured People's Congress (CPC) and the white Congress of Democrats (COD).

During the 1950s, inspired by the vision of the ANC Youth League's founders and comrades such as Chief Luthuli, Yusuf Dadoo, JB Marx, Moses Kotane and Duma Nokwe, the ANC was able to create a broad front of pro-liberation forces and inspire the mobilisation of others committed to change.

The African National Congress embraced a number of values as the key pillars of its political canon, values that are still recognisable as deriving from a specific political tradition – a culture of human rights, rooted in and inextricably linked to the political revolutions of the late-18th century, the mid-19th century and the post-war 20th century.

Leading from exile and underground

The decision to take up arms was made in response to the demonstrated intransigence of the regime which had used its armed might to repress an unarmed people, made all forms of political protest unlawful by banning the ANC and PAC and proscribing the movements and actions of its leaders and members, and by banning the democratic press. An extraordinary conference of the now illegal ANC met in Lobatse, Botswana, during the course of 1962. The recourse to armed struggle was an agonising decision for the leadership of a movement that had pursued non-violence for more than forty years. It was difficult to endorse the decisions taken by the leadership in the aftermath of Sharpeville and the repression of the May 1961 general strike. There were a number of imponderables that had to be weighed. The ANC that the membership had joined was a non-violent body with no involvement in armed activity. In order to protect its members against charges of conspiracy, the conference decided that the ANC and Umkhonto we Sizwe (MK) would be kept distinct, although MK would take its political direction from the ANC.

MK announced its existence with a number of nationally co-ordinated attacks on government installations on 16 December 1961. From its inception, MK sought to reflect the non-racial ethos of the national liberation movement in its command structure, personnel and ranks. Its first commander-in-chief was Nelson Mandela.

Internal reconstruction

The youth took up the cudgels during the late 1960s, borrowing freely from movements in the USA and other parts of the world to organise student bodies that aroused and mobilised crucial sectors of our people whose political activity had declined after 1965. During the 1970s the Black Consciousness Movement (BCM), which found fertile ground among our student youth, emerged as a distinct political and organisational force within our country. As a matter of course, the ANC had to define its attitude towards this movement. After its second session in 1973, the national executive committee of the ANC stated: "In the last few years... there has come into being a number of black organisations whose programmes, by espousing the democratic, anti-racist positions that the ANC fights for, identity them as part of the genuine forces of the revolution."

The NEC went on to elaborate:

> The assertion of the national identity of the oppressed black peoples is... not an end in itself. It can be a vital force of the revolutionary action involving the masses of the people. For it is in struggle, in the actual physical confrontation with the enemy, that the people gain a lasting confidence in their own strength and in the inevitability of final victory – it is through action that the people acquire true psychological emancipation.

Proceeding from these positions, the ANC sought to establish relations with the forces represented in the BCM and to engage with them in the collective revolutionary experience of our people.

BCM's popularisation of the term "black" to designate all the victims of national oppression also had the salutary effect of inverting the logic of racism and breaking the pathologies of self-loathing and the racist-inspired myth that the African people might be immigrants from elsewhere with no original claims on South Africa.

While expressing our profound appreciation of the contribution of the BCM, we also recognised some of its limitations, which cast our struggle solely in racial terms.

The world arena

It is in no small measure thanks to the efforts of anti-apartheid forces the world over that South Africa today is a democracy. The Boycott Movement (later the Anti-Apartheid Movement), founded in London in 1959 in response to a call by Chief Albert Luthuli, played an enormous role in bringing apartheid atrocities to the attention of people in the Western democracies. Through a series of campaigns and co-ordinated events, the AAM helped to bring about the increased international isolation of the apartheid regime.

The convergence of opposition

The United Democratic Front (UDF) had the support of the ANC, and UDF organisations became a way to link with the ANC's internal underground structures and to establish contacts with the ANC in exile. The escalation of mass struggles was the central feature of politics during the 1980s. The founding of the UDF in 1983, with the active participation of ANC activists operating in the underground and in mass formations; the unification of the democratic trade union movement under the banner of the Congress of South African Trade Unions (COSATU); the proliferation of mass formations and organs of struggle among women, youth and within communities led to the crystallisation of a Mass Democratic Movement (MDM) made up of political formations, organs of civil society and community bodies. Opposition to the racist regime was expressed in a variety of cultural, sporting, academic and other formations.

Many Christian, Hindu, Jewish, Muslim and African independent church organisations were involved in the formation and nurturing of the ANC over the years. The South African Council of Churches, in collaboration with the World Council of Churches and religious organisations from many other countries, became involved in the campaign to have sanctions applied to South Africa. We particularly recall the involvement of Archbishop Trevor Huddleston, Canon James Calata, Reverend Beyers Naudé, Archbishop Desmond Tutu, Dr Allan Boesak, Revered Frank Chikane, Imam Gassan Solomon, the Muslim Judicial Council and the Hindu religious organisations that had become partners with the ANC in the struggle to end apartheid.

The most enduring facet of these upheavals was the emergence of a broad strategic alliance, embracing the Mass Democratic Movement and the national liberation alliance under the leadership of the ANC. This strategic alliance, tempered in the heat of the mass struggles of the time, became the spearhead of the national democratic forces that coalesced around the Freedom Charter, giving overall leadership and coherence to the mass struggles.

BUILDING A UNITED DEMOCRATIC SOUTH AFRICA

The democratic exercise of peoples' power

On 27 April 1994, millions of South Africans, black and white, voted in the first democratic elections. People queued for hours to exercise the hard-fought right to choose their own leaders.

The ANC achieved much in the first years of democracy. Firstly, and most importantly, we equalised access to government services across all the races.

The ANC as the ruling party, together with the people of our country, put in place one of the best constitutions in the world. This constitution is supported by many institutions that were put in place to protect it, such as the Commission for Gender Equality, the Human Rights Commission and the Public Protector.

The vision for the first two decades of freedom is encapsulated in the following pillars:

- building a united, democratic, non-racial and non-sexist society
- deepening our democracy, the culture of human rights and people's participation in changing their lives for the better
- meeting basic needs and developing human resources
- building the economy and creating jobs
- combating crime and corruption
- transforming the state
- building a better Africa and a better world.

Deepening democracy, human dignity and equality

From the Reconstruction and Development Programme (RDP):

> our people, with their aspirations and collective determination, are our most important resources. In linking democracy, development, human rights and a people-centred approach, we are paving the way for a new democratic order. The thoroughgoing democratisation of our society... that must transform both the state and civil society, is an active process, enabling everybody to contribute.

In its founding provisions, our constitution sets out the values of our fledgling democracy: human dignity, the achievement of equality, the advancement of human rights and freedoms, non-racialism and non-sexism, the supremacy of the constitution, the rule of law and universal adult suffrage, a national common voters roll, regular elections, and a multi-party system of democratic government.

The ANC and the liberation alliance have been the most consistent advocates of an inclusive South African nationhood, expressed in the view of the Freedom Charter that "South Africa belongs to all who live in it, black and white". The resolution of the national question has been the centrepiece of our policies – during the liberation struggle and in the process of transforming South Africa. We have noted that the national question "is a complex of socio-economic and political power relations" that is inextricably linked to the attainment of the strategic objective of the national democratic revolution (NDR): the liberation of the blacks in general and Africans in particular from political and economic bondage.

We therefore still have a long way to go towards eradicating the apartheid social deficit. The ANC's 50th conference in Mafikeng in 1997 noted that poverty is "the single greatest burden of South Africa's people" and that "redressing poverty and inequality must be a central focus of the ANC, to ensure that government and other sectors of society meet the basic needs of the underprivileged in our country."

BEYOND THE CENTENARY: THE NEXT 100 YEARS

This is the right moment to pause and ponder the future of South Africa and of the ANC over the next hundred years. We must ask and answer the difficult questions about the future of our country.

During this year, 2012, our nation must renew our determination to build a South Africa founded on the principles of the Freedom Charter and our democratic constitution.

In this regard, the most urgent task facing us is to speed up the building of a national democratic society wherein all South Africans enjoy an improved quality of life, especially the working class and the poor.

On this January 8, we therefore make a clarion call to all South Africans to work with us to make the dream of a united, democratic, non-racial, non-sexist and prosperous South Africa a reality in our lifetime. We call on all the progressive forces in our continent to work tirelessly for the regeneration, renewal and renaissance of Africa in our lifetime. We call on all progressive people in the world to spare no energy and effort in fighting for a better Africa and more humane world. These ideals we shall fight for, side by side, throughout our lives until we realise our goals.


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PRODUCTIVITY SA

The key to competitiveness

Productivity is the key to competitiveness, and Productivity SA's new CEO is bringing this message home.

Productivity SA CEO Bongani Coka

Bongani Coka is not new to Productivity SA or the values the organisation is built on. Having joined as a financial manager in 2000, Coka has steadily moved up the ranks, assuming the position of CEO in 2008 after the previous CEO resigned and the board asked him to act in the position until his official appointment in 2011.

Building South African business; productivity and sustainability levels is close to his heart, as his participation in the 2012 team that crafted the 'Productivity for Africa 5-year Plan' attests to.

"There are broad issues cited in the World Economic Forum that impact South Africa's productivity, he says. "These include poor labour–employer relations, the health of the workforce, low ranking in terms of labour market efficiency, low university enrolment and a high crime rate.

"To improve our position in the rankings, we have recommended – among other things - that SA should establish a 'Productivity and Competitiveness Council,' which will perform the role of a 'think tank' to advise regulatory reform, public sector innovations, investment promotions and legal as well as institutional advancements."

Turning business around

Part of this drive includes the Turnaround Solutions Program, which assists in tackling unemployment. "This is a government recovery programme designed to assist companies to improve the profitability and save jobs," explains Coka. "For a company to qualify for the Turnaround Solutions Programme, it should employ 50 or more people. The UIF will subsidise the turnaround by 65% or more, depending on the state of the company and the industry sector."

As of March 2011, R34 million was spent in 130 companies and 15 000 jobs were saved through Turnaround Strategies in Agricultural, Steel, Manufacturing, Construction, and Printing industry sectors. During 2011/12 Turnaround Solutions intends on saving over 20 000 jobs to help reduce unemployment figures.

Exponential growth

"Ultimately, our interventions are about productivity improvement, and since productivity is measurable, we determine our impact through productivity improvement that has occurred within the industries or companies we have worked with in implementing our programmes. For instance, increased turnover or company growth as a result of the implementation of productivity principles and methodologies serve as a yardstick to the success achieved. The increase in the number of companies that implemented the programme exponentially results in an increase in growth."

Other programmes

Over and above the Turnaround Solutions programme, Productivity SA also spearheads:

- Work Place Challenge, which assists companies in becoming 'world class' by adopting world class practices. Productivity SA charges 25% while the remaining 75% is absorbed by funding received from the Department of Trade and Industry (the dti).
- SMEE Capacity Programme, which is funded out of the Government grant received from the Department of Labour. The grant is also utilised by Productivity SA to fund the productivity awareness programs and various productivity related research and statistics.

Support

PUTTING SA INDUSTRIES FIRST

During the recession, Productivity SA conducted studies within sectors that were shedding the most jobs to determine what companies could do to protect their employees. Based on this research, they intervened at company level and saved over 15 000 jobs.

A cautious expansionary budget

By **Ben Turok**

The author is a member of the South African parliament and editor of New Agenda

Only a very clever finance minister can produce a budget that is both cautious and expansionary. Of course, one may be too clever and the two objectives will cancel each other out.

On fiscal policy, the 2012 Budget Review states: "Over the medium term, slower growth in public spending, combined with rising revenue, will strengthen the sustainability of the fiscus. The stabilisation of public debt will arrest the growth of debt-service costs."

The budget speech states: "A budget deficit of 4.6 percent of GDP is projected in 2012/13. We plan to reduce the deficit to 3 percent of GDP in 2014/15 and public debt will stabilise at about 38 per cent of GDP." And also, "The public sector borrowing requirement is forecast to decline from 7.1 percent of GDP in 2011/12 to 5 percent in 2014."

So, as the minister says, the finances are in good health. In this respect, the Treasury is pursuing a path of fiscal prudence that has been well travelled since 1995.

Yet gross fixed capital formation is set to grow from 4.1 percent to 6.0 percent between 2012 and 2014. And real GDP growth will rise from 2.7 percent to 4.2 percent in the same period. The current account balance will remain about the same: 4.5 percent as a percentage of GDP.

So much for the macro-economic projections. On social spending, the budget increases social grants to R122 billion, catering for a staggering 16 million people.

With many other increases in social spending, it amounts to 58 percent of total government expenditure. Social service spending on health, education, communities, etc. amounts to R140 billion, and economic services – such as energy, water, transportation – amounts to R677 billion or 80 percent of the total, exceeding the Medium Term Budget Expenditure projections.

Although there are claims of an increase in the total "social wage" (that is, the part of government spending that could be seen as replacing what poor people would otherwise have to pay from their incomes for services such as health, schooling, water, etc.), the Budget Review states correctly that "distribution is no substitute for economic growth and job creation."

Here we arrive at the paradox of this balancing act.

The Review states, "South Africa's critical infrastructure needs are, in part, the outcome of two decades of underinvestment. Public infrastructure spending tailed off from the early 1980s."

This comment is to be warmly welcomed. It confirms what New Agenda revealed many years ago in an interview with a former Treasury director-general: after 1995, the budget deficit was reduced year by year by virtually halting capital expenditure. Of course, social spending was maintained at a nominal (not real) growth rate and so the impression of a progressive spending pattern was sustained. However, it was actually contractionary where it mattered most, namely growing the real economy. No wonder we steadily lost jobs and productive sectors weakened.

The projection is now to spend R850 billion over three years on infrastructure. This is a realisation of the position President Zuma set out in his State of the Nation Address. There is now a prospect that the real productive economy will move onto the much vaunted new growth path we have been waiting for since 1994.

Since budget spending is carefully controlled, how will all this be funded? This is not so clear, although the minister argues that we must not borrow for consumption or for paying off interest, but only for investment.

The bulk of the spending will be by the state-owned

enterprises, such as Transnet and Eskom. This is also to be welcomed, as they have been so focused on generating returns for saving that their public role has been neglected. Finance will also come from agencies like the Industrial Development Corporation and from the Public Investment Commission. There are many other state-related sources that will be tapped for substantial funds.

Indeed, Minister Gordhan has insisted on several occasions that no decent project will go without funding.

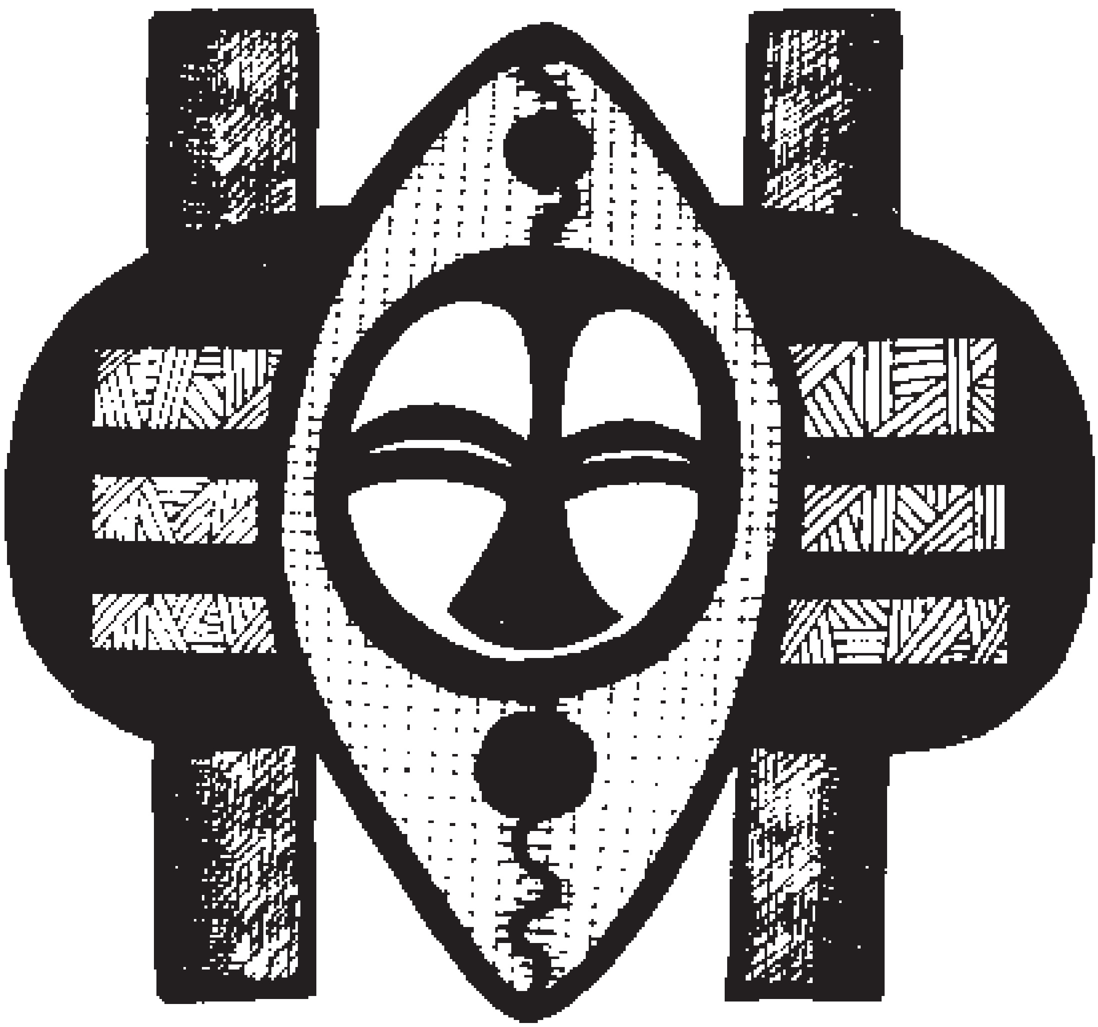
However, all this is contingent on better performance by government departments everywhere. Many projects are stalled, officials are involved with tenders, and some are even stealing pension funds. There is a culture of consumption in some departments, and perhaps the cabinet does not set the best example either.

But worst of all is the dreadful issue of unspent funds. Perhaps as much as R15 billion is returned to the Treasury. We must fix the problem of underspending on capital and on service delivery. All this requires a public service built on the principle of excellence, not mediocrity and cronyism.

The occasion of this budget is a challenge to all thinking South Africans. The whole world is puzzling about the choice between spending to get out of recession or cutting spending to reduce debt. South Africa's minister of finance is trying a careful balancing act. The main aim is to reduce unemployment! We shall see what outcome the future brings.

NOTE

The Budget Review, the national budget speech and related documents are available online at *www.treasury.gov.za/documents/national%20budget/2012*



BUDGET VOTE ADDRESS FOR FREE STATE DEPARTMENT OF EDUCATION BY THE HONORABLE MEX FOR EDUCATION: MR P H I MAKGOE

'RAISING THE BAR AND LEAVING NO CHILD BEHIND'

22 MARCH 2012

Honorable Speaker, we have made great progress towards the universalisation of Early Childhood Development (ECD). In 2011/12 we increased the number of Grade R classes by 68 classes. This has provided 30 872 learners in public schools an opportunity to have at least one year of pre-Grade 1 education in the province.

Honorable Speaker, we are pleased to announce that the budget allocation for ECD has increased from R80.227 million in the 2011/12 financial year to R86.728 million in 2012/13. This will allow us to expand the number of Grade R classes with 100 additional classes in this financial year. To fast-track this expansion, 50 primary schools across the province that do not have space for Grade R will be identified to officially adopt a Grade R class in their community. Through our Infrastructure Programme, a total of 60 Grade R classrooms will be completed during 2012/13 financial year.

Honourable Speaker, the quality of ECD practitioners remains a key factor in determining the quality of our ECD programmes. To this end, we have enlisted the services of 25 retired teachers to train pre-Grade R practitioners on the implementation of the Free State pre-Grade R Curriculum. To date 774 pre-Grade R practitioners from 512 community-based sites have been trained in the implementation of an appropriate curriculum for children from birth to four years of age.

We have also trained 1 056 Grade R practitioners in the Curriculum and Assessment Policy Statement (CAPS) in both public and community-based sites. This was in preparation for the CAPS implementation in 2012. This demonstrates our commitment to provide professional support to all teachers including pre-Grade R and Grade R practitioners. As from April 2012 the salaries of Grade R teachers will increase by 5%.

In this financial year, R4.9 million will also be used to provide educational toys to 200 public schools that have Grade R. This will serve to stimulate children's minds prior to receiving formal education in Grade 1.

Furthermore, Grade R classes will be supplied with teachers' manuals and learners' books to ensure that the programme they follow is well structured and that quality teaching and learning takes place in Grade R.

FOUNDATION PHASE AND ANNUAL NATIONAL ASSESSMENTS (ANA) Honorable Speaker, in raising the bar and leaving no child behind, we need to make sure that young people of this province receive quality education.

Accordingly, this year more attention will be given to the teaching and learning of mathematics and languages in primary schools.

The results of the ANA, which were written in 2011, served as a basis for our interventions in improving learner attainment in the schooling system as a whole and provided an opportunity for parents, schools and communities to correctly respond through Quality Learning and Teaching Campaign structures.

Qualitative analysis of learners' responses in Maths and languages revealed, inter alia, the following gaps: inability to handle basic operations, difficult-to-read handwriting, incorrect spelling and lack of vocabulary. In response to these challenges, we will continue to ensure that all schools pay attention to the fundamental skills of counting, reading and writing.

Meticulous attention will be given to those schools that did not do well in the 2011 ANA. This will be done through the deployment of the following interventions:

- Intensive training of educators in the above-mentioned skills
- Recruitment of 313 out-of-school youths to be used as Grade 3 Teacher Assistants
- Training of 80 unemployed youths as peer educators who will in turn assist learners with reading and homework.

Honourable Speaker, the ANA will be written in September 2012. Our target is that 60% of Grade 3, 6 and 9 learners must be performing at a minimum of 50% in mathematics and languages.

The Education Laws Amendment Act No. 31 of 2007 will be used to increase accountability at the level of primary schools. All underperforming primary schools will account for their ANA results in 2012, and will be closely monitored to ensure improved learner

attainment.

In pursuit of quality basic education, the following initiatives will further be rolled-out in 2012 to improve learner performance at primary school level:

- Competitions on spelling BEE, reading, mental maths and maths quizzes
- Provision of mobile science laboratories to 200 more schools.
- Extra tuition for Grades 3, 6 and 9 learners through the Rapid Response Programme.
- Provision of 'back to basics' materials for reading such as *Ntataise* and *Matlhasedi* readers as well as graded readers to all struggling primary schools
- Provision of Minimum Expected Levels of Performance brochures for Grades R to 3 in Mathematics and Home Languages for parents and other interested stakeholders to assist in supporting their children and in monitoring their progress.
- MEC programme on 'parenting with assurance', to give support to parents to assist their children.

MEC FOR EDUCATION
MR TATE MAKEGO

Enquiries – Director
Communication Services
Mr Howard Ndaba
079 503 54 85

south africa

Is a black middle class sustainable?

By **Makotso A Tsekoa** and **Rozenda Hendrickse**

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Since the dawn of democracy, legislation has been enacted to facilitate the inclusion of previously marginalised people in the mainstream economy. While the subsequent growth of the black African middle class is a welcome testimony to the efficacy of government-led initiatives to correct racial inequalities in South Africa, questions on its sustainability abound. Having long been disenfranchised, the new black middle class now faces the challenges of prevailing economic conditions and often inadequate financial planning. This article examines the socio-economic sustainability of the black middle class in the Western Cape. A case study is conducted to explore how the aspirations and conduct of these "better off" Africans contribute to the challenges they currently face in maintaining their lifestyles and remaining in the middle class.

The University of Cape Town/Unilever Institute of Strategic Marketing was among the first to study the rising economic power of the black middle class – defined as Africans who earn between R3 000 and R13 999 per month. By the first quarter of 2007, they boasted a combined buying power of R180 billion (Bissiker, 2007: 36, cited in Mokotso, 2009: 43), an economic clout that had never before been achieved by black people in South Africa. Their success can largely be attributed to the policies, programmes and laws advanced by the government since 1994 to address entrenched economic disparities between the races. Yet this upward social and economic mobility has exacerbated disparities within the black population as a whole as unemployment and poverty fester among the lower classes. The black middle class represents a mere 12 percent of South Africa's African population but accounts for 54 percent of its buying power (ibid.). The unequal rise of Africans to economic prosperity is disconcerting. However, the possibility that even the little success Africans have achieved might not be maintained raises the question of whether real economic empowerment can be achieved by African people.

Accordingly, the purpose of this article is to examine the sustainability of the black middle class. To do so requires an understanding of the psychology and philosophy that guides its spending behaviour, but that can only be appreciated by studying the history of the economic and political systems that created or denied it. Given this comprehension, more effective ways to sustain the black middle class can be proposed.

THE BLACK MIDDLE CLASS: 1950s–1994

As apartheid segregated South African society along racial lines, the forced removal of Africans from prime land to congested homelands, Bantustans, and townships created a unique opportunity for the enterprising African. Excluded from the mainstream economy and consequently white competition, this entrepreneurial African enjoyed modest business success by operating in an area with an abnormally large – although poor – client base.

Southall (2004) confirms the existence of small to medium-scale businesses in South African townships at a time when African trade had little chance of surviving the apartheid restrictions. Along with professionals such as teachers and lawyers, who had managed to receive higher education, these businesspeople formed a black middle class, which, small as it may have been, stood ready to reap the rewards of the mass-led struggle against apartheid.

While African students buried their dead after the 1976 uprising, African property ownership in urban areas increased: the state – under increased foreign pressure – began to implement policies that appeased the interests of this group (ibid.).

To comprehend the mindset of the African who would later enter the black middle class, it is imperative to understand the tools apartheid used to entrench the economic servitude of the masses of African people.

The 1950 Group Areas Act was one in a series of laws enacted to dispossess Africans of their land. Their resulting economic dependence and poverty secured a steady supply of cheap labour for South Africa's industries, farms, mines and menial occupations in the cities. This servitude was instilled in the minds of many Africans. As Hendrik Verwoerd, then minister of native affairs, explained, concerning the Bantu Education Act of 1953: "There is no place for [the African] in the European community above the level of certain forms of labour... When I am controller of native education, I will reform it so that the natives will be taught from childhood to realise that equality with the European is not for them."

This inferior education not only satisfied the ambitions of white superiority, it also created the foundations of the skills shortage that would inhibit South Africa's economic growth long after the end of apartheid. But perhaps its biggest achievement was the creation of a level of dependency and impoverishment that would inform the expenditure of African people upon their achieving economic freedom.

The Bantu education system was not casually accepted. One the most vehement campaigns of African resistance to apartheid was the youth's struggle against inferior education. Student organisations like the Congress of South African Students (COSAS) and the Azanian Student Organisation (AZASO) did not only call for the end of apartheid: they were demanding the end of capitalism itself – the economic system that exploited them.

This kind of thinking was dangerous to the apartheid state and its reaction was harsh. However, as pressure grew within the country, the Reagan administration in the United States sought to educate Africans about the merits of capitalism. The establishment of Pace College in Soweto, and educational schemes like the United States–South Africa Leadership Exchange Program (USSALEP) and the South African Education Programme attempted to persuade the African of the advantages that were available from capitalist countries (Davies, 1985). These initiatives did not benefit the masses of Africans. Instead, a relatively small number was allowed these opportunities to form a black merchant class (Bissell, 1982: 90).

The pressures brought on by the ever-bolder domestic resistance and international trade sanctions in the 1980s forced the state to hold the country's first democratic elections in 1994. But although import-substitution policies had circumvented many of the effects of the sanctions, the growth of the South African economy was erratic and dwindling.

Excluded from the mainstream economy and consequently white competition, this entrepreneurial African enjoyed modest business success by operating in an area with an abnormally large – although poor – client base.

THE BLACK MIDDLE CLASS AFTER 1994

The democratically elected African National Congress (ANC) government adopted the Reconstruction and Development Programme (RDP) to provide the masses of South Africa's poor, mostly Africans, with basic services like electricity, housing, education and health. Realising that this would have to be achieved against a background of strong economic growth, the government simultaneously sought to develop technological advances that would stimulate growth. After only two years, the RDP was replaced by the Growth, Employment and Redistribution (GEAR) programme.

The implementation of GEAR called for fiscal conservatism, trade liberalisation, lower taxes for the rich, and privatisation. The first element had the most damning effect on the poor because it meant the constraint of expenditure on social development programmes. It was reasoned that making the country an attractive destination for foreign investment would stimulate economic growth and encourage job creation. However, instead of the projected 4.2 percent, economic growth averaged 2.4 percent between 1996 and 1999, foreign investment remained low, and unemployment surged from 16 percent in 1995 to 30.5 percent in 2002 (Makgetla, 2004: 264–9). GEAR was scrapped in the early 2000s. It had failed to provide the envisioned quality of life for South Africa's most marginalised people.

In contrast, the end of apartheid meant an end to restrictions on business, education and employment opportunities for the black middle class. With relatively more resources to exploit every opportunity that the new dispensation presented, the black middle class advanced rapidly throughout both the RDP and GEAR periods. Seekings (2004: 299) contends that GEAR not only actively served the interests of domestic and international capital, but also "the interests of a nascent black bourgeoisie [through its pursuit of] neo-liberal policies such as... tax cuts and privatisation".

> Having an over-indebted citizenry is undesirable. But having an over-indebted black middle class was especially bad because, in the absence of an asset base, its members could easily revert back to poverty and thus render useless the government's §efforts towards black economic empowerment.

The upward mobility of the black middle class was more directly facilitated by various new legislation – most notably the Affirmative Action Act (1995) and the Employment Equity Act (1998), which expanded the scope of employment opportunities for "suitably qualified people from designated groups". Notice that a "suitable qualification" is assumed. Murray (1994: 28) estimated that fiscal expenditure on African education would have to average US$8 billion from 1994 to 2004 to bring it on par with the level of white education, but the government never spent these amounts. As able Africans enrolled in private schools, the masses were educated in a public school system that was riddled with bad management, few textbooks, physical conditions unsuited to learning, and teacher absenteeism, with many teachers displaying not even a basic subject competence (Seekings, 2004). The conclusion is clear: the beneficiaries of affirmative action legislation were those Africans who either enjoyed the privilege of a private school education or beat the odds at a public school.

By 2003, increased frustration with the slow transfer of economic wealth from white to black hands led the ANC to use a constitutional provision for the advancement of the economic interests of groups disadvantaged under apartheid to formulate the Black Economic Empowerment (BEE) Act. Its effect was to make incumbent members of the black middle class incredibly rich. This only fostered increased inequality – this time, between the classes of Africans (Southall, 2004). The government responded with the Broad Based Black Economic Empowerment (BBBEE) Act (2003), which turned the focus from black ownership of large established corporations to the development of small and medium-sized enterprises to address poverty more directly.

Evidence of the growth of a black middle class – whatever the causes – is found in the magnitude of their collective buying power. South Africans learned of this power in the last quarter of 2007, when the peak of the country's economic growth coincided with the highest level of household debt in history. The rapid extension of credit to people who were previously denied it had proved to be profitable. But, at 77.9 percent of household income, debt had escalated beyond control (Figure 1).

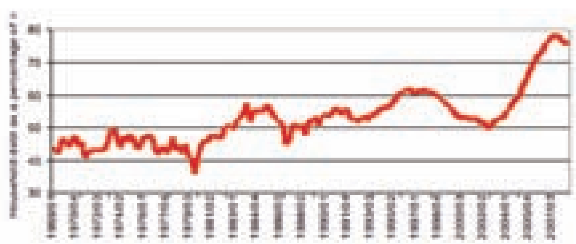

Figure 1: Illustration of South African household debt as a percentage of household income in current prices. (Source: SARB, 2009)

At the same time, the black middle class (or the Black Diamonds, as they would be called) were using 63.6 percent of their income to service debt (Bissiker, 2007; UCT/Unilever, 2007), chiefly for home loans and bonds, motor vehicles and, to a lesser extent, credit card debt. Having an over-indebted citizenry is undesirable. But having an over-indebted black middle class was especially bad because, in the absence of an asset base, its members could easily revert back to poverty and thus render useless the government's efforts towards black economic empowerment.

A state can curb debt-financed consumption in two ways. One is to increase the prime lending rate. However, this would discourage investment and cause a deceleration of economic growth. The other alternative is to directly target consumption by implementing legislation to regulate credit extension. The latter alternative was favoured and the National Credit Act came into effect in 2005.

A BRIEF OVERVIEW OF CREDIT LEGISLATION

The Usury Act of 1968, true to the prevailing apartheid policies, did not encourage African capital accumulation, and credit was only extended to Africans during the late 1980s and early 1990s to finance small assets like furniture. The Usury Exemption Notice of 1992 increased money-loan access to Africans and, unlike previous legislation, allowed them the choice of how to utilise the funds, but its short-term repayment stipulations made the lending of substantial amounts beyond reach.

The purposes of the 2005 National Credit Act are "to promote and advance the social and economic welfare of South Africans, promote a fair, transparent, competitive, sustainable, responsible, efficient, effective and accessible credit market and industry, and to protect consumers".

The Act would fulfil its purpose by extending its regulations to credit bureaux and credit providers like banks, retail stores and micro-lenders. It applied to diverse forms of credit agreements, including bonds, personal loans and development credit (e.g. finance for educational purposes, low cost housing and start-up finance for small and medium-sized enterprises). The Act afforded the right of non-discrimination to credit applicants. It promoted transparency by affording the applicants the right to have the reasons for credit refusals provided. It polices the cost of credit by stipulating interest rates and service fees to be charged. The Act also creates the avenue for debt council for troubled individuals. These provisions collectively address the financial needs and concerns of all consumers including those of the black middle and lower classes.

Whether this relatively new legislation is being used to claim financial freedom is one of the many questions the case study will seek to answer.

CASE STUDY AND RESULTS

The qualitative research project used questionnaires, interviews and investigative research to uncover the prospects of the sustainability of the black middle class. The research subjects were employees of a typical small- to medium-sized black owned and controlled concern. Its workforce represents the black middle class as defined by this article. Questionnaires were distributed to a sample of 30 randomly chosen employees, who were provided with ample opportunity to raise other related issues.

The interview subjects were registered debt counsellors and bank representatives. As agents of the implementation of the National Credit Act, they provided feedback on the legislation's efficacy. Their day-to-day dealings exposed them to the financial situation of many of their clients and afforded them the opportunity to reflect on the challenges they have witnessed. Their analysis, backed by genuine experience, describes the prevailing circumstances of many people. Bank websites and other documentation were perused.

Questions	Indicators	Result (%)
What are the prospects for black middle class sustainability?	Very little	36.7
	Average	56.7
	High	6.7
The reason for the answer provided above	Consumer culture	62.8
	Financial illiteracy	9.3
	National Credit Act is not understood	9
Are you indebted?	Yes	86.7
	No	13.3
	Other	18.6
	Overdraft	9.3
	Credit card	9.3
How is the above financed?	Another loan	62.8
	Other	18.6
	Overdraft	9.3
	Credit cad	9.3
Are you blacklisted?	Yes	27.6
	No	72.4
If blacklisted, has assistance been received?	Yes	49
	No	51
Do you possess any financial assets outside your pension and providence fund?	No	72.4
	Yes	30
Reason for skill shortage among Africans	Apartheid legacy	56.7
	Excessive cost of higher education	43.3
Do you have the intention to study further to increase skills?	No	63.3
	Yes	36.7

DISCUSSION OF FINDINGS

In the opinion of 37.7 percent of respondents, the black middle class is unsustainable. This outlook emanates from the financial pressure brought on by rising inflation, weaker economic growth and increasing unemployment among their spouses and relatives. The respondents also presented consumerism and financial illiteracy as philosophical and skills factors that extend beyond the prevailing economic difficulties. Practical measures must be formulated to take this class out of the financial difficulty it currently faces. The lack of appropriate financial planning leads one into a debt trap and over-indebtedness.

It should come as no surprise then that 27.6 percent of respondents confessed that they have been blacklisted. On the other hand, 72.4 percent still have official credit lines available to them. With prudent financial management, debt consolidation, and investment in assets that generate income, the unsustainable situation of the black middle class can be turned around.

The question of whether assistance is availed to those who are already blacklisted was answered by the subjects' frustration. All felt angry and victimised, and suggested that there are still people who are keen to repress the socio-economic rights of black people. Furthermore, they expressed little hope in the new National Credit Act to ameliorate their plights. Two of the respondents indicated how they were "sent from pillar to post" without receiving real assistance. They felt that, even in the new democratic dispensation, people within the system are working to isolate them from economic opportunities.

> With relatively more resources to exploit every opportunity that the new dispensation presented, the black middle class advanced rapidly throughout both the RDP and GEAR periods.

This kind of frustration undermines the objectives that the Act aims to achieve. But realising any of its goals depends, at least partly, on the public knowing the rights that the Act affords them. With several having heard of the Act, but still unclear as to how it could benefit them – especially those who are blacklisted – clearly these consumers remain largely ignorant of the opportunities available to them. Public awareness must be raised.

Nevertheless, the fact that, for 70 percent of respondents, the current over-indebtedness is coupled with no financial asset base is frightening. This validates Onyeani's (2000:1) view that "[i]f the black middle class does not get a month's pay cheque, they would revert to the poverty class immediately".

What is the response of this class to the country's skills bottleneck? These "better off" Africans contend that it is due to the excessive cost of higher education. This may inhibit their ability to fund their children's education, and 63.3 percent of respondents did not intend to pursue further studies themselves. This could mean that skills development may be growing at a very slow pace, if at all, among those Africans who are relatively more able to attain it.

The financial difficulties are real: wealth is being eroded against increasing inflation and high levels of debt. But the underlying threat to the sustainability of the black middle class is the philosophy that guides their expenditures, and this danger exists regardless of the economic status quo.

As South African household debt escalates, consumption is increasing. The study revealed that the same trend exists within the black middle class and, as in other population segments, this consumption is being financed by debt. Individuals thus need not only to receive assistance to pull them out of this position, but also a change in philosophy to limit their chances of returning to it. Legislation can do the former, but an individual must decide the latter.

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Gender dynamics in the former single-sex hostel at KwaMashu

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The author is a lecturer in Industrial, Organisational and Labour Studies at the School of Sociology and Social Studies, University of KwaZulu-Natal. This article is based on ongoing PhD research at KwaMashu hostel, including oral history interviews, focus group discussions and participant observation.

When the KwaMashu hostel was established in 1958, the first structures to be erected were the single storey buildings. This was followed by the mushrooming of informal settlements in the mid-1980s. The third structures to be created, from 2004, were the Community Residential Units (CRUs). These are the three main forms of accommodation that exist at the KwaMashu hostel (now officially known as KwaMashu CRUs). I argue that they have been produced and reproduced by the migrant workers in multiple ways that are gendered and do not always conform to the official discourse of what hostels are, or even of what CRUs are.

The KwaMashu hostel used to house men mainly from the northern KwaZulu-Natal rural areas. Married men were allowed to have their wives visit them, but they could only be accommodated in the married quarters, which had to be applied for in advance. The married quarters were known to the workers as *kofotin* or "ko-14", referring to the number of days a man could spend with his wife there. A wife could stay for a maximum of two weeks and then she had to go back to the rural areas.

Between the establishment of the hostel and the abolition of influx controls in 1986, men had unofficial discretion to decide whether they wanted a woman in their space or not. Women could not invite each other to the hostel because they did not have space that belonged to them. The informal settlements were first built by men, either in preparation for the coming of a wife or for a wife who was already living in the block house as an *imbamba* (unlawful tenant).

If a wife or partner came to visit at the hostel, the man might let her sleep on the kitchen floor while he slept in the bedroom with three or more other men in concrete beds. Otherwise he would share his bed with his wife in the bedroom. They would use some material – a bed sheet or curtain, known as *umdiyadiya* – to curtain off their bed from the other men. It was up to a couple how much activity took place behind that curtain.

Sometimes a woman would ask her partner for permission to build an informal shelter near the block house where he lived. He in turn would ask his roommates for permission for her to do so. Initially, in most cases, these informal shelters were only used for sleeping, but that quickly changed. Women and men had both used the common bathrooms and common kitchenettes, but they started doing most if not everything from the informal settlement. Women found the informal settelement to be quite important for bathroom purposes.

Some men live in informal shelters with their wives, partners or girlfriends. Others live there by themselves, and have girlfriends or wives who visit them occasionally. These men said they had moved out of the hostel blocks because they wanted their privacy or be able to accumulate their own possessions. In a block house, one is forced to sleep in a fixed concrete bed. Even if a man could afford to buy his own bed, there is no space to put it – or anything else, except a small fridge and two-plate stove in the kitchenette.

For example, Mr Mdluli (not his real name) is in his late thirties and has two wives who both live in the rural areas. He works as a security guard and owns an informal shelter that he built. He would not like for either of his wives to come and live at the hostel, but he invites them every once in a while to come and visit him. They never come at the same time. I interviewed all three of them at different times and in different places. I visited Mr Mdluli in his block house, and his second wife in the informal settlement while

she was visiting him. She constrained herself to that place because she felt "the hostel was full of men". I interviewed his older wife when I conducted my fieldwork in the eMpangeni rural area.

The three of them had similar views about their relationship with the hostel. Firstly, they felt that the hostel is a place for men. Secondly, that they would not like to live in a hostel, and that only people who work should live there. Thirdly, that only Mr Mdluli should invite the wives to the hostel: the wives cannot come as they please. The maximum time of their visit is one month. Mr Mdluli gets paid monthly and it is important that they arrive after he is paid and also leave after he is paid so that they have enough money for bus fare as well as money to take with them.

My research has shown that most men who live in the hostels are not open to living with women there, regardless of the fact that women had started moving into the hostels even before the repeal of apartheid influx-control policies. Ramphele (1993) notes a number of reasons why it was not easy for men to welcome the presence of women. Generally, she argued, it was not because hostel dwellers were not "gender conscious" but that there were risks to changing a well-established and familiar situation.

Ramphele describes a continuous and subtle fight over space between men and women at the hostel, one that is expressed in different ways across existing structures and spaces. Perhaps one of the first and the most important is that the hostel is still widely known as a man's place. The perceptions of hostel dwellers across genders attest to this idea.

"Culture was and still is used as a resource by some African men in the hostels to justify the undesirability of women living in the urban areas" (Ramphele, 1993:111). Men often said that a hostel was not a woman's place: her place is in the rural areas, *ukwakha umuzi*, (to build a homestead) – a process with a lot of responsibilities, including house chores, care of the children, the in-laws, the livestock, the land, etc. Women's presence in the hostels threatens the legitimacy of traditional male authority structures. Secondly, Ramphele argues, this denial was a desperate strategy "to symbolically protect 'men's spaces' from pollution by the intrusion of women" (ibid.).

This fight is also expressed in the hostel block houses. *Umdiyadiya* is not accepted anymore, which means that there is no way for a woman to live with a man in a block house. Each couple has to resort to the informal settlement if they do not yet have a room in the CRUs. Men do not want a woman in their place, which is a bedroom in this case.

Since the repeal of apartheid laws and the coming into power of the democratic government in 1994, spatial and social relations between hostels and townships have not been comprehensively addressed. Furthermore, hostels still mainly accommodate migrant workers from the rural areas who have not been presented with many viable options.

Ramphele (1993:20) used the notion of "bedhold" as the common denominator of space allocation in the hostels. She further argued that "the need to maintain the 'brotherhood' established over the years had led occupants of a particular hostel block to debar women from staying overnight" (1993: 131).

The common areas, such as the common sink space for laundry, are also disputed territory. Men felt that weekends should be their time to wash and dry their clothes as they are at work during the week. They argued that most of the women are unemployed and have time to do laundry during the week. However, the reality is that women wash almost every day; if they are unemployed, doing house chores is their daily unpaid work. Much as men do from their everyday paid work, this is where they find pleasure and fulfilment and even recognition from others.

Those who live in block houses and informal settlements all have to share the same bathrooms. Since this was originally a men's hostel, there are no bathrooms designated for women and the abolition of influx controls did not correct this arrangement. Women do not feel that their privacy is respected where they share bathrooms with men. The bathrooms do not have locks and anybody can come in at any time. Even worse, the men put up a note to say that women are not allowed to use bathrooms between 14h00 and16h00. This specific time is reserved for men preparing to work a night shift. In most cases, women are pushed into bathing in basins within the limited space of their informal shelters. It seems safer.

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The informal settlements are another site of conflict. Although both men and women participate in building them, women bear all the blame when it comes to the negative effects. Hostel dwellers and their leaders generally agree that the informal settlements play a big role in the high crime levels in the hostel. The idea that the informal settlements exist because of women implies that there is a high crime rate because of women. It is said that women have boyfriends who are involved in criminal activities and that they hide them away from the police at the hostel. Men in the hostel argue that these criminals do not have the same original background as them but are mostly from the surrounding INK (Inanda, Ntuzuma and KwaMashu) townships.

The CRUs have similar problems to the block houses, as they also involve people from different backgrounds sharing space. Although the bedroom is not a common space/resource anymore, resources like washbasins and bathrooms are shared by three people or three families, depending on numbers in each bedroom. Keeping the whole unit clean, especially the shared spaces, becomes a subtle gender fight in the CRUs.

Another point of bitterness for the men is the women's allocation of the CRUs, where the "first come, first served" principle does not apply. Most of the men have been at the hostel for longer than the women, but most of the women have been removed from the informal settlements and taken into the CRUs. This results in women dominating by numbers.

THE HOSTEL AS A CONTESTED SPACE

Total institutions (1958–1986)

The hostels for migrant workers were tightly controlled by the government of the time. They were fenced off from the surrounding township and access was controlled by municipal police, whose job was to check passes and hostel permits. A hostel superintendent with clerical staff managed the hostel.

As an extension of the closed compound system, the hostel conforms with Goffman's definition of a total institution: "a place of residence and work where a large number of like-situated individuals, cut off from wider society for an appreciable period of time, together lead an enclosed, formally administered round of life" (Goffman, 1961: xv).

However, the hostel dwellers were not passive participants and they challenged the apartheid regime in many ways. While some challenges to the system were presented in the form of trade unionism, they also included sneaking the opposite sex into the hostels. The few women who have been at the hostel since the early 1980s report that they had to put on men's clothes to avoid being caught by the "blackjack police", who were responsible for the hostel patrol at that time.

Integrated with informal settlements (1986-2004)

In the mid-1980s, migrants started to build *imijondolo* (shacks), primarily to accommodate wives or partners who had started to break the rules by coming into the single-sex workers' hostels. The informal settlements then started multiplying rapidly.

Hindson and McCarthy (1994:1) define informal settlements as dense settlements comprising communities housed in self-constructed shelters under conditions of informal or traditional land tenure. Furthermore, the functional roles of informal settlements change with time, even within the hostel setting. Some people spend all their day at work and then spend a lot of time with their friends in the hostel block houses and only use them as sleeping spaces. Some use them as trading spots; most of the businesses found in the hostels are run from informal settlements.

In the hostel block houses, some men do not allow women to spend a night in their room. Therefore a man who shares a hostel room with others will use the informal settlement as a "hotel" for entertaining visiting partners. Such a hostel resident would either own an informal shelter or ask someone from his social network to allow him some time in theirs. In that case, the length of the visitor's stay would be highly influenced by the kind and level of relationship (friend, brother, *umkhaya* [homeboy]; strong or weak) that exists between the person who owns the shelter and the person who needs to use it.

At the abolishment of influx controls in 1986, households in the townships started to grow at an uncontrollable rate and people started moving out to the informal settlements. Hostels were overcrowded, and this also led to people building their own little informal homes close by.

More people – young and old, men and women – found reasons to migrate from the rural areas to the urban areas: in search of safety from all forms of violence; in search of shelter following displacement; in search of food security: in search of privacy or a space of one's own. At the same time, informal settlements are generally very dense. Because of the proximity and the building material that is used, there is little that one can do without one's neighbour knowing about it.

This study does not at all claim that conditions in informal settlements are all harsh and homogenous; it rather acknowledges the complex and diverse picture of informal settlements and the social relations existing in and around them. As people move from one location to another, they are actually looking for improved conditions and better opportunities. Informal settlements extend one's social network structures and present a good opportunity for small traders who quickly stock loose candles, paraffin, cheap tobacco, etc.

Community residential units (2004–)

According to Minnaar (1993) and Ramphele (1993), proposals to upgrade and convert hostels into family housing started in the mid-1980s. While the existence of single sex hostels has always indicated men's long periods of separation from stable family life, the CRU concept has not been able to fully undo that understanding or the practice.

Most of the hostel dwellers around the country were not happy about the proposals. While the proponents were interested in the broad implications of changing apartheid structures and institutions, the migrants were more concerned about their well-established social relations and ways of survival – including maintaining the powers vested in them as men, as heads of families and as breadwinners. Ramphele correctly argues that "merely erecting family housing units to replace existing hostels will not necessarily change the nature of power relationships between those involved" (1993:123).

While the proponents were interested in the broad implications of changing apartheid structures and institutions, the migrants were more concerned about their well-established social relations and ways of survival – including maintaining the powers vested in them as men, as heads of families and as breadwinners.

The men wanted freedom, but not for their wives to come and live with them in the cities. They wanted privacy, but not to permanently accommodate their wives and children at the hostel. They wanted a better life, but not the life that would displace their wives and children and challenge their own dominance. Most of the male migrants mentioned "freedom" and "independence" as the reasons they liked to live in the hostel. It is important to note that these concepts were not used in a political sense but from a socio-economic perspective: male migrant workers understood the presence of women and children as somehow taking away the freedom and the independence of the hostels.

Ramphele (1993) argues that this perhaps reflects the way they have internalised hostel life. It can also be argued that hostel dwellers were not given a platform and adequate time to engage with this proposal. Although it was mainly the liberation movement that made the proposal, communication with the hostel dwellers was not adequate. Additionally, the proposals rang alarm bells about privatisation, which would inevitably mean paying much higher rent.

Some hostel dwellers said that the CRUs would be inadequate for the usual number of African household members, especially for those men involved in polygamous relationships. Some rejected the idea solely because they strongly believed that a woman's place is in the rural areas. They did not want their wives and children exposed to the unacceptable and disrespectful values found in the urban areas (Minnaar, 1993). Hunter (2006: 300) suggests that the "opposition to new notions of mutual respect and universal rights may have more to do with attempts to preserve gendered and generational hierarchies".

Minnaar (1993:30) suggests that hostel dwellers had even more reason to be against the conversion: "from April 1990 onwards, there were persistent public calls by the civic and political leaders at rallies and community meetings that hostel residents should vacate hostels to make way for exiles (this was linked to the call for the conversion of the hostels into family units)". Obviously this was rejected by the hostel dwellers who stood a chance of being displaced and probably losing their employment as a consequence.

CRU policy

The CRU programme is currently part of the government's poverty alleviation strategy. It does not focus only on the former single-sex public hostels, but also on grey hostels (both private and public ownership) and some public housing stock that cannot be transferred to individual ownership.

The programme provides a variety of accommodation options to meet the needs of its target market, which includes existing residents, displaced persons (i.e. informal settlement upgrading and evictions), new applicants and qualifying indigent groups. Since 1994, newly developed public residential accommodations are owned by provincial housing departments and municipalities. CRU housing stock remains in public ownership and cannot be sold or transferred to individual residents. Hostels and accommodation for public sector employees do not form part of the CRU programme. Rents are to be set in a manner that ensures affordability for the target market and that operating costs are recovered (Department of Housing, 2006).

In the 2004–07 strategic plan of the KwaZulu-Natal housing department, the first three key focus areas (with the first two regarded as national priorities) are: eradicating slums in KwaZulu-Natal in the next six years; accelerating housing delivery in rural areas; and accelerating the hostel re-development and upgrade programme. It is interesting to note the linkages and intertwinement between these three areas, and how they all relate to hostels and hostel dwellers as well as their rural-urban connections.

At this point, I am not aware of any research that has been undertaken to measure community participation or the satisfaction of hostel dwellers with the infrastructure changes (upgrading, conversion and re-development) that have been taking place. Nor have I come across any study that says how many hostel dwellers agreed to have the hostels converted. I have witnessed a lot of hostel dwellers' resistance to the conversion of the hostels into family housing.

Payze and Keith (cited in Minnaar, 1993: 50) conducted a study in 17 hostels across the country, meticulously presenting the perceptions of families and single people living in hostels. Singles believed that hostels were never meant to house families and therefore are not equipped to do so, regardless of refurbishment and upgrading. Secondly, the lack of basic services leads to overcrowding of public facilities, which translates into lack of privacy, unhygienic conditions and health hazards. Thirdly, they saw family units as a threat because they feared they could one day lose their single accommodation for the family units. Fourthly, recreation and educational facilities were seen as a motivation for children to trespass into the spaces of the single men. Families, on the other hand, felt that the single men did not respect their privacy and feared that singles might gang up against them. Singles were also accused of taking young girls away from their families in the hostels. Hence they felt it would be better if all hostels were to be converted into family housing. Crime and unemployment were the two major problems that the parties blamed each other for.

Although there has been a lot of criticism of the CRU programme by the hostel dwellers, it is not without its advantages. These include opportunities for healthy family life; opportunities for men to play a more appropriate role as head of the family; the financial benefits of supporting only one home; and greater job security in view of local recruitment policy. Some of the disadvantages have to do with relocation: the implied loss of family investment in rural property; leaving behind elderly parents who do not want to move; loss of culture and tradition; loss of safety and security; a violent and hostile environment for the family; disrupted schooling for children, and the perception of greater expense for maintaining large rural-size families in urban areas (Minnaar, 1993:152).

In actual fact, what the dwellers are looking for is safety, security, privacy and affordability.

The stumbling block is the continuing presence of what Goffman called "barriers to social intercourse". Since the repeal of apartheid laws and the coming into power of the democratic government in 1994, spatial and social relations between hostels and townships have not been comprehensively addressed. Furthermore, hostels still mainly accommodate migrant workers from the rural areas who have not been presented with many viable options. Instead, those who do not like to live in the hostels are pushed into the informal settlements, rent back rooms in the township, or go back to the rural areas.

CONCLUSION

Shifts in socio-economic and spatial forces are showing ambiguous results when it comes to household and gender relations. Rural-urban connections continue to be major points of harmony and tension, agreement and contradiction, security and insecurity, triumph and struggle.

Gender, households and the categories of "migrant" and "resident" are constructed according to the needs and functions of a particular society at a particular time and space. Structural, generational, and gender changes in households have been exacerbated by the mushrooming of informal settlements and the establishment of CRUs. Undeniably, the hostels continue to be highly gendered spaces that further complicate these structures.

Women have not merely been passive victims of externally imposed codes of behaviour and men have not been constant and consistent forces against women. Gender dynamics and challenges to patriarchal dominance continue to represent old struggles in new ways. Conditions of overcrowding, lack of sanitation, unemployment, and social inequality have always been there, but both men and women are finding new ways of dealing with them.

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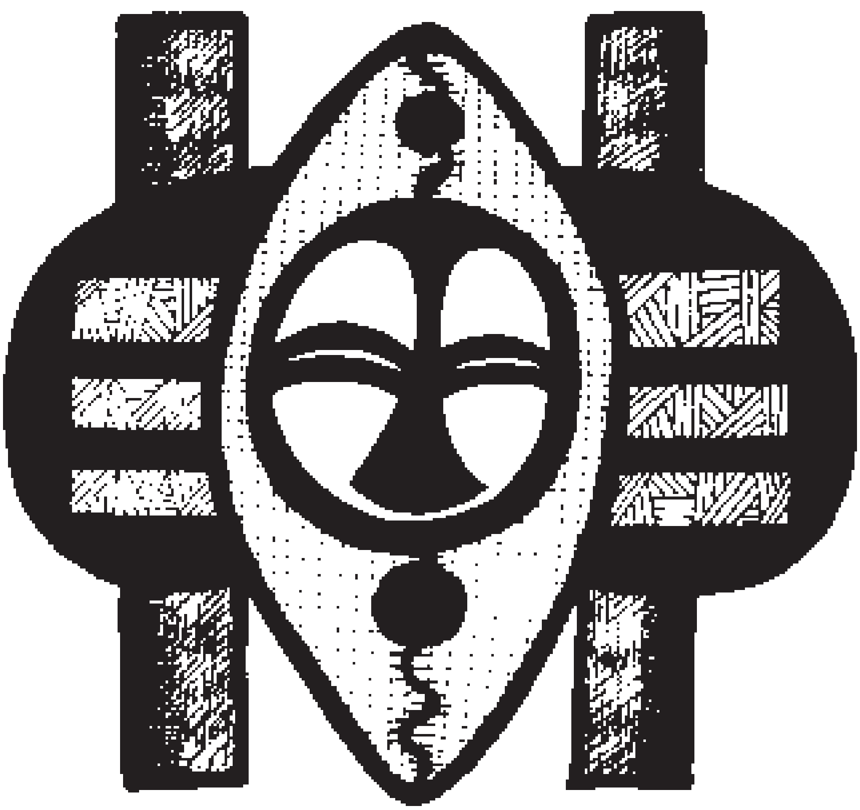

Who will protect us from doctors and professors who promise the world?

By **Renier Steyn** and **Hennie Visser**

The authors are with the University of South Africa's Graduate School of Business Leadership, where Steyn is an associate professor in leadership and human resources management and Visser is a senior lecturer in marketing.

South African pedestrians and motorists are accustomed to receiving small fliers or leaflets that advertise the services of mysterious healers and magicians. Many of the services or treatments offered by these "doctors" and "professors" are of a medical nature, while others focus on more metaphysical aspects. "Doctor X" offers a spectrum of services from making "men's penis big and strong" to the more mundane promise of being "liked at work". "Professor Y" specialises in remedies for "firm & sagging breasts" and "quick boosting charms" for marriage and divorce.

The use of these fliers as an advertising medium has become very common in most South African cities. The first author collected more than twenty samples, without much effort, within the span of one month. This abundance suggests that these "doctors" and "professors" have at least the financial means to print and distribute the fliers, that they have a consumer base, and that fliers have proven successful in attracting consumers to their businesses. This implies a real supplier–customer relationship. Such relationships are currently regulated by many different laws in South Africa. The most recent example is the Consumer Protection Act (CPA) (Act 68 of 2008), which has created new dimensions for South African consumer relations. The purpose of the Act is to promote and advance the social and economic welfare of South African consumers. Consumers are to be protected from negligent service providers, poor quality goods, and unethical and unsafe business practices. A significant part of the Act applies to the advertising of goods and services and the quality and timeliness of their supply.

The appropriate application of consumer laws and regulations depends on the type of relationship that exists between the supplier and the customer. In the case of these flyers, we should consider that relationship and also focus on the legislative framework within which the relationship is managed.

WHAT'S ON OFFER

A two-part empirical investigation was carried out in order to define the relationship. The first relates to the treatment offered (treatment modality) and the second focuses on the type of problems solved. Two groups of six doctorial students and one group of six lecturers, all holding higher degrees, were asked to examine 17 fliers collected by the first author.

The first task was to identify the kinds of services offered through these fliers. Three treating modalities were identified: metaphysical, medicines, and mediums. Under "metaphysical", the panels listed the use of spiritual powers, psychic powers, fortunetelling and astrology. "Medicines" included various herbs, creams and gels prepared for different ailments. The category of "mediums" included physical objects such as chameleons, mirrors and water. It was found that 76.4 percent of the "doctors" and "professors" used metaphysical treatment modalities, 88.2 percent concentrated on medicines, and 12.7 percent offered medium services. The dominant treatment modality was medicine, an aspect generally associated with the professional medical profession.

The respondents then identified six types of ailments these "doctors" and "professors" treat:

- sexual issues
- emotional and psychological problems
- security-related problems (including protection against legal actions, evil spirits and persons, and protection of property)

- social and interpersonal problems (including the tracing of lost lovers)
- medical matters (including issues such as addiction, health and physical problems and fertility)
- economic problems (such as finding a job, obtaining promotion, and gaining huge amounts of money, e.g. by winning the lotto).

The panel found that 7.4 percent of the services offered related to sexual problems, 5.9 percent to emotional and psychological problems, 18.8 percent to interpersonal and social problems, 17.1 percent to security matters, 33.2 percent to medical issues and 17.3 percent to economic problems. As medical problems were the dominant category, it suggests again the application of medical regulations to the service provider-customer relationship.

This research indicates that the primary treatment modality of the "doctors" and "professors" is medical, or at least medicinal, and that they primarily treat medical problems. This leaves us with a complicated customer–supplier (patient–doctor) relationship, created by the "doctors" and "professors" who advertise their services by means of these fliers. If a customer is not satisfied with the services "Doctor X" or "Professor Y" provides, to whom will he or she be able to turn for remedial action?

COMPLAINTS DEPARTMENT

As the services are medical in nature, the Health Professions Act (HPA) of 1974, which guides the regulatory framework of health professionals in South Africa, may be applicable. According to this Act, registration with the Health Professions Council of South Africa (HPCSA) is a pre-requisite for medical practitioners. Currently, consumer complaints are tested against the regulations of the HPA and by the HPCSA, and this seems to be the first port of call for complainants in the medical and health sector. Matters are, however, not all that simple, as none of the "doctors" or "professors" indicate that they are registered with the HPCSA. This omission makes them guilty of practicing as health professionals without following mandatory registration procedures.

Inspection of these pamphlets revealed that none of these "doctors" and "professors" indicated that they had attended medical school (no recognised degrees such as MD, MBChB, MMed are mentioned), received doctoral degrees from other schools (e.g. PhD), or held an academic position at a university. Yet they use titles that are generally associated with such positions. As this constitutes a potentially fraudulent activity, consumers may turn to the police to lay a complaint in this regard, based on the Criminal Law Act.

The Consumer Protection Act may offer some refuge. Its implementation will require a considerable amount of work, however, before the law develops proper teeth. Attention needs to be given to setting up consumer courts, as many sections of the Act remain open to interpretation and are likely to remain fairly undefined until actual court cases provide clearer direction. A pertinent issue here is how details concerning relationships within the healthcare value chain will be established. Dinnie (2009), for example, mentions that the CPA provides only a limited basis for complaints to the consumer court concerning the practices and activities of doctors, nurses and hospitals.

If a customer is not satisfied with the services "Doctor X" or "Professor Y" provides, to whom will he or she be able to turn for remedial action?

CONSUMER EDUCATION

Educating consumers may result in a healthier supplier–consumer relationship. Consumer protection bodies often focus on empowering consumers to make their own choices rather than rely on advertising (McLeod, 2008), such as these fliers. South Africans are just beginning to increase their historical consumption patterns and many consumers have not yet learned about making informed choices and the appropriate avenues for complaint (Donoghue and de Klerk, 2009).

In this study, the academically educated respondents were asked whether they believed, based on the fliers, that the service providers were indeed doctors and professors. The consensus was almost perfect that they did not believe so. None of the evaluators thought that the service providers were properly qualified medical practitioners. Therefore, if consumer bodies could focus on educating the public, these practitioners may eventually be put out of business, as consumers will become sceptical about the so-called medical services provided.

The last word has not been written yet about the relationship between "doctors," "professors", and their customers. These practitioners claim to provide medical services, and as such consumers are entitled to have their grievances heard at the HPCSA. However, the former are not registered at the council, which creates an impasse. The CPA holds promise as a possible remedy. It must be kept in mind, though, that no law cases are currently available to guide complainants. The sooner cases are brought before the consumer courts, the sooner the public will be protected. This will hopefully also include protection against the empty promises of the so-called "doctors" and "professors". The health industry does not currently have an ombudsperson or any other form of consumer protection regime, such as that existing in the banking sector. It may be beneficial to introduce these aspects into the health domain.

The research was not without its flaws. The first disclaimer is that the fliers were collected from the Gauteng and Durban areas. This may limit the generalisation of the findings to these geographical areas only. Furthermore, although the analysis of the fliers by highly schooled participants contributed to the reliability of the results, it may have negatively influenced validity, as the advertisements may be aimed at an entirely different audience. Lastly, the investigation focused on the advertisements of the "doctors" and "professors", and not on their actual performance. It would be useful to engage with the service providers and the clients themselves to create a better understanding of the issues. Future researchers are urged to follow such a route.

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A whole new world of possibilities

By **Mpho Makhanya**

In 2011, Mpho Makhanya, then a postgraduate student in civil engineering at the University of Cape Town, was *New Agenda*'s student/campus co-ordinator. At the end of the year, he spoke to some first-year students about their experience at UCT.

MELVIN NKOMO: We have to get used to each other

I came because of the academic reputation. UCT is number one in Africa and is recognised worldwide. The environment at the institution was also a key motivation, as I had heard from one of my teachers who graduated from UCT. I also had the opportunity to attend a recruitment workshop run by the university and I was impressed by what UCT had to offer.

The moment when I heard I was accepted was probably one of the best moments in my life thus far. I applied to come to UCT in May last year already and I did not hear back until September, so at some point I started losing hope. But eventually my application was successful.

I come from Soweto and, as you would know, there is not much diversity, especially with regards to ethnicity. Now I arrive at UCT and not only are the multiple ethnicities on display here, but also multiple nationalities, cultures, languages and beliefs. I mean, while in Soweto I never dreamt of making friends with people from other African countries like Ghana, never mind friends from the continent of Europe. I feel that the diversity that UCT offers has really gone a long way in widening my view of the world, exploding the modest world I had experienced in Soweto into a world of different people from different backgrounds.

To be honest with you, the transition can be quite difficult. In general, students from a background similar to mine tend to struggle. For me, personally, I matriculated from a school where we were not really forced to use the English language. Of course the medium of instruction was English, but everyone was either Zulu or Tswana and so there was some flexibility in the use of language, switching between the vernacular and English. And now you arrive at UCT and the only option is English. I found the adjustment to be a challenge. But I must also admit that this motivated me to work harder at my English language and I have noticed some significant improvements as a result.

I think that there is still that apartheid thing here at UCT. I'm living in Kopano residence, and in the dining hall you will see that people of different races tend to stick together – and that is more true amongst the South African students. You will find that the non-South African students are more open-minded. Students from America and Russia don't have that problem.

I don't mean that UCT has an apartheid culture, no. This separation of races is not done intentionally. Take someone like me from Soweto, or someone from Mdantsane. It would be difficult for such a person to go and sit with those people because you know that, when it comes to communication, you won't be comfortable. Another thing I have noticed is that third-year and fourth-year students don't have the same problem. Us first-years, we come from different groups and so we are not used to each other.

My suggestion to UCT is that they must try to make social integration. Like I said, you would find that this thing can be done unintentionally – but you may end up with it becoming intentional. If this is not addressed, it might lead to the mindsets of the 1950s, where the one group would be thinking to themselves that the other group thinks that they are better and, on the other hand, the one group thinks that the other group is still holding a grudge, while this is not the case.

So they must try to combine these groups and make them get used to each other as soon as possible. Because right now I am not used to them and they are not used to me and it takes some years, maybe until

UCT Jameson Steps

third year, before we realise that we are the same and we must stick together. I would say that sports, particularly soccer and rugby, present ideal activities where different races can get together and get used to each other. This can help limit opportunities for segregation.

All of my expenses are covered by NSFAS (the National Student Financial Aid Scheme). Without NSFAS, I don't know were I would be today, or how I would be right now. They cover everything: my books, meals, accommodation, fees.

I must comment on the academics. Although this area has been challenging at the best of times, I really have learned a lot this year, amidst all the complaints that I, and others, have had.

It has been awesome. It has been almost a year now, but I feel like I have been here for years and years.

PHATHISWA MAGANGANE: Study, involvement and diversity

I'm eighteen years old, I live in Johannesburg, and I'm studying for a BA. We are a family of three siblings and both my brother and my sister came to UCT as well as cousin of mine. UCT is ranked around 105 in the world now, and I knew that this would be something I would have to work for, from an academic point of view.

I have been at home all my life, so I was looking for a new experience. That is what Cape Town offered and I deemed it to be good. I visited the place and listened to family members who came here, and I read about the university. My cousin is someone I would refer to as a high calibre student and has now gone on to greater things.

When I learned I had been accepted I was elated. I was very, very happy. There was a possibility of me pursuing my tertiary education overseas, but I decided to delay those plans at least until I get to my postgraduate level. I am content with the choice I made. I am excited because Cape Town is a new place and a new start for me.

To a certain extent, my expectations got blown out of the water. I'd decided to study here because of academic excellence and I thought that this was the general atmosphere of the varsity: everyone is focussed and everyone has their head down. I found the atmosphere to be more relaxed than what I had anticipated.

I can single out three aspects of UCT that have had a positive impact. Firstly, the academic content. I was accepted for a BMus in jazz piano and an LLB degree. I hope to join the two by doing a BA with a law major. This has allowed me to ask questions that people do not normally ask, and some of these questions have really helped me open my mind. Secondly, the opportunities to get involved. Here at UCT, if you are culturally inclined, you can get involved. Or if you are more into current affairs. You will find that there are so many avenues for everyone to get involved and I really, really appreciated that. In particular, I enjoyed the focus that is placed on developing young student leaders. Number three is the people. I think that I have learnt almost as much from people around as much as I have in academic settings.

Because of the person that I am, I don't have much difficulty adjusting to new situations. But I think that time is a big factor. If you don't care about what you want, no one else will. That is something that I had to learn – even as a student who has always been good academically, performed well. There has always been somebody behind me asking, "Are you working? Are you working? Are you working?" the whole time. At varsity, there is no one to do that, so I think that would have to be one of the biggest obstacles that I can identify. Especially being from the humanities faculty, because of the misconception that humanities is easier, just because we don't do any number crunching or work with complex formulas all the time. That in itself provides an additional challenge to humanities students, especially those in academic support programmes and ADPs (academic development programmes).

I believe all the academic programmes have ADPs, but the marks are low; the students in the ADPs do not do well. When you think that they have extra assistance, three courses instead of four, and they have two tutorials per week instead of one, you would expect better marks from this group – as is the case in the commerce faculty's academic support programme.

I think that it is a matter of getting more out of those resources.

When I arrived at UCT I received an entrance scholarship, which I think can continue, dependent on the marks I obtain. Apart from that it is my parents who cover the fees, residence and food.

> To me that almost seemed impossible: how you can have that much confidence in your resources as an individual, where you are going to find these resources. And I found out that it is possible.

The main lesson that I have taken away from my first year experience – and I know some people will be listening to me and looking at my background and contextualising my comments as such – is the immense confidence you need to have in an institution of twenty-four thousand individuals. To me that almost seemed impossible: how you can have that much confidence in your resources as an individual, where are you going to find these resources. And I found out that it is possible. Varsity allows you to expand your mind and exposes you to a whole new world of possibilities.

The diversity element of UCT contributes immensely to the opening up of one's mind. People come from schools with a single demographic or single sex, and when they get to UCT they find that there are girls, there are boys, there are homosexuals and there is everything under the sun. You get to work with and understand – if you take the time – all these individuals. And this makes you a better person.

BYRON WILLIAMS: Where I want to be

I am nineteen years old now and I am an only child. I was born in Mitchells Plain but we have since moved to Kraaifontein and there has been a big gap for me between high school and life at university.

Some people may find this to be cliché, but there was one evening – and I think this was in grade ten after I chose my subjects and, in my mind, I wanted to be a pilot – we were driving on the M3, the road that goes past the university, and there, on this evening, the lights went on just as the sun was setting. I knew about UCT but I had never been to the campus. So I looked to the left and there was the building in all its glory and I said to myself, "That is where I want to be."

For two years, in grade ten and eleven, the image and idea I formed that evening remained stuck in my head. When I got to grade twelve and the time to apply arrived, I tried to consider this, this and the other, but that picture was always there. And that was basically the biggest factor that helped me decide. After I read that it was a highly esteemed university with a good reputation and everything was top notch, I thought to myself, "If that is the number one university in Africa, then that is the only place I am applying for, and if I can't get in there then I did something wrong."

We were told that there would be a certain time by which we would receive notifications. The twenty-first of January came around and I never received provisional acceptance. Two weeks after that I still heard nothing. My mother knew that I had only applied to UCT and that no one had replied. No one in the family said this out loud but I was feeling a bit, you know, down. Three weeks later I decided to make a call to find out what was going on with my application. I was told, "No, no, we cannot disclose your acceptance over the phone. We can't tell you like that."

So I was waiting and waiting but I thought, "They never said unsuccessful; they never said successful. It is still pending, so there is still hope." Then orientation week starts for the students from Cape Town and no one let me know anything. That week I called UCT again. I think it was the secretary to the dean of humanities I spoke to, and I asked if she could please check on my application status. Luckily for me, the secretary starts reading the e-mail – I think she didn't mean to – but obviously the first line revealed all. So the whole process was touch and go for me and I went through a whole range of emotions.

I had not been on the campus itself so I did not really have any set idea of it. But, you know, you watch TV and there is this old building and everything looks ancient. I could say that I had some sort of picture of UCT as a place where you can meet people from all over, but basically, I only had pieces of a puzzle.

The first few months of university were an eye opener: you come from a small town and you come to this huge place. In my orientation group, we were about fifteen [students] and we walked around the university – but I was not prepared for that first day when everyone was back, that mass of people. There was a sea of over twenty-four thousand people! This was even more pronounced for me because I knew

no one. No one from my school was here, and no one who had previously been to my school was here. At some stage I had to ask myself if this place was really for me, but I just kept going at it, and definitely the puzzle for me has come together.

I have really enjoyed the fact that most of the courses that I am doing are very current. In the financial crisis, every week something happens and next week we will be discussing it in our course. I really enjoyed that.

Negative aspects? Maybe the communication, when I was trying to find out if I had been accepted or not. Otherwise there has not been anything from the university's side. Perhaps a couple of negative attitudes around on campus, but that is normal, I suppose.

In the first semester, I had to get up at five o'clock every morning and leave for campus at six because my first lecture was at eight and I had to be in traffic for two hours. In the evenings I would wait for my parents to finish work and so I only left campus around seven or half-past seven. I would be here for something like twelve hours a day and so I had time to finish my schoolwork while I was still on campus.

In the second semester, I took part in the Emerging Leaders Programme. They posed the question: "What more do you do other than coming to university? Do you focus on academics and nothing else?" And I could maybe blame the circumstances and say that I do not have time, since most meetings on campus took place after five, but I moved to my grandparents' place in Ottery. Still I had to take a Jammie [UCT shuttle bus], two taxis and I had to walk forty-five minutes. It was hectic, but hopefully that will change next year. I have been accepted for residence, and hopefully I will get a chance to be more involved.

I am aware that a number of students would say that the university is failing to assist them with this and that. But if you need help, the help is there. It is not that the university does not provide assistance; it is just for you to get up and go find it. For me, students tend to struggle as soon as they start looking to be spoon-fed.

Finances are a big worry. I never applied for assistance because at the time my father and my mother were both working. My father was the main breadwinner in the family. He was an engineer at Nampak, but at the beginning of this year he lost his job and he hasn't found anything up till today. So that has been a strain on the family. However, the family was able to get the initial fees payment together, and in June I received word that I had

If you need help, the help is there. It is not that the university does not provide assistance; it is just for you to get up and go find it. For me, students tend to struggle as soon as they start looking to be spoon-fed.

qualified for an entrance scholarship that would cover the balance of my fees. That was the saving grace for this year.

My father and my mother asked me to put the situation out of my mind and said it was not for me to worry about. I just said to myself, "Even if I don't have money for next year, I am going to do well this year." The financial situation has always been there, but I never allowed it to take over.

The year has just really been an amazing experience. I am so appreciative of having come to this university. If I think of the conversations that I am having now, compared to this time last year, they are in another league. You are contemplating a whole spectrum. Before it was a single lane, and now it is a freeway.

Should SRC elections be changed to a party-based system?

By **Sifiso Ndaba**

The author received a bachelor of social science degree from the University of Cape Town in 2011. This article won that year's political essay writing competition organised by the UCT student assembly

Since the dawn of democracy in Athens around 500BCE, the values of democracy have been at the forefront in determining the sort of system that governs elections. This is imperative because, in a democratic system, elections are more than just an act of putting a cross on a ballot paper and recruiting politicians: they must also promote the values of democracy. It is then necessary that a similar philosophy be adopted when choosing the framework that governs elections for the Student Representative Council (SRC). Indeed, this paper seeks to comprehensively answer the question, "Should SRC elections be changed to a party-based system?"

To execute this task, the values of democracy will be briefly discussed. This will be followed by a brief discussion of the UCT student socio-political arena. The political systems (party-based and independent-based) will be subjected to the values of democracy, and the analysis will provide an answer to the overarching question of this essay.

THE VALUES OF DEMOCRACY

There is a high degree of consensus among the scholars of political systems that any system premised on democracy should be bent on promoting the values of democracy. These traditional core values are liberty, participation, representation, accountability, responsiveness and equity.

Heywood (2002) defines *liberty* as the ability to think and act as one wishes, implying non-interference and personal self-development. In the context of UCT, it implies a system that will allow students a degree of freedom to associate (or not to associate) themselves with certain political establishments or formations.

Participation in a democracy is more valuable if the system has sufficient points of access and pressure, and provides some level of education concerning the wider political processes and the institution.

Accountability refers to answerability, the duty to explain one's conduct, and being subjected to monitoring and evaluation by the electorate. At UCT, this refers to how much the system allows the students to hold their representative accountable for their actions.

A student-elected body can act as a *responsive* agent to the demands of fellow students. The assumption here is that the SRC should play this role better because both the student representatives and students are subject to the same processes, laws and policies of the institution.

Equity refers to the quality of being fair and impartial in serving the student body once elected to the Student Representative Council.

Currently, the UCT SRC electoral system is a mixed one, meaning it allows both student political parties and independents to contest the elections. Indeed, over the years, both the independents and political party representatives have enjoyed representation in the SRC, and this trend continues even today. For example, the current SRC is constituted by at least 11 political party representatives and four independents. The 2010 SRC consisted of nine political party representative and five independents.

A close assessment of this shows that, even given the political parties' relative superiority in terms of organisation during the election period, they have enjoyed a high approval rate over the years compared to the independents. However, this alone cannot be used as a basis to change the current electoral system given the multi-factored role that the election system must play.

THE PARTY-BASED ELECTORAL SYSTEM

In this system, political parties are the only agents through which one can participate as a candidate. This is beneficial because political parties, as ongoing organisations, generally run their own political education units, and this makes their candidates more aware of what is going on in the university political arena than an independent, whose focus on student politics might be more periodic.

Moreover, continuity in student governance is very important. Political parties are better positioned to achieve this because, irrespective of whether a party's representative makes it into the SRC, the political party will still exist. This provides stability to the broader political system of the university. If the independent is unsuccessful, his or her ideas, vision and policies are more likely to evaporate.

However, one of the biggest contributors to negative race relations in South African universities is party politics. Political activities are good for a campus, but when parties see the campus as a place of development for aspirant politicians, and as a campus for parliamentary politics, the student body becomes divided. Even that is fine – except that in South Africa, party politics reassigns students into racial categories and promotes race-based choices that the university policies are trying to change.

Secondly, most political parties are from outside UCT; instead of looking after the student needs, they can push the party's national agenda.

Thirdly, a party-based system makes it hard for a representative to be held accountable by the students directly, as they are accountable more to their political party.

Fourthly, it can result in adversarial politics characterised by antagonistic relationships between major parties that turn political life into an ongoing battle. This discourages sober and rational debate and precludes compromise.

The fifth disadvantage is that single-issue (protest) groups are very successful in attracting membership and support from the students because of their emphasis on participation and activism. At UCT, this can be underlined by the ever increasing membership of groups like RainbowUCT, which in 2007 consisted of 45 members, and in 2010 grew to 169. This provides students with an alternative way to participate in the political system, other than political parties.

The public image of political parties has been tarnished by their links to government and the corruption that is sometimes associated with them. The political parties are not seen as being "of the students". Too often, they seem consumed by political infighting and scrambles for power, and divorced from the concerns of the people.

Moreover, the social identities and traditional loyalties that first gave rise to the parties have started to fade.

> If the independent is unsuccessful, his or her ideas, vision and policies are more likely to evaporate.

PARTY-BASED SYSTEM AND DEMOCRATIC VALUES

With a party-based system, you are forced to be part of a political party in order to participate in the electoral process, even if you do not subscribe to most of the policies the political parties stand for. This undermines the ability to think and act as you wish.

Moreover, it is apparent from the above arguments that a party-based system limits representation and hinders participation for several reasons. There are students who might feel that the existing parties do not represent what they stand for, and because of this they might feel discouraged to take part in the political system.

Consistent with what has been highlighted earlier, the party representatives are not directly accountable to the student body, and might feel, once they are elected, that they are accountable to their parties.

Furthermore, political party representatives are less likely to be impartial in their responsiveness – generally for political reasons – only focusing on the issues that affect their "constituency". In their capacity as student representatives, this behaviour undermines the values of equity and responsiveness.

INDEPENDENT SYSTEM

This is the system in which candidates are required to contest elections without being a representative of any political establishment. This system is very suitable for an environment that is characterised by diversity – and indeed, UCT has one the most diverse student bodies in the country. This allows even the groups that do not feel that they are being accommodated by the current political parties to participate in the system.

Moreover, an independent system allows individuals to stand for what they personally believe in, without having to assimilate and "parrot" some policies he or she does not believe in.

INDEPENDENT SYSTEM AND DEMOCRATIC VALUES. From the above arguments, it can be deduced that the independent system promotes the ability for one to think and act as one wishes. Moreover, this system allows even the students who feel that none of the existing parties represent their ideologies, views and policies to participate.

> One of the biggest contributors to negative race relations in South African universities is party politics.

Furthermore, the elected representatives are directly accountable to the students themselves. In theory at least, there is no external political interest and the student representatives are more likely to focus on issues affecting the students.

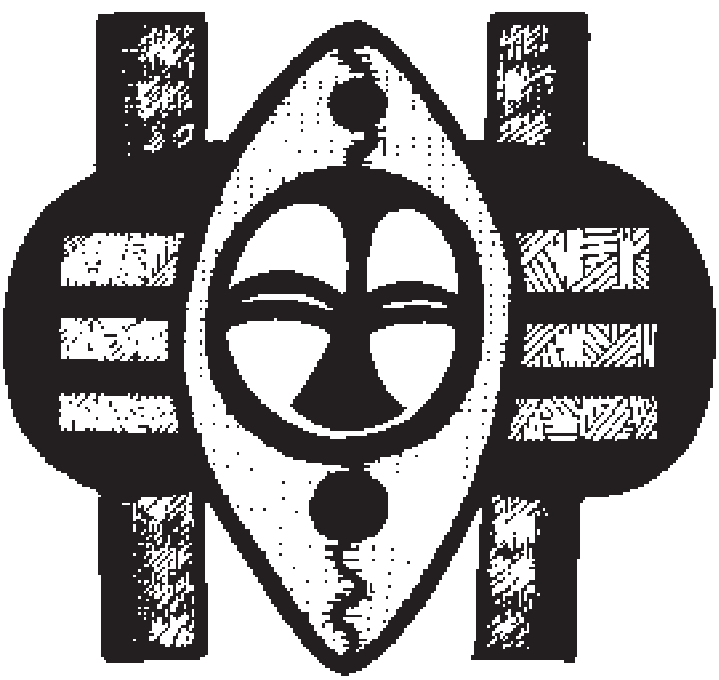
The same applies to responsiveness: the representatives are likely to respond to the student's needs in a more equitable manner because they are directly accountable to the students.

Should the UCT SRC elections be changed to a party-based system? The question has been answered during the course of this paper. This was executed chiefly by juxtaposing the strengths and the weaknesses of the political-based system and the independent system. It transpired that, in terms of promoting the values of democracy, the independent system is far superior. However, insofar as the empirical evidence is concerned, the majority of students prefers to be led by representatives from political parties. Indeed in a democratic system, it is salient to accommodate what the majority prefers.

Zimitri Erasmus [a senior lecturer in sociology at UCT] once argued that the best arguments about political matters are based on lived reality, not abstract logic. So, when one applies this argument, while respecting the voice of the majority, it is apparent from the annual SRC results that political parties have always received a high approval rate compared to independents. Notwithstanding its weaknesses, the political party-based system does have a place in the UCT political arena.

On the other hand, scholars of electoral systems argue that the independent-based system has a superior capacity to promote liberty, representation, participation, accountability and equity.

The reality is that both these systems add unique strengths that are vital to the arena of UCT student politics. Therefore, I recommend the current mixed system, which allows both political parties and independents to contest the SRC elections. So far, it is still the best and most relevant for UCT.



Intra-African trade: Key players and products

By **Tsitsi Effie Mutambara**

The author is a senior lecturer in the department of economics and economic history at Rhodes University

The first of a two part series. Trade between African countries has grown over the years as regional groupings emerge, their membership grows and markets open up more. This paper seeks to examine how relevant intra-African trade is to the continent, and its current nature with respect to key player countries and the products traded. Part two will explore how trade within Africa could be improved by reducing the non-tariff barriers that continue to hamper trade despite the reduction of tariffs.

Intra-African trade is unquestionably key for African countries as it is necessary for regional integration. There are enormous potential benefits that can be gained from expanding regional trade through facilitating increased market access. As the African market expands, existing trade and investment opportunities are harnessed more easily, while new and untapped opportunities can be discovered. The 2005 Commission for Africa report observes that Africa's internal market for agricultural products could be worth almost three times the annual income from exports to the rest of the world (Mold, 2005:26). Such untapped opportunities should be harnessed through intra-African trade so as to benefit the continent more fully.

The scope for mutually beneficial trade also exists in manufactured goods and services. Since productivity differences are relatively small between many African countries, there are opportunities for more synergies and constructive competition in the manufacturing industries between regional countries.

For the relatively more developed African countries, like South Africa, there are also opportunities for mutually beneficial trade in manufactured goods. Such trade can facilitate skills transfer, the exchange of knowledge about existing technology, and technological innovation to improve specific manufacturing industries. The flow of technology becomes more possible through the consumption of similar but differentiated products. Also worth noting is the encouragement of joint research as firms seek to share ideas to improve the development of high technology and technologically complex products.

Where intra-industry trade opportunities exist between African countries, a country is more likely to absorb innovative foreign technology when it is already producing and exporting goods in the same product category as those it is importing. Furthermore, intra-industry trade offers countries learning opportunities that enable them to continue exploiting current areas of comparative advantage, develop new ones, and to move to more sophisticated manufacturing export sectors, thus helping to develop their industries further.

INTRA-AFRICAN TRADE (2001–2009)

In the period from 2001 to 2008, intra-African imports were on a continuous rise, from US$12.876 billion to US$47.663 billion. In the economic downturn that affected the whole world in 2009, intra-African trade experienced a drastic 31.5 percent fall, to US$32.649 billion.

Table 1: Intra-African trade (2001-2009)*

Intra-Africa import trade (US$ '000)									
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Imported value	12 875 553	14 670 966	17 840 499	22 337 143	28 041 458	32 198 950	36 728 629	47 662 674	32 649 355
Annual growth (%)		13.94	21.60	25.20	25.54	14.83	14.07	29.77	-31.50
Africa–Africa imports as % of total imports	10.36	10.57	10.42	12.03	13.47	12.05	11.08	9.93	7.88

Source: Own table, derived from International Trade Centre (ITC) database: www.trademap.org

* The year 2009 is the most recent year in which all African countries have reported trade data, as some have not yet reported for 2010.

Table 2: Intra-African top 20 import products (2009)

Product code*	Product description	Value in 2009
		(US$'000)
HS27	Mineral fuels, oils, distillation products, etc.	16 262 374
HS84	Machinery, nuclear reactors, boilers, etc.	2 674 219
HS87	Vehicles other than railway, tramway	2 597 538
HS85	Electrical, electronic equipment	1 771 075
HS73	Articles of iron or steel	1 442 124
HS72	Iron and steel	1 362 055
HS39	Plastics and articles thereof	1 167 895
HS25	Salt, sulphur, earth, stone, plaster, lime and cement	1 014 029
HS48	Paper & paperboard, articles of pulp, paper and board	957 344
HS10	Cereals	865 819
HS31	Fertilizers	748 426
HS24	Tobacco and manufactured tobacco substitutes	699 259
HS15	Animal, vegetable fats & oils, cleavage products, etc.	621 258
HS33	Essential oils, perfumes, cosmetics, toiletries	531 644
HS09	Coffee, tea, mate and spices	515 522
HS34	Soaps, lubricants, waxes, candles, modelling pastes	513 034
HS17	Sugars and sugar confectionery	506 979
HS26	Ores, slag and ash	481 752
HS30	Pharmaceutical products	473 074
HS74	Copper and articles thereof	467 027

Source: Own table, derived from ITC database: www.trademap.org
*Harmonised System (HS). An international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes.

However, intra-African imports only contributed between 7 and 14 percent of the continent's total imports between 2001 and 2009. Africa continues to rely on the outside world as its major source of imports. (Table 1)

The major product category of trade within the continent is HS27 (Mineral fuels, oils, distillation products, etc.), which accounted for 35.70 percent of total imports by 2009. Table 2 also shows that most of the intra-African imports are manufactured products, especially medium- to low-technology manufactures. Thus, Africa has an industrial base that ought to be developed with more human and capital investment. This would enable the continent to move towards skills- and manufacturing-based development.

Table 3: Top 10 countries in intra-African export trade (2009)

Major countries	Export value (2009) US$'000	Growth in value (%) (2008–2009)	Av. growth in value (%) (2001–2009)	Top 5 export product categories [1]
South Africa	10 529 131	-16.0 (32.4)^	13.7	HS 84; 27; 87; 72; 73
Nigeria	8 510 888	-9.4 (121.6)	18.9*	HS 27; 18; 41; 64; 84
Côte d'Ivoire	3 068 621	-2.1 (21.5)	7.2*	HS 27; 33; 39; 21; 09
Kenya	2 104 982	-10.9 (28.5)	20.5	HS 09; 25; 27; 39; 15
Tunisia	1 894 498	-4.5 (34.3)	20.2	HS 73; 84; 15; 48; 25
Zimbabwe	1 517 387	37.9 (-51.9)	48.6*	HS 49; 75; 26; 71; 17
Algeria	1 423 119	-45.2 (39.4)	23.5	HS 27; 19; 22; 29; 79
Zambia	1 092 614	-24.0 (7.2)	20.5	HS 74; 17; 26; 24; 25
Morocco	1 006 415	-1.2 (36.8)	14.3*	HS 16; 85; 87; 84; 27
Senegal	970 977	-8.3 (26.5)	20.7	HS 27; 25; 24; 72; 21

Source: Own table, derived from ITC database: www.trademap.org
1. HS 2-digit. See Table A-1 in Appendix for full description of products
^ Figures in brackets indicate growth in export value for 2007–2008
* An average was computed as rates are missing for some years in the period

The mining and agricultural sectors continue to play a significant role in intra-African trade, as evidenced by the presence of HS27, HS25, HS10, HS09, HS26 and HS74 among the major products traded. Resource-based industrial development thus continues to be a significant component of the continent's industrialisation path. New investments in the manufacturing sector, upgrading the current manufacturing sector, as well as skills development would enable the continent to process these resources into high-value-added manufactured products.

MAJOR TRADING COUNTRIES

Contributing 28.60 percent of intra-African export trade in 2009, South Africa is the major exporter, followed by Nigeria at 19.65 percent (Table 3). The major exports of the top 10 countries are concentrated in 28 product categories, which tend to be heavily dependent on the primary sectors (i.e. mining and agriculture). This shows the predominance of resource-based industries as the chief source of exports in intra-African trade.

Table 4: Top 10 countries in intra-African import trade (2009)

Countries	Import value (2009) US$'000	Growth in value (%) (2008–2009)	Av. growth in value (%) (2001–2009)	Top 5 export product categories[1]
South Africa	4 751 266	-36.7 (29.9)^	32.5	HS 27; 71; 74; 84; 52
Botswana	3 697 367	-9.8 (19.7)	16.0	HS 27; 84; 87; 85; 73
Zimbabwe	2 665 995	23.3 (-9.2)	13.9*	HS 27; 87; 84; 10; 85
Nigeria	2 416 245	29.3 (2.9)	21.0*	HS 87; 85; 84; 39; 48
Zambia	2 296 069	-25.4 (30.8)	17.1	HS 26; 84; 74; 28; 87
Côte d' Ivoire	1 990 305	-31.0 (37.1)	8.8*	HS 27; 03; 84; 39; 25
Morocco	1 684 896	-25.4 (15.2)	9.8*	HS 27; 15; 08; 44; 48
Mozambique	1 455 687	12.8 (23.4)	18.2	HS 27; 84; 87; 85; 72
Tunisia	1 375 855	-38.8 (67.9)	15.3	HS 27; 21; 72; 39; 18
Kenya	1 355 326	8.7 (16.5)	17.3	HS 10; 72; 48; 27; 17

Source: Own table, derived from ITC database: www.trademap.org

1. HS 2-digit. See Table A-1 in appendix for full description of products

^ Figures in brackets indicate growth in import value for 2007-2008

* An average was computed as rates are missing for some years in the period

Most of the manufactured export products are low-technology manufactures, reflecting the nature of technology and skills endowment in the continent. South Africa, Morocco, Tunisia and Nigeria feature high technology manufactures among their major exports, with South Africa leading the way. These are the countries in Africa that are relatively abundant in capital and highly skilled labour.

South Africa is also the leading importing country, absorbing 14.55 percent of intra-African imports in 2009. The major import product is HS27 (mineral fuels, oils, distillation products, etc.). After HS27, high technology manufactures are the chief import products for Botswana, Zimbabwe, Nigeria and Mozambique. This implies possibilities for skills and technology transfer benefits, if the transfers enabled recipient countries to upgrade and improve the performance of their own industries.

CONTRIBUTIONS OF REGIONAL GROUPINGS

Countries the world over are pursuing regional integration as a way of increasing trade between countries. Africa has not been an exception with member states signing various commitments to facilitate greater regional integration.

To date, there are eight regional economic communities (RECs) recognised by the African Union:

- Arab Maghreb Union (UMA)
- Common Market for Eastern and Southern Africa (COMESA)
- Community of Sahel-Saharan States (CEN-SAD)
- East African Community (EAC)
- Economic Community of Central African States (ECCAS)
- Economic Community of West African States (ECOWAS)
- Intergovernmental Authority on Development (IGAD)
- Southern Africa Development Community (SADC)

There are also three customs unions, which include almost half of the African countries, showing the importance with which these partnerships are regarded for deepening regional integration and increasing intra-African trade:

- Southern African Customs Union (SACU)
- Economic and Monetary Community of Central Africa (CEMAC)
- West African Economic and Monetary Union (WAEMU)/ Union Economique et Monétaire Ouest Africaine (UEMOA)

The contributions of four sub-Saharan RECs – the EAC, ECOWAS, COMESA and SACD – to intra-African trade will be considered here. The EAC is the most significant economic community in East Africa, while the others have large memberships in their regions.

Tables 5(a) and 5(b) below show how each REC contributes to intra-African trade. Most is done by SADC, and this is mainly due to South Africa's activity. ECOWAS is the second major contributor to intra-African export trade, while COMESA is second in intra-African imports.

Finally, Table 6 shows that the largest percentage of intra-African trade has been taking place between COMESA and SADC countries. COMESA is the largest regional grouping in Africa and seven countries are members of both, which enables them much freer trade and easier access to the rest of the COMESA market. SADC consistently maintained a trade surplus over COMESA from 2005 to 2009.

Table 5 (a): Contributions to intra-African export trade by REC (2001-2009)

	COMESA (17 members)								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Annual export growth (%)		46.49	9.40	25.46	-1.33	99.41	-15.18	25.69	-30.05
% of Africa-Africa exports	20.18	26.50	23.69	25.27	20.48	26.67	22.01	19.91	19.10
	EAC (5 members)*								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Annual export growth (%)		20.41	62.28	11.95	41.24	0.35	25.66	38.38	-14.61
% of Africa-Africa exports	6.98	7.54	10.0	9.51	11.03	7.23	8.84	8.81	10.32
	ECOWAS (15 members)								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Annual export growth (%)		-20.17	38.68	6.85	44.15	122.45	-8.91	59.93	-26.71
% of Africa-Africa exports	26.74	19.14	21.69	19.69	23.32	33.88	30.02	34.57	34.74
	SADC (15 members)								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Annual export growth (%)		20.32	14.89	23.71	10.22	43.70	3.30	11.24	-21.90
% of Africa-Africa exports	55.63	60.01	56.35	59.24	53.64	50.34	50.59	40.52	43.39

Table 5 (b): Contributions to intra-African import trade by RECs (2001-2009)

	COMESA (17 members)								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Annual import growth (%)		11.17	-0.37	46.01	16.93	4.22	9.74	40.26	-20.73
% of Africa-Africa imports	35.52	34.66	28.39	33.11	30.84	27.99	26.93	29.11	33.69
	EAC (5 members)*								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Annual import growth (%)		-0.97	32.86	16.21	31.14	13.78	11.07	39.31	-6.92
% of Africa-Africa imports	9.60	8.34	9.12	8.46	8.84	8.76	8.53	9.15	12.44
	ECOWAS (15 members)								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Annual import growth (%)		-20.05	75.25	12.40	38.60	4.82	35.75	25.05	-40.44
% of Africa-Africa imports	20.84	14.63	21.08	18.92	20.89	19.07	22.69	21.87	19.02
	SADC (15 members)								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Annual import growth (%)		22.74	8.44	32.86	16.96	16.90	15.83	17.38	-28.96
% of Africa-Africa imports	59.96	64.59	57.60	61.12	56.94	57.97	58.86	53.24	55.22

Source: Own table, derived from ITC database: www.trademap.org
* The new state of South Sudan is likely to become the sixth member of the EAC (Owuor, 2011).

Table 6: Inter-regional contributions to intra-African trade (2003-2009)*

	COMESA – SADC Trade						
	2005	2006	2007	2008	2009		
Total trade (US$'000)	10 737 351	16 608 935	15 988 723	16 109 846	14 867 673		
Annual growth (%)		54.68	-3.73	0.76	-7.71		
	ECOWAS – SADC Trade						
	2005	2006	2007	2008	2009		
Total trade (US$'000)	2 956 750	4 437 359	5 400 300	7 838 598	4 585 890		
Annual growth (%)		50.08	21.70	45.15	-41.50		
	COMESA – EAC Trade						
	2003	2004	2005	2006	2007	2008	2009
Total trade (US$'000)	2 115 615	2 242 539	3 011 606	3 111 584	4 087 395	4 968 658	4 516 250
Annual growth (%)		6.0	34.29	3.32	31.36	21.56	-9.11
	EAC – SADC Trade						
	2003	2004	2005	2006	2007	2008	2009
Total trade (US$'000)	1 362 961	1 715 099	2 446 844	2 593 879	3 040 770	4 106 697	3 894 149
Annual growth (%)		25.84	42.66	6.01	17.23	35.05	-5.18

Source: Own table, derived from ITC database: www.trademap.org
* The availability of trade data between regional groupings differs. No data were available for inter-regional grouping trade before 2003.

The second largest inter-regional trade is between ECOWAS and SADC with total trade value rising to US$7.838 billion by 2008. These are two distinct regional groups, with no dual memberships, which are widely separated geographically. This distance would be expected to hinder trade between them, but it appears that this has not necessarily been the case. Therefore, where viable markets are identified within Africa, geographical distance need not necessarily be a constraint to trade. Nor is dual membership by member states a necessary condition for increased trade between RECs. Also noteworthy is the high annual growth rate of trade between the two groupings. ECOWAS maintained a trade surplus over SADC for the 2005–2009 period.

The third largest inter-regional trade is between COMESA and the EAC, where four of the five EAC members are also members of COMESA, offering these members easy access to the rest of the COMESA market. Even though the EAC is a smaller group than COMESA, it has maintained a trade surplus over COMESA since 2005.

The fourth largest is between the EAC and SADC, where only one country, Tanzania, has dual membership. SADC has maintained a trade surplus over the EAC throughout the relevant period.

There is a need to examine and address current constraints that may hinder and thus limit trade within the continent. Trade barriers damage a country's own economic development as an enormous number of trading opportunities are lost. Part two, in the next issue, will examine both tariff and non-tariff barriers and how such barriers could be reduced or eliminated.

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APPENDIX

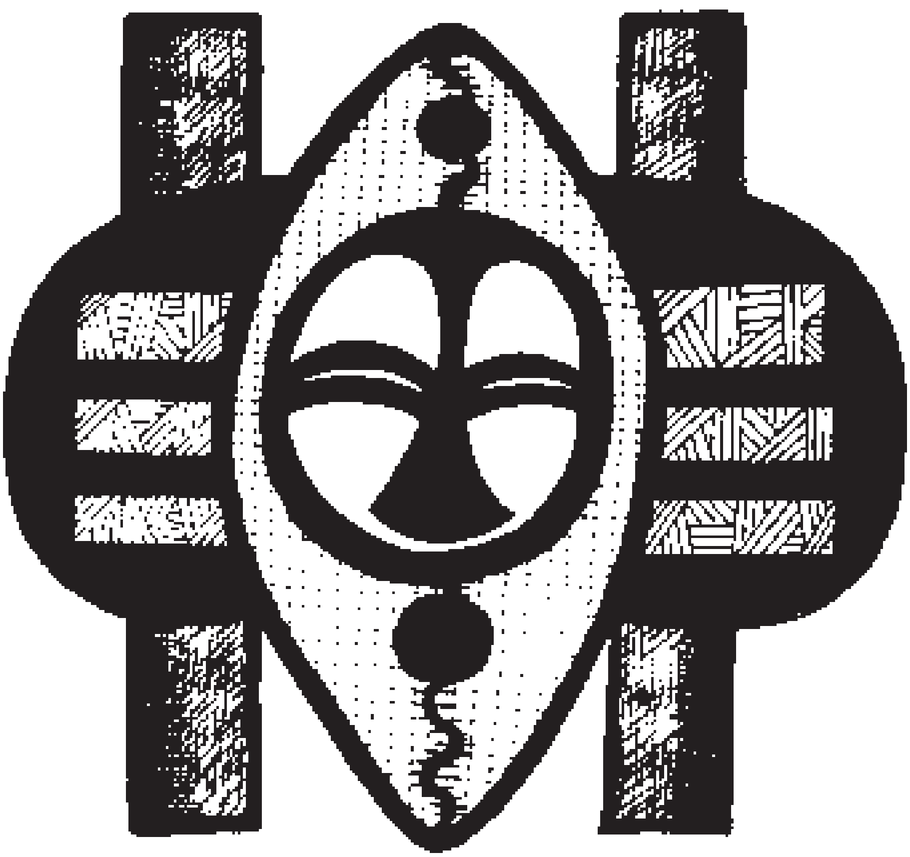
Table A-1: Description of major import and export products in intra-African trade

Rank*	Product code	Product description
1	HS27	Mineral fuels, oils, distillation products, etc.
2	HS84	Machinery, nuclear reactors, boilers, etc.

3	HS87	Vehicles other than railway, tramway
4	HS85	Electrical, electronic equipment
5	HS73	Articles of iron or steel
6	HS72	Iron and steel
7	HS39	Plastics and articles thereof
8	HS25	Salt, sulphur, earth, stone, plaster, lime and cement
9	HS48	Paper and paperboard, articles of pulp, paper and board
10	HS10	Cereals
11	HS24	Tobacco and manufactured tobacco substitutes
12	HS31	Fertilisers
13	HS26	Ores, slag and ash
14	HS09	Coffee, tea, mate and spices
15	HS15	Animal, vegetable fats and oils, cleavage products, etc.
16	HS17	Sugars and sugar confectionery
17	HS33	Essential oils, perfumes, cosmetics, toiletries
18	HS34	Soaps, lubricants, waxes, candles, modelling pastes
19	HS21	Miscellaneous edible preparations
20	HS74	Copper and articles thereof
21	HS22	Beverages, spirits and vinegar
22	HS30	Pharmaceutical products
23	HS03	Fish, crustaceans, molluscs, aquatic invertebrates nes
24	HS38	Miscellaneous chemical products
25	HS49	Printed books, newspapers, pictures, etc.
26	HS40	Rubber and articles thereof
27	HS28	Inorganic chemicals, precious metals compound, isotopes
28	HS07	Edible vegetables and certain roots and tubers
29	HS71	Pearls, precious stones, metals, coins, etc.
30	HS94	Furniture, lighting, signs, prefabricated buildings
31	HS44	Wood and articles of wood, wood charcoal
32	HS11	Milling products, malt, starches, insulin, wheat gluten
33	HS90	Optical, photo, technical, medical, etc. apparatus
34	HS19	Preparations of cereals, flour, starch or milk
35	HS76	Aluminium and articles thereof
36	HS75	Nickel and articles thereof
37	HS08	Edible fruit, nuts, peel of citrus fruit, melons
38	HS52	Cotton
39	HS16	Meat, fish and seafood food preparations nes
40	HS29	Organic chemicals

Source: Own table, derived from ITC database: www.trademap.org

* In descending order of value



SADTU General Secretary Mugwena Maluleke

The South African Democratic Teachers' Union (SADTU) would like to extend its best wishes to the ANC on its centenary celebrations that began in Mangaung on 8 January. The celebrations not only served as an opportunity to rejoice, but as a time to reflect on the 100 years of this colossal movement that has demonstrated resilience through all kinds of political weather as a gallant freedom fighter and political fighter.

As we celebrate 100 years of our glorious movement, we walk with our heads and shoulders high, knowing that, together with millions of South Africans, we built this movement into a deadly fighting instrument in the hands of the oppressed.

Thousands of SADTU members remain committed members and activists who naturally join the ranks of the ANC mobilising the people behind the vision embodied in the Freedom Charter.

SADTU owes its being to the ANC. The ANC was, from the Union's conception to its official launch on 6 October 1990, fully and closely involved. The ANC co-convened the first consultation of teacher unions on the continent and those in South Africa in April 1988. From this conference, the foundations for a non-racial and non-sexist union for South Africa were laid.

Former ANC President and world statesman Nelson Mandela gave the Union his blessings as a keynote speaker at SADTU's launch in 1990. At the time of the launch, SADTU's membership was nearly 30 000. It grew phenomenally to 200 000 within 10 years. Twenty years later, SADTU boasts a paid-up membership of nearly 256 000.

SADTU is the largest teacher union and the largest union in the public sector in South Africa. These numbers have reflected a growing influence within the labour federation, within the Alliance, and internationally.

As the ANC celebrates its centenary year in 2012, SADTU has launched its SADTU Day.

The day will be celebrated every first Friday of the month to remind members of the Union's achievements and to mark the ANC centenary. Some of SADTU's achievements include:

- Successfully fighting for recognition as a union;
- The right for teachers to union affiliation and political expression;
- Parity in salaries of educators in terms of race and gender;
- Four months' maternity leave for female educators;
- Women educators are now able to access promotional posts;
- Being the most united and biggest union of teachers;
- Successfully marrying trade unionism with professionalism.

SADTU Day is also a clarion call to members, parents, learners, communities and government to take forward the Quality Learning and Teaching Campaign (QLTC) that requires teachers to be in class, on time and prepared.

As we observe the centenary year, we celebrate the "Opening of the Doors of Learning". Education is now free and accessible to all South African children from Grade R to Grade 12. The school nutrition programme is going a long way towards mitigating the negative effects of poverty and reducing the drop-out rate and has thus assisted to retain learners in the system. Scholar transport is responding well to the plight of the rural poor as they are now able to reach schools without walking long distances. We also note the increase in the number of girl learners.

We are also fully aware that all is not rosy. Unemployment, poverty and inequality still remain a reality. Young people between the ages of 18 and 24 are faced with high levels of unemployment. The kind of education they receive is blamed for this predicament.

As SADTU, we remain committed to playing our part in the reconstruction and development of our society by delivering People's Education and developing a different kind of intellectual. To this end, our National General Council held in November 2011 adopted our 2030 Vision to anchor the locus of our political programme, which is still the abolishment of class, race and patriachical relations of power as interrelated antagonistic social contradiction. The Vision calls for, among other things:

- The creation of a learning nation by improving the quality of the teaching process, fully aware of the devastating legacy of apartheid teacher training based on class, gender and race.
- Promotion of a development-oriented nation state by reorienting membership to focus on national development objectives through learning content delivered to those entrusted to our care and creating a patriotic cadre of teachers and education workers and learners through socially cohesive programme.

When we look back at 100 years of the ANC, we are deeply humbled by the sacrifices of ANC leaders in particular, and the members in general, in the face of hostile and inhumane imperialist and apartheid governments.

The transition of the ANC from a liberation movement to a governing party needs to be highly commended as very few liberation movements have managed to handle the change as amicably as the ANC.

To the ANC we say: may you continue to grow and live

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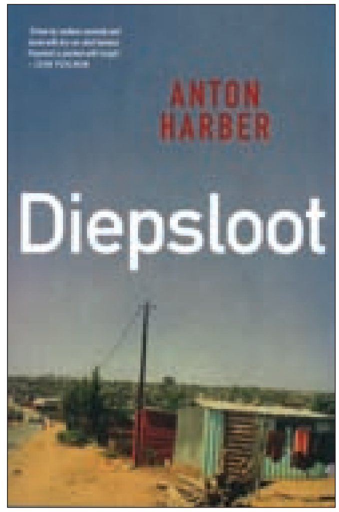
We Serve

Diepsloot

Reviewed by **Mary Turok**



Anton Harber
Jonathan Ball: Johannesburg, 2010. 231 pp

All credit to Anton Harber for returning to good old "shoe-leather reporting" to explore Diepsloot on the eve of the 2011 local elections. His persistent and painstaking efforts to understand how this community survives despite hardship, danger and stress, and what should be done to address its deficiencies, make this book a valuable resource for students, politicians and planners, and set a standard for other journalists. There is no shortage of settlements awaiting similar study and action. As Harber points out, Diepsloot is but one of 182 surrounding Johannesburg and 1 700 across the country.

Diepsloot emerged in 1992 when the government realised it could no longer stop the movement of people to Johannesburg. Initially a transit area or "less formal settlement", it grew into an assortment of "cast-offs" from other parts of Johannesburg, landless and unemployed people from further afield, and migrants from beyond South Africa's borders. Diepsloot's population is now estimated at between 150 000 and 200 000. Its disjointed development contained serviced and unserviced sites, areas that could be rented for shacks, and some formal housing. Services range from shared water and toilets but no electricity (for the majority) to fully serviced individual houses. But the infrastructure is heavily overloaded so there are constant breakages and spillages. Off the main access route, roads are untarred, pot-holed and often impassable.

Governance is largely in the hands of ANC leaders and councillors. Diepsloot has two constituencies, hence two councillors, two ANC branches, and two branches of alliance partners SANCO and the Communist Party. Relations between these groupings are tense, with ANC leaders accusing the others of "wanting the impossible" or trying to make the community ungovernable. SANCO and the SACP represent the people of the shacks and the unemployed and accuse the ANC of getting tenders and giving jobs to friends and cadres.

However, Harber is impressed by "the progeny of Mandela" who are now in their twenties and thirties and rising through local leadership positions into provincial or national government or public service deployment. He found them to be intensely loyal cadres whose lives and views had been shaped by Mandela's ANC. "There is a deep ANC culture, and it shapes how they behave, how they compete for position and how they bear the burden of leadership." But the "culture of civility" now has to contain the morass of political infighting that comes with power and the competition for position and resources.

On the ground in Diepsloot the leadership, including the youth leaders, presents itself as responsible, thoughtful, cautious and concerned. The youth leadership are determined to push forward for transformation and service delivery to the poor. These local leaders are the interface between government and those on the ground: "It is they who have to manage their complex constituencies. They do it well."

To understand the official plans for Diepsloot, writes Harber, it is necessary to visit national, provincial, city, parastatal and private sector offices in Johannesburg, Midrand and Pretoria. There are also a multitude of different levels of political oversight and a pile of elaborate and complex policies and plans to work through.

According the manager of the Johannesburg Development Agency, co-ordination has been a big part of the problem. The Diepsloot Development Forum was brought together during 2010 and met regularly. Finance is another problem. Either there is no funding or it has to be spent quickly or lost. Managers are terrified of the awkward questions they will be asked when they are audited. The piecemeal upgrading of public spaces does not address underlying structural issues.

Harber concludes, "If I have learnt anything in the time I have spent in Diepsloot, it is how complicated and difficult is the challenge the place presents to the city, the province and central government. It will take enormous skill, will and resources to tackle it."

The Mandela Decade 1990–2000: Labour, Culture and Society in Post-Apartheid South Africa

Reviewed by **Shaun Ruggunan** (Programme for Industrial, Organisational and Labour Studies, UKZN)

Ari Sitas
UNISA Press: Pretoria. 2010. 212 pp

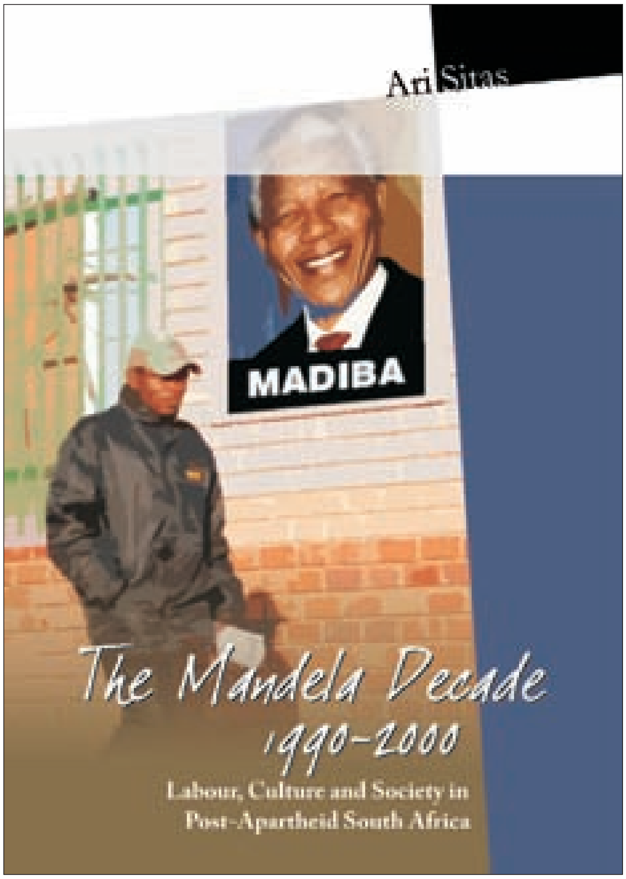
Ari Sitas provides a series of reflections and analyses of what he refers to as "the Mandela decade", from 1990 to 2000. These are particularly powerful as Sitas writes as a participant-observer of these years.

The first theme concerns the transition from apartheid. Specifically, it examines the idea of Nelson Mandela's legacy and contribution. It differs from other writing on this subject through its sociological analysis of "symbolic figurations". This theme also provides the context for the rest of the book's arguments.

The second theme shifts from the charisma of Mandela to an analysis of globalisation and its consequences for labour in South Africa. The chapter is particularly concerned with how globalisation is redefining the working conditions of South Africa's working class and their trade unions.

The third theme explores a question as relevant in 2012 as it was in 2000. Why has the tripartite alliance held together despite the tensions within it? It is here that Sitas is at his best. He demonstrates that the black working class is not a passive *tabula rasa* and has more agency than is usually acknowledged. Through in-depth oral-history methodology, Sitas demonstrates why, to his mind, the solidarities within the alliance hold firm. This involves close attention to cultural formations that provides a unique and refreshing perspective.

In the final theme, Sitas theorises about "macro" and "micro" social processes that impact on the poor and the working classes. He claims that we need to understand that the majority of people are living in a real and material world.

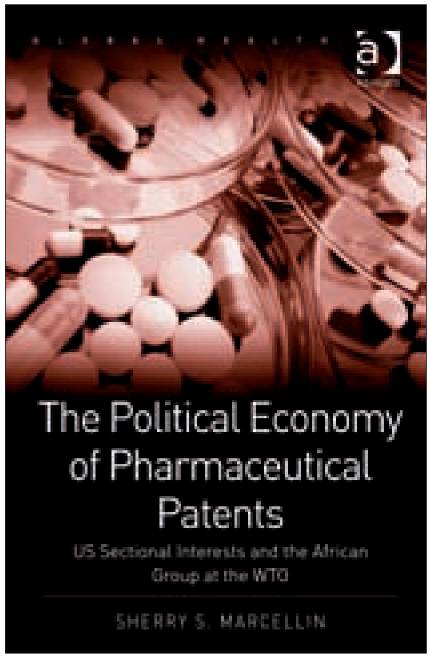


What sets this exceptional book apart is that it is not a dry sociological analysis of South Africa from 1990 to 2000: it is written by someone who has lived through the events he writes about. The book is also concerned with preserving the particular memories and analyses of ordinary South Africans. It is accessible for both the academic and lay reader, and I recommend it highly.

The Political Economy of Pharmaceutical Patents: US Sectional Interests and the African Group at the WTO

Reviewed by **Vuyo Njokweni**
(Senior Researcher, Gauteng Provincial Legislature)

Sherry S Marcellin
Ashgate: Farnham and Burlington, 2010.
212 pp



The book provides a compelling and analytically sound explanation of the powers of the transnational pharmaceutical industry in the context of international trade relations. The analysis is located within the historical materialist perspective and explores the ideological underpinning of trade negotiations within the World Trade Organisation. Marcellin shows how the transnational drug industry, particularly its US-based firms, have been able to secure long-term advantages through institutional capture of the WTO's Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement.

The book powerfully shows that the Agreement is not insulated from the inordinate influence of private corporate interests. The pharmaceutical industry dominates the WTO by virtue of influence it exercises in its respective countries – a fact that is buttressed by Myriam Vander Stichele of the Transnational Institute: "The role that TNCs [transnational corporations] play in a national economy can make their host government a very accommodating and attentive audience; the corporations have much more access to WTO decision makers than citizen groups and NGOs." In other words, institutional capture at a national level can also translate into institutional capture at an international level.

Marcellin locates this within the trade-advisory structure of American policymaking, which is dominated by US corporate interests. This unusually close and incestuous relationship can be gleaned from a number of instances. For example, a number of American captains of industry have chaired US advisory committees on trade relations. Conversely, Mickey Kantor, former US trade representative during the WTO Uruguay Round later became a board member of Monsanto. The list is endless.

In fact, as early as 2002, the transnational drug industry enjoyed as much sway as (if not more than) the developing countries. Thus national ideology and interests play out in international trade negotiations. This explains how the WTO embodies and projects the interests of the transnational pharmaceutical industry. In this regard, Marcellin argues that ideas play a pivotal role in international policy making, and dominant ideas often will be translated into legally enforceable laws. In terms of the underlying thesis of the book, TRIPS mechanisms are the sum total of American industry's inordinate influence.

Instructively, the book describes how the formation of an alliance – the African Group – managed to check the international drug industry's power. Unlike the consent/coercion "centaur" approach used by the TNCs, the African Group relied on moral suasion to successfully make their case for access to medicine. The author brilliantly and pithily expounds on the concept of power, drawing on Gramsci, Machiavelli and others.

The book is an intellectually engaging exposé of the elaborate matrix of power behind negotiations within the WTO. It provides a strategic window on how the developing world can, and should, confront the might of the transnational drug industry

Books available for review

The following books have recently been received

Interested reviewers should contact Helen Douglas at mwnewagenda@mweb.co.za

Booysen, Susan. *The African National Congress and the Regeneration of Political Power*. Wits University Press: Johannesburg, 2011. 515 pp

Boykoff, Maxwell T. *Who Speaks for the Climate? Making Sense of Media Reporting on Climate Change*. Cambridge University Press: Cambridge, 2011. 228 pp

Chirwa, Danwood Mzikenge and Lia Nijzink (eds). *Accountable Government in Africa: Perspectives from Public Law and Political Studies*. UCT Press: Cape Town, 2012. 302 pp

Daniel, John, Prishani Naidoo, Devan Pillay and Roger Southall (eds). *New South African Review 2*. 2011: *New Paths, Old Compromises?* . Wits University Press: Johannesburg, 2011. 398 pp

Desai, Ashwin. *Reading Revolution: Shakespeare on Robben Island*. Unisa Press: Pretoria, 2012. 144 pp

Ensor, Jonathan. *Uncertain Futures: Adapting Development to a Changing Climate*. Practical Action: Warwickshire, 2011. 108 pp

Freeth, Ben. *Mugabe and the White African*. Zebra Press: Cape Town, 2011. 238 pp

Hassan, Hamdy A (ed). *Regional Integration in Africa: Bridging the North – Sub-Saharan Divide*. Africa Institute of South Africa: Pretoria, 2011. 120/97 pp (English/Arabic)

Holland, Heidi. *100 Years of Struggle: Mandela's ANC*. Penguin: Johannesburg, 2012. 240 pp

House-Soremekun, Bessie and Toyin Falola (eds). *Globalization and Sustainable Development in Africa*. University of Rochester Press: Rochester and Suffolk, 2011. 463 pp

Jamieson, Lucy, Rachel Bray, Andre Viviers, Lori Lake, Shirley Pendlebury and Charmaine Smith. *South African Child Gauge 2010/11*. Children's Institute: Cape Town, 2011. 108 pp

Mangcu, Xolela (ed). *Becoming Worthy Ancestors: Archive, Public Deliberation and Identity in South Africa*. Wits University Press: Johannesburg, 2011. 168 pp

Moncrieffe, Joy. *Relational Accountability: Complexities of Structural Injustice*. Zed Books: London and New York, 2011. 195 pp

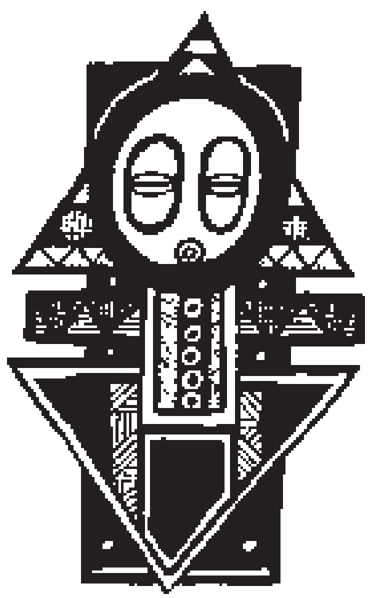
Murray, Martin J. *City of Extremes: The Spatial Politics of Johannesburg*. Wits University Press: Johannesburg, 2011. 470 pp

Orner, Peter and Annie Holmes (eds). *Don't Listen to What I'm About to Say: Voices of Zimbabwe*. Jonathan Ball: Jeppetown, 2011. 499 pp

Pearson, Ruth and Caroline Sweetman (eds). *Gender and the Economic Crisis*. Practical Action: Warwickshire, 2011. 167 pp

Simmons, William Paul. *Human Rights Law and the Marginalized Other*. Cambridge University Press: Cambridge, 2011. 250 pp

Varoufakis, Yanis. *The Global Minotaur: America, the True Origins of the Financial Crisis and the Future of the World Economy*. Zed Books: London and New York, 2011. 252 pp



APOLOGY

The review of *African Engagements: Africa Negotiating in a Multipolar World* that appeared in Issue 44 was mistakenly attributed to Mills Soko. The reviewer was in fact Wolfgang Thomas of Stellenbosch University's Business School. Our sincere apologies to both.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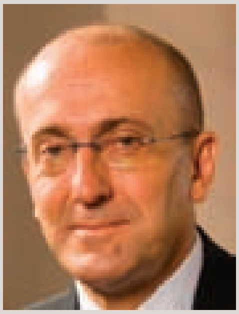
ANC IN BUSINESS FOR 100 YEARS



In the 100 years of its existence, the African National Congress has spearheaded the struggle for fundamental political, social and economic change and sought the creation of a united, non-racial, non-sexist and democratic society, basing its strength on appealing to the oppressed masses.

In this process, it has come to be perceived as a radical, socialist movement, a perception entrenched by the years of armed struggle.

However, in spite of this, the ANC has always had strong interest in and good connections with the conservative business community.

At its beginnings, one of the aims of the ANC was to promote black business, as political analyst **Thiven Reddy** tells us.

At the height of the armed struggle, it was an initiative by visionary business leaders that planted the seeds of negotiation for a democratic South Africa, as business leader **Michael Spicer** (top left) recalls.

And, when it finally came into government, the ANC showed that it understood the need to work closely with the business community to achieve its ends, as former Cabinet Minister **Alec Erwin** (bottom left) recounts.

PICASSO HEADLINE
Excellence in niche publishing

Edited by Jonathan Hobday

Neither IFAA nor *New Agenda* have had editorial input or control of the editorial contained within this special feature, other than the right of clearance.

GOING AFTER BUSINESS

From its very founding, the ANC has always shown significant concerns about business – and, in spite of changing times, that spirit is still rooted, says **Thiven Reddy.**

Lawyers and the clergy were prominent in the foundation of the African National Congress in 1912, but many key members came from the small business trading community.

The 1915 constitution of the Natal Native Congress identified among its aims the need to 'devise ways and schemes for Natives to establish business undertakings for their benefits...' (Marks 1986, 52).

John Dube, the first president of the ANC, had business interests in sugar plantations and transport and owned the first African newspaper, *Ilanga lase Natal*. Dube came from and represented the 'group of wealthier African landowners in Natal' (Marks 1986, 49), a prominent group whose membership also included another important leader of the ANC, Chief Albert Luthuli.

Luthuli was the president during the turbulent and crucial 1950s, when the ANC abandoned its elitism to embrace mass civil disobedience in opposing apartheid.

Many laws stood in the way of Africans freely participating in competitive trade. The most onerous, the Native Urban Areas Act of 1923, demonstrated the general intolerance towards Africans residing in the urban areas. Up to the immediate post-WW II period, the ANC viewed the African trader class as a key, arguably its main, constituency.

John Dube, first president of the ANC, represented the group of wealthy landowners in Natal.

According to Sipho Maseko's comprehensive and valuable research on black business, business people embraced a 'distinctive entrepreneurial ideology' and were conscious of using their own trader organisations as well as the black nationalist organisations, such as the ANC, to further their interests (Maseko 2000, 93).

The major concern for black business was the difficulty of obtaining licences to trade, even in African areas. Many different organisations were established to lobby the authorities, with ANC people playing leading roles, including the Black Traders Association (BTA) formed in 1925, the African and Indian Trading Association Limited established in 1927 and the Bantu Business League formed in 1938, with Dube as its president (Maseko 2000, 99–100).

In 1927, the ANC adopted a 13-point programme to organise and stimulate African business initiatives. The guidelines included setting up businesses, providing financial assistance to businesses, acquiring trading licences, land and building for business purposes, keeping business people informed and seeing that they 'conduct business along modern methods' (Cobley 1990, 161).

A prominent belief of the period – and articulated by none other than ANC luminary Pixley ka Seme – was that the establishment of business among Africans was integral to and expressive of 'race pride' and 'self reliance' and could possibly lead to a parallel and separate economy that uplifted the black masses generally (Maseko 2000, 97).

This thinking was broadly encapsulated in the more radical appeal of Ethiopianism, but also resonated with similar ideas of the prominent African-American, Booker T. Washington, who clearly influenced Dube.

The ANC alliance with the Transvaal and Indian Congresses from the 1950s onwards also reflects close ties with the sections of the business community, as these organisations themselves drew sizeable support from the small-scale Indian trader class. ⇨

When the ANC went through its more radical phase, leaving narrow, elite politics behind and embracing mass action in the 1950s, the liberal-democratic emphasis began to recede in relation to socialist influences. A resurgent Marxism, emphasising working class struggles and mass resistance, was advocated largely by the South African Communist Party (SACP) and the trade unions. These organisations were critical of the ANC's narrow political base and demanded the active participation of the urban working poor, focused on the capitalist and imperialist causes of black exclusion from the political system, and envisioned a socialist society as the goal of mass struggle.

During its exile years, following the party's banning after the Sharpeville shootings, the ANC drew on the militarist tradition of anti-colonial wars but under conditions of the 1960s inspired by nationalist 'revolutionary' struggles in the Third World and particularly southern Africa. This ideological change was due in part to the hardened posture of the apartheid state, the isolating, alienating and fragmented conditions of exile politics, the dependence on Soviet support and the popularity of Marxist-inspired national liberation victories in China, Vietnam and Cuba.

Key ANC documents of this period – such as the 'Strategy and Tactics' and 'No Middle Road' – speak of 'radical', 'fundamental', or 'socialist' transformation, emphasising the role of the working class as opposed to the business sector. In the 'Strategy and Tactics' programme adopted at Morogoro, Tanzania, in 1969, the ANC argued that even though 'national liberation was the chief content of the struggle' in Africa, the global and regional context showed that everywhere there was a 'transition to socialism' (ANC 1969). The ANC saw itself as a national liberation movement fighting the first stage of a 'national democratic revolution' aimed at replacing apartheid with an unqualified democratic majoritarian system, eventually creating democratic conditions that would lead to a socialist society.

In the context of President P.W. Botha's reform strategy and the populist protest around the country, socialist sentiments peaked in the mid 1980s, especially among the ANC's younger supporters.

Chief Albert Luthuli, ANC president in the turbulent 50s when mass civil disobedience was used to oppose apartheid.

THE ANC'S ALLIANCE PARTNERS HAVE COME TO BELIEVE THAT THE RADICAL GOALS OF THE FREEDOM CHARTER HAVE BEEN IGNORED

This began to decline in the early 1990s. The visit of Gavin Relly, chairman of Anglo-American, and a business delegation to the ANC leadership in Lusaka in 1985 (Welsh 2009, 261) – soon to be followed by a stream of significant sector representatives of white society to the ANC in exile – indicated that the ANC could be an organisation amenable to compromise and negotiations with the apartheid government. A changing world in which the Eastern European model was on the retreat, world trade increasingly emphasising open markets and growth and the role of international investments and domestic business becoming more salient, further motivated these changes.

The different regional dynamics and the reform initiatives from the apartheid regime encouraged in the ANC a more sympathetic position towards the business sector as a whole, seeing in it a vital resource for its modernisation project. In this period, the ANC acknowledges the power of corporate South Africa to contribute to the post-apartheid society.

In recent years, the ANC's Alliance partners have come to believe that the radical goals of the Freedom Charter have been ignored and the trade unions and the South African Communist Party marginalised in favour of big business, an emerging black business class and a state elite. Consequently, these organisations have waged a concerted campaign to shift the balance of influence back to the concerns of organised labour (Southall 2003). ☐

Thiven Reddy is a senior lecturer in the Department of Political Studies at the University of Cape Town.

The Business of Opposition – turn to page 81

Sweet farming success with Senter 360 as irrigation partner

Competitively priced, robust quality, and uniquely African – this is how top South African farmer Pieter van der Westhuizen describes Senter 360's centre pivot irrigation systems.

He cultivates sugar cane, bananas and citrus fruit on his farm close to Komatipoort in South Africa's Mpumalanga Province. Van der Westhuizen owns a large Senter 360 centre pivot – a nine tower system capable of irrigating 70 hectares of sugar cane. In addition, he owns another two 7-tower systems covering 51ha and 55ha respectively.

Van der Westhuizen also plans to use Senter 360's systems to irrigate a 70ha banana plantation. Senter 360's agent in the area has already made sure that the company will be able to provide a special high-profile centre pivot with a 5m clearance to irrigate the tall banana plants. Van der Westhuizen says the fact that Senter 360 is willing to go the extra mile for its clients is why he will continue to use the company's products. 'Senter 360 is prepared to build long-term relationships with its clients, while producing an excellent product, and there is no reason why we have to play second fiddle to the American products!'

Van der Westhuizen knows what he's talking about, as he was previously involved in the erection of centre pivots for other farmers before he ventured into full-time farming himself. He mentioned that he would not degrade any other product, but when he had to buy his own centre pivots, Senter 360 was the logical choice and also provided the best value for money.

Centre pivot irrigation offers accurate water distribution at low pressure. It is also the most cost-effective way of irrigating on a large scale. The cost of each centre pivot tower is the same (only differing with the difference in pipe diameter) whether you have a small or a large system. With each additional tower you add, the radius of the circle is extended and the area under irrigation increases exponentially to the outside making it cheaper per hectare as it becomes larger.

By farmers, for farmers

Designed and built in South Africa since 1994, Senter 360 centre pivots are known for their superior construction quality and strength above industry standards, and the company is renowned for its excellent sales and after-sales service. Over the past few years, Senter 360 has also broadened its focus to include the entire African continent.

Senter 360 has interests in commercial farming and knows exactly what is important when it comes to centre pivots: reliability and value for money.

One of the main factors that sets Senter 360 apart from its competitors is that the company uses pipe trussing, which makes the structure much stronger and lighter. Another advantage would be the I-Wob sprinklers, which have a perfectly engineered droplet size resulting in more water in the soil. In addition, Senter 360 has introduced a number of other features that make a major difference. For example, the company has patented technology to keep the last sprinkler constantly clean, thus maintaining the full irrigation application on the outer hectares of the centre pivot, normally prone to under-irrigation.

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- Africa culture and heritage
- Literatures and the arts
- Intellectual ideas and philosophy
- History
- Economies
- International relations
- Media and communication
- Politics

For more information on Africa Day activities taking place at the University of the Witwatersrand, please contact ***kuselwa.gongo@wits.ac.za***

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THE BUSINESS OF OPPOSITION

How visionary leaders of Big Business were able to nudge a stumbling South Africa on to the 'High Road' that led to a negotiated, peaceful transition to democracy. By **Michael Spicer**

Oliver Tambo (left), president of the ANC when visionary businessman Gavin Relly led a delegation to the historic meeting in 1985 in Lusaka. Zambian President Kenneth Kaunda is the man in the middle.

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Though a few business people had always opposed apartheid, by the early 1960s it began to become clearer to a number of leading South African business people, most prominently Harry Oppenheimer of the Anglo American Corporation, that apartheid had to be ended – both for practical as well as moral reasons.

The apartheid system was, essentially, a feudal set of arrangements propagated by a national socialist party, the National Party, and was incompatible with the requirements of a rapidly industrialising economy that – if it were to continue to modernise – required urbanisation and the ability to draw on the skills of the entire population.

The lead Oppenheimer took in the early 1980s in introducing trade union rights for black workers was not only an unusual step for a capitalist in a global context, it was also particularly risky, as Oppenheimer clearly understood, on the grounds that the union movement would inevitably become a political surrogate for the banned and exiled African National Congress and Pan Africanist Congress.

The National Union of Mineworkers and COSATU amply fulfilled this expectation during the 80s and early 90s, with Anglo American becoming an early target for strike action. But it was Oppenheimer's belief that structured, codified labour relations were a prerequisite for a growing, modernising economy.

The 1980s saw the growing isolation of South Africa, accompanied by ever tightening sanctions of all types, notwithstanding President PW Botha's reform initiatives. It is undoubtedly true that economic sanctions, and particularly financial sanctions, helped focus the mind of business people and encouraged a number of interventions.

Some of these, however, predated the 80s, and others were more nuanced in their origins and motivations.

The 1976 Soweto uprising had led Anton Rupert and Harry Oppenheimer to form the Urban Foundation, aimed at improving the conditions of black South Africans in urban areas (remember the link to the modernising economy theme) but also to attack related, key areas of apartheid legislation, such as the Group Areas Act and Pass Laws. A sustained and well-researched lobby campaign, enjoying very broad support from business leaders, was ultimately successful in the abolition of these laws.

Perhaps the most famous business intervention of the pre-94 era was the team of business leaders that Anglo American chairman Gavin Relly led to meet with ANC leaders in Lusaka in September 1985. I had joined Anglo American in March 1985 and had the privilege of being closely involved in this initiative.

Lusaka was not only the HQ of the exiled ANC but also a place where Anglo had had a substantial presence since it discovered and developed the Zambia copper mines in the 1920s and 30s. Relly had been in charge of the Zambia office, as had other prominent Anglo personnel like Murray Hofmeyr.

Inevitably, there was contact, direct and indirect, with the ANC leaders.

By 1985, Relly, a visionary business statesman, had become concerned at the paucity of economic thinking within the ANC, a concern sharpened by the work of Clem Sunter on the subsequently famous Anglo scenarios, 'The world and South Africa in the 1990s'.

Relly was not therefore pursuing a political agenda by taking his team of business visitors to meet with the ANC leadership, but rather seeking to convey the need for the ANC leadership to move beyond the Freedom Charter of 1955 – a document which, at best, was premised on 1950s Fabian socialism, which was out of step with the emerging global economy of the 1980s.

The Lusaka meeting took place despite the heaviest and bluntest opposition from President PW Botha. In time, however, it was to be a catalyst for a whole series of other initiatives – like the Dakar meeting of the ANC leadership with a wider grouping of civil society leaders and intellectuals and the Mells House discussions between Afrikaans establishment figures and the ANC leadership in the UK in the later 1980s.

RELLY WAS NOT PURSUING A POLITICAL AGENDA, BUT RATHER SEEKING TO CONVEY THE NEED FOR THE A.N.C. LEADERSHIP TO MOVE BEYOND THE FREEDOM CHARTER OF 1955 – A DOCUMENT WHICH WAS OUT OF STEP WITH THE EMERGING GLOBAL ECONOMY OF THE 1980s.

To return briefly to the Anglo American scenarios: the South African section, while correctly rejecting the possibility of a classical revolution – which much of the international media regarded in the 1980s as a foregone conclusion – posited two alternative roads to the future: the 'High Road' of a negotiated constitutional settlement that resulted in a market democracy with universal franchise; and the 'Low Road' of escalating conflict and economic decline.

There is no doubt that this presentation had an influence on attitudes through the hundreds of presentations made by an Anglo American team, led by Sunter (and including me), particularly amongst the ruling elite. Indeed, in the late 1980s, President FW de Klerk adopted the phrase 'The High Road' ahead of his momentous moves in 1990.

The formation of the UDF in South Africa in the mid-80s elicited a response from a number of individual business leaders who ⇨

Bridging the gap in the low-cost housing market

GPF
Gauteng Partnership Fund

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Website: www.gpf.org.za

GAUTENG PROVINCE
LOCAL GOVERNMENT AND HOUSING
REPUBLIC OF SOUTH AFRICA

The Gauteng Partnership Fund is driving the development of affordable rental housing in the province, with strategic partnerships between the government and the private sector seen as a key priority.

Low-cost housing has traditionally been the preserve of government, while the private sector has focused on the middle-and higher-income market. But although the state has fared well since the start of democracy, the demand for housing across the lower income groups far outstrips supply.

Kutoane Kutoane, CEO of the Gauteng Partnership Fund (GPF), says that the government cannot carry the burden of affordable rental housing alone and that assistance from the corporate sector is a prerequisite for future growth. To date the GPF has funded about 18 000 units in Gauteng and its strategic plan for the next three years is to provide another 18 000 to 20 000 houses.

He comments, 'This perception that the government is solely responsible for the provision of low-cost accommodation is flawed. The state's financial resources are limited, so private sector participation is a key ingredient. Also, the potential returns in the affordable housing rental market in particular could be higher in comparison to conventional commerical property markets, provided you are able to manage your risk, making this an attractive investment option.

'The GPF was set up to address this gap and to develop financial risk mitigation mechanisms that will ensure risk sharing with financial institutions and developers in funding projects.'

The GPF was established by the Gauteng Department of Housing and Local Government in 2002 to address challenges in the social housing sector and to bridge the gap between the government and the private sector in affordable housing projects. The fund targets households with a monthly income of less than R15 000 (CPI-linked).

The GPF can point to visible proof of the success of many of its funding initiatives, as evidenced by the transformation of Johannesburg from a city facing severe urban decay to being one of the bright development spots in South Africa.

Boni Muvevi, the GPF's chief investment officer, says: 'The Brickfields project, of which we are a major funder, has had a catalytic effect on the revival of the city, especially the Newtown area.'

He adds, 'The GPF ensures that we fund projects in areas that need funding and will have the greatest impact on the community. We focus on areas that are in line with government and private sector planning and to which resources have been deployed.'

Prime examples include the Kliptown, Orlando and Jabulani projects in Soweto and Cosmo City, which is a new city in Johannesburg's north-western suburbs, planned by the government and funded by the private sector as well as by government subsidies. Says Muvevi, 'Our focus areas for projects are underdeveloped and urban renewal areas. We aim to ensure that the community benefits by having child-friendly, safe buildings.'

Kutoane Kutoane, CEO of the Gauteng Partnership Fund (GPF)

Harry Oppenheimer (left) and Anton Rupert, business magnate who drove the formation of the Urban Foundation, aimed at improving the lot of urban Africans.

saw themselves as progressive. Almost without exception, businessmen who hailed from the broader Anglo Group – Neal Chapman, Mike Sander, Murray Hofmeyr, Zac de Beer, Peter Wrighton, to mention a few – coalesced to form the Consultative Business Movement (CBM) in 1987–88 and began to facilitate contact between the leadership of the UDF, ANC and PAC and the then-apartheid authorities.

The secretariat, under the widely-respected Theuns Eloff, built up so much trust and credibility with the players on both sides of the political divide that it was asked to act as the secretariat for the Constitutional Talks (CODESA) that followed on the momentous release of Nelson Mandela and the unbanning of the liberation movements in February 1990.

The four-year period of negotiations for a new Constitution was a roller-coaster ride, where disagreement and violence almost derailed the process at several points.

Again, it was business, together with parties from Civil Society, that stepped in and helped restore the process. The peace process that saw civil society leaders like Bobby Godsell, John Hall and Bishop Tutu join hands and persuade the political players to adopt a Code of Conduct (interestingly based on the code Godsell and Cyril Ramaphosa had agreed on at the end of the violent 1987 mines strike) ⇨

BIG BUSINESS IN SOUTH AFRICA WAS CONCENTRATED AND THE LEADERSHIP OF THE ECONOMY COULD ESSENTIALLY BE GATHERED AT A 12-SEAT TABLE

PAN-AFRICAN PARLIAMENT

One Africa, One Voice

OVERVIEW

Hon. Dr Moussa Idriss Ndélé, MP
President of the PAP

The Pan-African Parliament (PAP) is one of the ten Organs of the African Union (AU) provided for in Article (5) of the Constitutive Act of the AU, adopted by the Thirty-Sixth Ordinary Session of the Conference of the Heads of State and Government of the former OAU in Lomé, Togo on July 11, 2000.

The PAP is established according to the provisions of Article (17) of the Constitutive Act of the AU so as to "ensure the full participation of African peoples in the development and economic integration of the continent."

The composition, powers, functions and organisation of the PAP are defined in the Protocol to the Treaty Establishing the African Economic Community Related to the Pan-African Parliament (the PAP Protocol), adopted by the Fifth Extraordinary Session of the Conference of African Heads of State and Government in Sirte, Libya on 2 March, 2001.

The Pan-African Parliament was inaugurated on 18 March, 2004 at the AU Headquarters in Addis Ababa, Ethiopia, according to the provisions of the PAP Protocol. Membership is open to all AU Member States who ratify the PAP Protocol. Currently, membership stands at forty-seven (47). Each National Parliament elects/designates five of its members to the PAP.

The ultimate aim of the establishment of the Pan-African Parliament is for it to evolve into an institution with full legislative powers, whose members are elected by universal adult suffrage. At present, it exercises advisory and consultative powers.

THE OBJECTIVES OF THE PAN-AFRICAN PARLIAMENT

The objectives of the Pan-African Parliament are spelt out in Article 3 of the PAP Protocol as being to:

- facilitate the effective implementation of the policies and objectives of the OAU/AEC and, ultimately, of the African Union;
- promote the principles of human rights and democracy in Africa;
- encourage good governance, transparency and accountability in member states;
- familiarise the peoples of Africa with the objectives and policies aimed at integrating the African continent within the framework of the establishment of the African Union;
- promote peace, security and stability;
- contribute to a more prosperous future for the people of Africa by promoting collective self-reliance and economic recovery.
- facilitate cooperation and development in Africa;
- strengthen continental solidarity and build a sense of common destiny among the peoples of Africa;
- facilitate cooperation among regional economic communities and their Parliamentary fora.

THE BUREAU OF THE PAN-AFRICAN PARLIAMENT

The Bureau of the Pan-African Parliament is composed of the President and four Vice-Presidents, who represent the five regions of Africa. The current President of the Pan-African Parliament is Hon. Dr. Moussa Idriss Ndélé, MP, from Chad.

THE PLENARY AND COMMITTEES OF THE PAN-AFRICAN PARLIAMENT

The Pan-African Parliament holds at least two Ordinary Sessions annually. The authority of the PAP to make decisions is vested in both the Protocol and Rules of Procedure in the Plenary Session. However, the main work that results in the decisions is performed by the ten Permanent Committees, which, at the same time, meet to oversee the work of the AU. The committees are:

- The Committee on Rural Economy, Agriculture, Natural Resources and Environment;
- The Committee on Monetary and Financial Affairs;
- The Committee on Trade, Customs and Immigration Matters;
- The Committee on Co-operation, International Relations and Conflict Resolution;
- The Committee on Transport, Industry, Communications, Energy, Science and Technology;
- The Committee on Health, Labour and Social Affairs;
- The Committee on Education, Culture, Tourism and Human Resources;
- The Committee on Gender, Family, Youth and People with Disability;
- The Committee on Justice and Human Rights;
- The Committee on Rules, Privileges and Discipline.

THE SECRETARIAT OF THE PAN-AFRICAN PARLIAMENT

The work of the PAP is supported by a Secretariat of permanent staff members who are headed by the Clerk of Parliament, Adv. Zwelethu Madasa, from South Africa. The Secretariat is also assisted during sessions by support staff seconded from national Parliaments and freelance staff.

Adv. Zwelethu Madasa
Clerk of the PAP

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Archbishop Desmond Tutu (left) and Bobby Godsell teamed up to develop a political code of conduct.

that would help regulate behaviour and prevent the violence that had erupted as a consequence of the mistrust and manoeuvrings of the political players.

Business leaders were also involved through the CBM behind-the-scenes (and I was among them) in brokering the agreement with Chief Mangosuthu Buthelezi – just 10 days before the first democratic election – that finally brought the Inkatha Freedom Party into the electoral process. This vital breakthrough was achieved at a time when KwaZulu-Natal was in a state of virtual civil war between the IFP and ANC that saw more than 40 000 people killed.

In conclusion, the business community was able to play a constructive role in South Africa's transition to democracy for three reasons:

- because of the history of industrialisation and subsequent isolation, big business in South Africa was concentrated and the leadership of the economy could essentially be gathered at a 12-seat table;
- because big business was led by visionary leaders like Relly, Mike Rosholt, Anton Rupert and Harry Oppenheimer, ably supported by a large number of specialist senior executives; and
- because business leaders understood the importance of and worked closely with civil society – the churches, universities, NGOs, the free press, an independent judiciary and others. ☐

Michael Spicer is a former executive vice president and executive director of Anglo American and recently retired as CEO of Business Leadership South Africa. He is now a director of companies.

Theuns Eloff, of the Consultative Business Movement, was entrusted with the secretariat of CODESA.

National Union of Metalworkers of South Africa (NUMSA) logo;

NUMSA's Response to FW de Klerk's Response to the ANC 2012 Discussion Documents 4 March 2012

"In our country - more than in any other part of the oppressed world–it is inconceivable for liberation to have meaning without a return of the wealth of the land to the people as a whole. It is therefore a fundamental feature of our strategy that victory must embrace more than formal political democracy. To allow the existing economic forces to retain their interests intact is to feed the root of racial supremacy and does not represent even the shadow of liberation."
(ANC, Morogoro, Tanzania, 25 April–1 May 1969)

The ANC 2012 Policy Discussion Documents

The National Union of Metalworkers of South Africa welcomes the very timely production and release of the ANC Policy Discussion Documents. Between now and June this year, there is ample time for all the members of the ANC, the citizens of South Africa, and all the friends of this country in the whole world to reflect and make comments on the documents.

We, therefore, take this opportunity to congratulate the Secretary General of the ANC, Comrade Mantashe, and the entire national leadership of the ANC for once again working very hard to maintain the revolutionary tradition of inviting the membership of the ANC, citizens of South Africa and the whole world, to participate in so many ways, in shaping the future of South Africa.

NUMSA notes, very happily, that the ANC has invited its membership, citizens of South Africa and the whole world to engage with it as it seeks to address the most pressing challenges in South Africa today – explosive mass poverty, dangerous levels of unemployment and some of the most extreme forms and levels of inequality found anywhere in the world. This invitation is contained in the Centenary Statement of the ANC, in Comrade President Jacob Zuma's State of the Nation Address, and we now find it in Policy Discussion Documents.

We at NUMSA are encouraged by the fact that the ANC has now decided that it is time to urgently attend to the matter of accelerating social and economic development in order to deal with the greatest threats and challenges to our democratic dispensation: poverty, unemployment and inequalities.

NUMSA is happy to record the fact that in so many words, the guiding spirit of the entire set of the ANC Policy Discussion

Documents is a commitment to address the underlying systemic and structural features of both South Africa's economy and society, which in many instances not only continue to reproduce the basic Apartheid social and economic set-up in South Africa, but also deepens these features.

Thus for example, since 1994, white wealth has increased and black and African poverty has deepened, notwithstanding some of the very good work the ANC has done to address poverty and access to basic social services.

In fact, the emerging post-1994 picture of South Africa is one in which, for every improvement in the lives of black and African people, a corresponding increase in the wealth of white people can easily be measured, thus entrenching white monopoly of wealth and society in South Africa. This is the basic trap post-1994 South Africa finds itself in. It is in this regard that we feel FW de Klerk's response to the ANC Policy Discussion Documents must be viewed.

NUMSA will be engaging with all the ANC Policy Discussion Documents, and will release its own discussion documents on a range of matters it considers important to the national discussion the ANC has invited South Africa and the whole world.

FW de Klerk and the ANC 2012 Policy Discussion Documents

FW de Klerk was the last Apartheid president of the National Party, and he was responsible for leading his party in the negotiated settlement in South Africa.

NUMSA thus takes very seriously and considers the views expressed by FW de Klerk as broadly being representative of the white complex, the white population, in this country. We take this view also because, since 1994, there has been no sea change of political allegiance of the majority of white people in this country – they continue to be the leading population group in the DA, the party that swallowed the larger portion of the now dead National Party.

In his response to the ANC Discussion Documents found on politicsweb and thus released to the whole world through the internet, Mr De Klerk opens his response by saying: "Eighteen years ago we South Africans reached agreement on the kind of country we wanted to become. After three years of difficult negotiations we agreed that we wanted a society in which the Constitution–and not the majority of the day–would be sovereign. We agreed that that Constitution should make full provision for the protection of all our fundamental rights; that we would have free and independent courts; and that we would establish a truly democratic system of government subject to the rule of law."

As we will show below, very well stated in Mr De Klerk's response to the ANC Discussion Documents is the defence of the notion of post-1994 South Africa as a country in which the Constitution, rather than the majority, would be sovereign. De Klerk says in 1994 South Africans agreed that they wanted a society in which the Constitution–and not the majority of the day–would be sovereign. As far as De Klerk is concerned, and we must assume this is the view of the white complex (South African white society and its economy), the ANC now want to abandon this fundamental Constitutional consensus upon which the 1994 "democratic breakthrough" was founded.

FW de Klerk says that the sovereignty of the Constitution included Constitutional guarantees for the protection of languages, cultures and private property.

Further FW de Klerk states that the Constitution ensured that there was "...full provision for the protection of all our fundamental rights; that we would have free and independent courts; and that we would establish a truly democratic system of government subject to the rule of law."

Mr De Klerk has announced in his response to the ANC Discussion Documents what he sees as the ANC's dispensing with the cornerstones on which the "new" South Africa was founded, after 1994.

In line with the controversial Green Paper on Land Reform, property rights would also be at risk. Other cornerstones of the constitutional accord that are already under threat include language rights, the right to education in the language of one's choice; the freedom of expression and the right to access information. Most seriously, the government is manoeuvring to limit the role of the courts." Mr De Klerk declares, boldly.

De Klerk informs us:

"The National Party did not agree to the transition naively or with its eyes closed to the ideological nature of the tripartite alliance. It realised full well that the ANC might one day reconsider its solemn undertakings. However, it believed that in addition to the guarantees that we had negotiated into the constitution there were other powerful forces that would help to ensure that all parties would honour our accord:

1. The collapse of the Soviet Union had swept the ideological ground from under the feet of communists all over the world.
2. A new global consensus had developed on the fundamentals of democratic governance and responsible fiscal and economic policy. In our globalising world, no government could afford to ignore these new international norms.
3. We also hoped that as the ANC became used to the complexities of government it would quietly abandon its outmoded ideologies.
4. Finally, we realised that just as we could not govern the country against the will of the majority, a majority government would not be able to rule effectively if it violated the fundamental rights of our minorities. Our symbiotic relationship dictated that, whether we liked it or not we would have to work together to achieve success.'

Communism is dead with the end of the Soviet Union. There is a new global consensus on the fundamentals of democracy. The ANC in government would abandon its outmoded ideologies. A majority government would not be able to rule effectively if it violated the fundamental rights of our minorities. Mr De Klerk informs all of us about these "truths".

Mr De Klerk ends his remarks on the ANC documents on an alarmist and intimidating note:

"It [ANC] thinks, most dangerously, that it can treat minorities as it pleases and impose new forms of discrimination against them in line with its ideology of the National Democratic Revolution.

It is wrong.

Any move to abandon the solemn national consensus that we reached during the constitutional negotiations would destroy irreparably the brave foundations for national unity, democracy and transformation that we have developed since 1994. It would slash open once again the divisions of the past and divide the country along racial lines. Once the powers of independent courts have been sufficiently diluted–it would end the prospect of a society based on democratic values and fundamental human rights."

NUMSA's views on Mr FW de Klerk's article

NUMSA is well aware that the ANC is best placed, and fully qualified, to defend the intentions behind its documents. We will thus not assume this responsibility in our comments on FW de Klerk's article.

Our views must thus be viewed as independent and belonging, unashamedly, to a Socialist revolutionary trade union. Thus we invite even the ANC to be happy to indicate where they may not agree with us, in our articulation of our opposition to FW de Klerk's views.

We reject with the contempt it deserves the understanding that in 1994 South Africans, all South Africans, surrendered their sovereignty to the compromise Constitution that ushered in the new democratic dispensation. Only a fool would think that a compromise is a permanent solution.

Our rejection of such an absurd idea (absolute and permanent Constitutional sovereignty) is based on the understanding that the working class, as a class in and for itself, irrespective of colour and cultural backgrounds, cannot abandon the possibility of a civilisation not based on their exploitation by capitalists. To the contrary, the historic vocation and mission of the world's working class is to abolish the system of society organised on the basis of the exploitation of the labour of the working class, such as the 1994 South African Constitution entrenches.

We have noted how Mr FW de Klerk articulates very well the fears of the white complex of South Africa (white capital and its white community).

It is clear from his articulation that in the minds of the white complex in South Africa, the 1994 democratic breakthrough was not capable of being born if their (the South African white complex) property, land, language and cultural rights were not first guaranteed in the new Constitution, and as he so heartlessly states, this Constitution itself then became sovereign, and not the majority of the people of this country.

In the past 18 years, it is precisely this ruthless Constitutional defence of white monopoly capital and the inherited English and Apartheid white social and cultural privileges (the South African white complex) which has ensured that mass poverty, dangerous levels of unemployment and extreme inequalities are largely Black and predominantly African female and African youth.

In the past 18 years, it is precisely this ruthless Constitutional defence of white monopoly capital and the inherited English and Apartheid white a social and cultural privilege (the South African White Complex) which has ensured that monopoly of economic power, monopoly of social and cultural resources remain exclusively white with a slow gradual sprinkling of Black and African people.

This is the Constitutional sovereignty Mr FW de Klerk says the ANC is now threatening to dispense with – wealth and privilege is white and poverty, unemployment and mass inequality largely affect Black people in general and Africans in particular.

Amazingly, FW de Klerk wishes us to believe that the continuing mass poverty, unemployment and extreme inequalities are a product of the post 1994 "wrong policies" of the ANC.

If mere policies are the problem, surely, the white complex's economic, social and cultural domination of South Africa for more than 355 years would have long resolved the triple crisis of mass poverty, unemployment and poverty? De Klerk cannot tell us today that what they (the white complex) failed to discover by way of policies for more than 355 years the ANC should miraculously discover in 18 miserable years?

We are not aware of any statements from the ANC to the effect that it [ANC] seeks to abandon the Constitution, or any of its provisions. We are fully aware, though, that the Constitution and all laws of South Africa fully provide for the possibilities to amend them.

We are thus quite happy to have proof given to us regarding the intentions to violate the Constitution or the unconstitutionality of any of the weak proposals contained in the ANC Discussion Documents.

By raising the fear of any legitimate Constitutional changes the ANC and its family of organisation may wish to undertake in order to fulfil their historic mission, De Klerk in fact betrays a very dangerous tendency common among the white complex – fear of losing their dominant economic, social and cultural position in South Africa and their loathing of a black government–a tool so freely used it is now without any effect among the millions of South Africans who suffer mass poverty, unemployment and the miserable effects of extreme inequalities. It has now become an empty threat.

We the working class have no illusions about the post 1994

NUMSA General Secretary

South Africa. It is a racist capitalist country with the world's most extreme levels and forms of inequality, the majority of its people live in poverty and are afflicted by a carefully constructed backwardness by the white womplex, its wealth and society is dominated by the white complex. We gladly challenge anyone to refute these self-evident truths.

To assume that the Black and African working class, who everyday suffer the effects of mass poverty, unemployment and inequality, as a direct consequence of the systemic and structural dominance in the economy and society of South Africa by the white complex, who are the majority of this country,
can forever be expected to stay in that situation is to suffer from a very dangerous pathology – the pathology of white capitalist supremacism.

In 1969, the ANC correctly said the following about the struggle for liberation in South Africa:
"In our country–more than in any other part of the oppressed world–it is inconceivable for liberation to have meaning without a return of the wealth of the land to the people as a whole. It is therefore a fundamental feature of our strategy that victory must embrace more than formal political democracy. To allow the existing economic forces to retain their interests intact is to feed the root of racial supremacy and does not represent even the shadow of liberation."

The illusion that the majority of the working class in this country who are Black and African must wait for real relief and salvation from their position at the bottom of the South African food chain for some more growth in the profits and wellbeing of the white complex and its Black and African sprinkling, is just that – an illusion.

We fought for a popular (and not minority) democratic dispensation precisely because we recognised this as the most viable form of organising our society in order to eliminate mass poverty, unemployment and inequality.

If the Constitutional order of 1994 is proving incapable, after 18 years, of making any meaningful dent in the real cleavages in South African society (racialised mass poverty, unemployment and inequalities), then it is time to use the mechanisms embodied in the Constitution to amend it. The ANC need not apologise to anyone for doing this.

We fully agree with the South African Communist Party's assessment that today in South Africa, one major threat to our democratic dispensation is the extreme anti–majoritarian defence of white monopoly economic, social and cultural privileges.

Thus the defence of the Constitution is invoked not to defend it, but to defame it by denying the existence in the Constitution of perfectly legitimate mechanisms for amending it, should any political formation secure the necessary Constitutional conditions to do so. Thus the minority – those who lose at the polls–must govern at the expense of the majority through a crafty manipulation of the fear of the black government masked as the defence of the Constitution.

We are happy to note that this time around, the ANC has boldly stated that it will not be blackmailed into fear of legitimately seeking to amend the Constitution, where this will be necessary to advance the social and economic freedom of all South Africans.

NUMSA and the ANC Policy Documents

NUMSA feels that part of the reason why people like Mr FW de Klerk can so boldly advance their wrong ideas against the well-meaning intentions of the ANC to have all South Africans engage with it on the policy matters it has raised is that there is muted, weak and insufficient attention paid to the property question in the world, Africa and of course South Africa today.

We are going through the worst ever crisis of capitalism, globally. Wars are now being used to prop up the global capitalist system. The global capitalist financial system is a mess. Capitalism is cooking up the Earth, and destroying our natural environments.

Never before have the signs and symptoms of a decayed and dying civilisation been as obvious as today – Western European Civilisation founded on private greed, the ruthless pursuit of private profits, is at its end. It is bankrupt.

There is clearly a bankruptcy of more than economic alternatives from this source; Western Civilisation has become intellectually, spiritually, morally and practically bankrupt. This is not the time to listen to the De Klerk's of this world who seek to perpetuate white privilege in this day and age.
Which is why China, Japan, Brazil, India and South Africa among others, should they reject the underlying private greed of Western European Civilisation, may offer the world hope of an alternative.

Of course, ultimately the world's working people must rescue the Earth from destruction by Western capitalist civilisation, based on private greed.

At the heart of the causative drivers for the persistence of mass poverty, unemployment and inequalities in South Africa post-1994 has been the lamentable failure to address the property question.

Real property in South Africa is white; its absence is Black and African. This is why De Klerk wants the 1994 Constitution to remain unchanged permanently – to protect the status quo in the property relations in South Africa.

South Africa continues to be a country controlled, and whose development is stifled, by the minerals/energy/finance complex – which is the historic and economic means by, which the white complex controls and manages the economy.

NUMSA will be advancing positions on how best to advance the democratic dispensation in this country by among other things, fast-tracking redistribution, industrialisation, releasing the Reserve Bank from private greed, nationalisation of all the dominant aspects of our economy and accelerating the pace at which we radically overhaul the education, health and housing status of millions of our people.

Equality is not possible in conditions of extreme inequalities, poverty and unemployment, such as we have in South Africa.

It is impossible to celebrate "democracy" outside resolving the property question in South Africa.

Our post 1994-Constitutional dispensation is meant to allow us all, as South African, without physical violence, to address the property question what currently is characterised by the dominance in the economy and society by the white complex. Unless this is resolved, South Africa will never know peace.

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- Recognition of Prior Learning (RPL) candidates may also apply.

Closing Date for Applications is 30 May 2012.

For more information please contact Fundiswa Miso / Liezel Faulmann

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SCHOOL of GOVERNMENT
Fair Share

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Fair Share, a unit within the School of Government, at the University of the Western Cape is in the process of accepting applications for this skills programme. The skills programme is part of the Fair Share – LGSETA, Local Economic Development accredited programme.

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The following modules will be offered by Fair Share in three provinces namely; Western Cape, Northern Cape and Free State.

Module Name	Cape Town	Kimberley	Bloemfontein
	Dates	Dates	Dates
1. Understanding Local Economy	14 May – 18 May 2012	21 May – 22 May 2012	28 May – 01 June 2012
2. Legal and Policy Framework for LED	11 June – 15 June 2012	18 June – 22 June 2012	25June – 29 June 2012
3. Institutionalising LED	9 July – 13 July 2012	16 July – 20 July 2012	23 July – 27 July 2012
4. Facilitating LED	2 Sep – 6 Sep 2012	9 Sep – 13 Sep 2012	16 Sep – 20 Sep 2012

Admission Requirements:

- Interested candidates should have a National Senior certificate or a NQF Level 4 qualification.
- Recognition of Prior Learning (RPL) candidates may also apply.

Closing Date for Applications: 30 April 2012

For more information please contact Fundiswa Miso / Liezel Faulmann

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TALKING BUSINESS

In South Africa in the 1980s, few would have believed that a civil word, let alone a dialogue, might be possible between the white business community and the 'terrorist' African National Congress. Yet it happened, writes **Alec Erwin**.

Derek Keys, a businessman taken into politics, used his quiet wisdom and steely strength to drag the Nationalist regime towards democracy.


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ANC IN BUSINESS

For the African National Congress and the trade unions, business was a key beneficiary of apartheid – migratory labour, suppression of non-racial unions, denial of rights in urban areas, job reservation (few remember this). Some in business baulked at the association but for the vast, disenfranchised majority, the reality was stark – owners and managers were white and, with isolated exceptions, workers were black.

For business, reared in the Cold War era, the ANC were puppets of the Communists.

The 1980s were an appalling time of violence, repression and political acrimony – so bad that they needed a Truth and Reconciliation Commission. Yet, in this historic cauldron, processes unfolded on which we have built subsequently.

There was the formation of the National Economic Forum. The inimitable Derek Keys, a businessman taken into politics, used his quiet wisdom and steely strength to drag a hesitant regime where it did not want to go. Alongside this, the Economic Transformation Committee allowed the then government to talk to the ANC. Important programmes and negotiations emanated from these processes – the automotive programme, the accession to the World Trade Organisation in 1993 and the first bond issues of the new democracy were among them.

This process entrenched within the new democracy the idea of a social dialogue – business, labour, communities and government – the NEDLAC of today. No matter the frustrations experienced, this structure should be built on and not weakened. A structured social dialogue is essential for a modern democracy.

Alongside this, an initially-somewhat-clandestine process of dialogue between business and the ANC in exile gathered momentum. This built bridges and led to major meetings such as those in Dakar and Paris. Contact exposed the business community to the integrity of the ANC leaders who, in turn, could understand the deep anxieties majority rule engenders. Suspicion was replaced by a growing sense of common purpose in a difficult situation.

Finally, an interesting development out of these last contacts was the process of scenario building carried out, mainly in the Cape. This was an important interaction where aspiration and the possible were explored and reality forged out of very different perspectives.

This intense engagement also allowed a massive training programme for business people and cadres of the Alliance. An endless process of economic research and workshops was mounted from the mid-1980s.

Research groups were formed inside and outside South Africa and came together in Harare in 1990. Their ideas were continually tested against business.

These were not euphoric conversations. They were fraught and emotionally charged. Yet this engagement was vital as the leaderships on all sides began to understand each other in a measure that allowed them to manage their substantial differences.

Post-1994, the complex dialogue has faced many challenges.

Perhaps the most serious challenge was when Black Economic Empowerment (BEE) had to be addressed head-on.

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The rebuilding of the non-racial unions started in the early 1970s and they engaged business. Their growing organisational power led to strike action that rapidly grew into a national de facto dialogue. Union unity increasingly led to an engagement between business and unions across the country.

Workplace activism spilled over into communities. Unions and the United Democratic Front embarked on massive 'stay-aways' that brought towns and cities to a halt. Negotiations mushroomed across the country. The Consultative Business Movement played a vital role in bringing business to the table and defusing tension.

This base proved crucial a few years later when horrendous violence began to mar our society. It was business and the unions that took a lead in the formation of the National Peace Accord, chaired by businessman John Hall, which helped tremendously in the tense period before the 1994 elections.

Political change had outstripped change within the ownership, management and skill structures of business. It became obvious that to do nothing was socio-economically dangerous. Interventions in market processes were essential but complex in effect. Initially, and for good reason, black business was saddled with the task. Cyril Ramaphosa and his team presented a sound set of proposals. In a modified form, they became law.

However, as predicted, the intervention is having many complex effects. Yet it would be a brave person who would rank these as worse than having done nothing a decade ago.

Black economic empowerment and business unity in South Africa are irrevocably intertwined, but competitive processes make it hard. In South Africa, we have an additional stark reality of racial discrimination. Whilst democracy clearly ended racial discrimination in law, no fiat could do so in business.

The serious moves toward business unity ⇨

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followed the acceptance by government that it would legislate for BEE. This somewhat levelled the playing fields and opened the unity option. The caveat was that unity must not hide the reality of inequality; real unity required real change.

Recent events make it clear that frustrations are growing. The merits of the various arguments for and against a black business body are less important than the fact that a problem has emerged. An intense dialogue will be needed to deal with this and ensure that real change keeps pace with dialogue. The worst mistake will be to grow apart and forget those valuable skills of patience and understanding that underpin successful dialogue and real change. ☐

Alec Erwin is a former lecturer in economics, trade union official, Minister in the Mandela and Mbeki Administrations and is currently involved in business and academics.

Cyral Ramaphosa, one of the architects of the Black Economic Empowerment programme.

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