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TONY EHRENREICH ON THE SIGNIFICANCE OF THE CAPE FARMWORKERS' STRIKE

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arts and culture

Department:
Arts and Culture
REPUBLIC OF SOUTH AFRICA

Matola Raid Interpretative Centre.

TELLING THE STORY OF FREEDOM

The Department of Arts and Culture (DAC) declared 2012 "The Year of Heritage". It was appropriate as the oldest liberation movement in Africa, the African National Congress, celebrated a century of its existence. In this month of April we celebrate our 19th year of democracy.

Minister Paul Mashatile has declared 2013 "The Year of the MGE" (the Mzansi Golden Economy). This strategy seeks to boost the creative industries and enhance their contribution to job creation. The MGE strategy repositions the arts, culture and heritage sector as an economic growth sector and introduces the programmes to contribute to large scale employment. In the context of the heritage project, many of these contribute directly to job creation and tourism.

As South Africa captures its liberation traditions, heritage practitioners, academics, civil society and government continue to work together to remember the efforts and to honour those who have shaped the political and cultural imagery of our people.

In honour of the leaders who forged the national liberation struggle, a number of name changes were approved by the Arts and Culture Minister. Three presidential buildings were renamed: Kings House in Durban is now the Dr JL Dube House, the Presidential Guest House in Pretoria has been renamed S M Makgatho and the Diplomatic Guest House in Pretoria will be renamed Johnny Makhathini in 2013, after the National Executive Committee (NEC) member who was in charge of International Affairs while in exile and who passed away before the ANC returned to the country. He popularised the ANC tirelessly and gained the liberation struggle great international support. The Bloemfontein International Airport will be renamed Bram Fischer International Airport after the courageous intellectual and leader.

The unveiling of the second phase of Ncome Museum will be held soon. The construction of the library, pottery and beadwork workshops, a curio shop, tourist and staff accommodation facilities and exhibition gallery has been completed. The construction of a bridge linking Ncome Museum and the Blood River Monument, which symbolises reconciliation, has also been completed.

Work on the OR Tambo Legacy Project is currently in progress. Much of the work is completed; the construction at the Garden of Remembrance of the Interpretive Centre and remaining new structures and symbolic representations have begun and will be completed by April.

Phase two of the JL Dube Legacy Project has been completed, which includes the restoration of his house into an interpretative centre, the development and mounting of an exhibition which illustrates his great diversity in his tremendous contribution to society, the appointment of governance and staff and the acquisition of assets for the centre. He was the founding president of the ANC. The DAC is in the process of negotiating the purchase of the house.

In honour of one of our struggle icons, the unveiling of Steve Biko Heritage Centre took place on 30 November, 2012 by President Jacob Zuma. It is a great community asset and comprises a museum, an archive and a library resource centre, a commemorative garden, training rooms, a conference centre, cultural performance and production spaces, a community media centre and retail spaces.

The Matola Raid Memorial Project has been completed and will soon be unveiled. It comprises a monument and an interpretative centre. The SA Defence Force carried out a raid on ANC houses in Matola, Mozambique on 30 January, 1981 where sixteen South Africans and one Portuguese national were killed. The monument will not only be a reminder of

The unveiling of the Voortrekker Monument.

The grave of Dr JL Dube.

THROUGH HERITAGE

those who died during the raid, but will also act as a testimony to the supreme price the people of Mozambique paid to help liberate South Africa.

The completion of //hapo, the museum of Freedom Park and the installation of the Seven Epochs exhibition marks the completion of the second phase of the Freedom Park Museum. The official opening will take place in 2013.

The design drawings for the development of a heritage centre marking the Pondo Revolt on Inquza Hill have been conceptualised. The DAC has submitted a request to the Department of Water Affairs for the approval of a water and environment impact assessment. Construction will begin once both the environment impact assessment and the water permits have been granted.

A milestone was achieved when the DAC repatriated the stolen remains of Klaas and Trooi Pienaar in April 2012. They were removed from their graves by Rudolf Poch in September 1909 and sent to Vienna. At the return of these remains, Minister Paul Mashatile stressed the importance of restoring dignity to the Khoi and San communities. This is part of our national process of healing, promoting unity and social cohesion.

With our struggle history behind us, a nationwide Liberation Heritage Route (LHR) has been conceived by the National Heritage Council to contribute in the continuing resurrection of the African memory by ensuring that a durable testament of the road to freedom is reconstructed through a series of networked and linked sites across South Africa. As a project that seeks to re-create and reinforce the pattern of remembering that invokes patriotism, the LHR is geared to make a profound contribution in the national agenda of nation-building and social cohesion. The National Heritage Council is seized with this project.

Many graves of liberation stalwarts have been upgraded and declared: they include Pixley ka Seme, SM Makgatho, AB Xuma, and Rahima Moosa in Gauteng, J Gumede, A Luthuli and Dr JL Dube in KZN.

The graves of Steven Bantu Biko and Robert Sobukwe are being upgraded and will be declared shortly. The following heroes' graves will also be upgraded and declared: Beyers Naude, Abram Tiro, Helen Suzman, the Mxenge graves in Gauteng, Rev Mahabane, Rev Maphikela and JB Moroka in the Free State.

We will be declaring further Heritage Sites in the coming period, including Lillian Ngoyi's house, Dr AB Xuma's House and Bram Fisher's house in Gauteng, the Gugulethu Seven Monument and the Rocklands Civic Centre in the Western Cape and sites of revolt in North West and the Free State.

The houses of the following women artists will also be upgraded and declared: Bessie Head, Olive Schreiner, Miriam Makeba and Ingrid Jonker. Other houses to be upgraded and declared are the Maphikela house, Mahabane House, Winnie Mandela's house and Bram Fisher's house in the Free State.

In 2013 we mark the centenary of the Native Land Act and Women's Resistance to Pass Laws.

The Organisation of African Unity/African Union is celebrating 50 years in 2013, on 25 May.

We shall continue to honour those whose contribution led to our freedom, mark those places and commemorate the people who played a pivotal role in shaping the South African story. We pursue our work fully conscious of the African proverb that states: Until the lion tells his side of the story, the tale of the hunt will always glorify the hunter. The South African story with all its multifacetedness will continue to be told.

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DAZZLING JEWELLERY BLOTS OUT POVERTY

Anglo American Platinum has always made an effort to leave a lasting legacy in the areas where it has mining operations, by partnering and supporting the mine host communities.

Noting the social challenges faced by orphans and the burden placed on communities, the company partnered with community leaders to establish the Tsakane Crafts Cooperative. Operating since October 2010, the cooperative is involved in the manufacture of jewellery using recycled glass in order to create a sustainable source of income for its members, who are orphans from Boitekong, Rustenburg.

This initiative was initially led by Lebone Women's Empowerment Group, which was offered funds to create a crafts-manufacturing scheme for Lebone's benefit. However, due to the group's demanding social work programme, Lebone could not take up the offer, and instead recommended that the group of orphans be considered for the opportunity. One of the Lebone members, involved in beadwork, suggested the jewellery craft to the group.

The company then funded the group's initial training course in Pretoria and production tools, consisting of a bottle crusher, three methane gas burners and two kilns. It was also with these funds that the cooperative was able to buy the initial raw materials, mend rods which add colour to the melted glass, and wire strings as well as bronze and silver chains to finish off the jewellery. The initial start-up capital is also being utilised to replenish the raw materials as it becomes exhausted.

The company offered the cooperative facilities, free electricity, and also paid each member a R1,100 stipend to meet their most basic needs for the initial 12 months. In April 2011, two months after starting production, Tsakane started generating revenue. The cooperative is now in a position to participate in exhibitions to promote the business.

Cecilia Mhlongo has experienced a positive mind shift since getting involved in the project.

"While attending weddings, funerals or other events, I look at people's accessories and obtain style ideas for our own products. I also get ideas about how people could bolster their own looks, with the jewellery we create here."

In agreement, Innocentia Zibi says unemployed people do not always notice what talents they have. "I did not know that I could recycle a beer bottle and create something this beautiful out of it."

Anglo American Platinum employees also support the cooperative by ordering their products from time to time, while other sales are generated from individuals who drop in at their production house.

By the end of 2011, Tsakane was supplying at least two retail stores in Rustenburg, and has initiated talks towards securing their own trading space at the Waterfall Mall in Rustenburg. The group has since also benefited from other training opportunities in jewellery box making – courtesy of the Bojanala District Municipality, which has also promised to send them for additional training in making handbags in 2012. The exposure has given the group the confidence to think of leveraging their experience with the cooperative to launch other initiatives. Mandisa Mdqidane wants to make enough money from the cooperative to enable her to start another business where she will be her own boss.

On the other hand, Abel Maoto feels his experience with Tsakane has armed him with the necessary skills to establish another cooperative, but with a different business focus. Notwithstanding previous disadvantages, the youngsters now have realistic dreams to pursue, and hope for a brighter future.

Main photo: Members take pride in their finished products.

Top left: It takes half an hour to produce between 20 and 70 beads.

Top right: Recycled green beer bottles have been crushed, melted and remade into beads.

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The naked truth about US capitalism

By **Ben Turok**

The front page of the London *Financial Times* is normally a sober affair, but on 17 January 2013 the editor let his conservative mask slip with a headline that screamed, "Goldman and JPMorgan profits soar above forecasts". It carried a graphic showing that Goldman Sachs annual net income rose by $2.8 billion or 190 percent (Q4 2012) while JPMorgan Chase was up $5.7 billion or 53 percent.

Yet in the weeks preceding this story, the same paper bemoaned the stagnation in both the US and EU economies with close to zero growth necessitating either huge bailouts by central banks and/or austerity budgets. As previous issues of the *FT* had described, there is a fundamental crisis in finance that is not being understood by the best brains in the world.

Fortunately Greg Smith explains a great deal in a recent book called *Why I Left Goldman Sachs* (Grand Central, 2012). Smith is a bright young South African who naively sought a brilliant career at Goldman Sachs in New York. He came to love the city and the United States and tells the story of his infatuation with his firm and its financial dealings. He passed all the entrance tests with flying colours, wrote numerous exams successfully, and made fast progress up the corporate ladder in a firm with tens of thousands of employees.

He worked as a trader in various financial assets and was soon in charge of a number of big clients. He fully absorbed and supported what he was told was Goldman's ethos, namely to service the needs of his clients to the best of his ability. But then he noticed a conflict of interest in the workings of the firm and New York's attorney-general brought to light that there was no proper separation between investment research and investment banking. In other words, his firm, like others, was investing in opposition to the interests of their own customers, which skewed their investment advice.

Smith recalls asking himself whether Goldman was "doing something highly irresponsible by inflating a bubble: luring investors into subpar companies so that the firm could collect 7 per cent in investment fees and a big payday". The main action for Smith was in derivatives – highly leveraged products that are not themselves assets (e.g. like a factory or a piece of land is), but derive their value from an underlying asset. The manipulation of derivatives became the centre of his universe as he rose in the firm's hierarchy. One of the tricks was to "sell short", which means to sell an asset without actually owning it, gambling that it will go down in value.

The whole game was about speculation – on future prices of government bonds, the dollar, or anything that moved. And this is where an investment by Goldman could influence the price, leading to a financial killing in a practice known as "proprietary trading". However, when confidence collapsed, everyone began selling stocks. As Smith says, "the market makes no sense." He goes on to explain why some of the biggest banks failed.

So why did Greg Smith, who loved US capitalism, who loved Goldman Sachs, who was happiest when he successfully traded billions of dollars, leave the firm? It was because one of his senior colleagues revealed their real ethos: if we have to choose between our reputation and the bonus, we choose the latter; we can always recover the reputation but a loss of money is forever.

The naked truth is that US investment banks boost their profits regardless of the national interest.

Hon Bulelwa Tunyiswa *Hon Rebecca Kadaga*

Eastern Cape Provincial Legislature hosts CWP Africa Region Conference

Hosting an international event is no easy undertaking. However, the Eastern Cape Provincial Legislature, as a Sub-National Branch of the Commonwealth Women's Parliamentary Association (Africa Region) proved it can be done.

The Legislature earlier this year made history by successfully hosting the fifth Commonwealth Women Parliamentarians' (CWP) Africa Region conference. None of the Sub-National Branches of the CWP Association ever had the priviledge to host this conference in the Africa Region. 19 National Branches including Botswana, Cameroon, Gambia, Ghana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Seychelles, Sierra Leone, Swaziland, South Africa, Tanzania, Uganda and Zambia, 36 Sub-National Branches from Nigeria, nine from South Africa and Zanzibar were represented.

Delegates and observers gathered at the East London International Convention Centre (ICC), from 09-13 February 2013 motivated by their common resolve to take the continent of Africa to greater heights, where there is full respect for human rights and with no unfair discrimination based on factors such as sex, race, age, color, religion, political allegiance or origin. The conference passionately deliberated on issues affecting women and girls.

The Commonwealth Women Parliamentary (CWP) Association was formed to discuss ways to increase female representation in Parliament and work towards the mainstreaming of gender considerations in all CPA activities and programmes.

The outgoing Chairperson, Ugandan Speaker Honourable Rebecca Kadaga, pointed out that Commonwealth Legislatures need to be firmer in ensuring policy implementation measures that advocate for the empowerment and protection of women and children. South Africa was applauded for having the most women representation in its leadership and strategic positions. Honourable Kadaga was praised for her tenacity in championing emancipation of women, respect for human rights and freedom, and the pursuit of democracy and good governance.

Honourable Bulelwa Tunyiswa, the Deputy Speaker of the Eastern Cape Provincial Legislature and the CWP Africa Region Eastern Cape Sub-National Branch Chairperson, was extremely concerned about the constant violent abuse of women and children urging women parliamentarians to implement conference resolutions. The hosting branch took delegates to excursions, visiting heritage sites such as the Bhisho Massacre site, Legislature Building, House of Traditional Leaders and the Steve Biko Centre.

The conference was held under the theme, "Are African Parliaments on Target Towards Attaining the 2015 Millennium Development Goals," The Millennium Development Goals (MDGs) were established in an effort to set measurable global standards for development, and in turn, encourage countries to accelerate their own development efforts. South Africa and Nigeria were both reported to have made much progress towards achieving MDG's.

Held in contempt:
The crisis of black professionals
An interview with **S Khumalo**

New Agenda *has heard black professionals express serious complaints about their place in the democratic South Africa and their frustration that their concerns are not heard. Although we are not in a position to look into these matters, we agreed to give them this forum. Our interviewee spoke on condition of anonymity. "S Khumalo" is a pseudonym.*

Ben Turok: Let's begin with the situation of black professionals who work for companies. What are the conditions and what is government's attitude?

S Khumalo: The government has adopted a good policy framework to push the agenda of ensuring that black people do come on board in the economy. I feel that government has been very successful in pushing the commercial side of things towards black people. However, its impact in nudging the private sector to play an effective role in developing a sustainable pool of professional capacity within the black community is questionable.

BT: By "commercial", you mean tenders and contracts?

SK: Yes. As we know, this is an area that has raised some eyebrows, but let's not go there. The point is that we can see that progress has been made there. Where I have a challenge for government is around the professionals and the focus on developing human capital. The employment equity situation in South Africa is concerning. There is the Employment Equity Commission that comes around once a year and decries the lack of progress on employment equity and threatens companies in the process. At the same time, it is the state tenders that place a lot of weight on price, the board's demographic profile and BEE shareholding, and very little on this key pillar of transformation.

Each year you get the same story. One gets the sense that employment equity or the development of black professionals is something that is merely a vocal priority in South Africa today.

BT: You surprise me. Surely the government and the ANC must know that black professionals have an important role in the politics and development of the country. What evidence can you bring to support your view?

SK: To date, the importance of black professionals in the private sector is just talk. The Employment Equity Commission has years of statistics of almost every company in South Africa. The companies submit their plans and their reports around the lack of progress they're making on employment equity.

BT: On implementing promotion?

SK: On implementing their plans that say how they would like the end-state of the company to look, in terms of demographic profile, from the CEO all the way down. The department of labour has those detailed plans and statistics. Every year, the EE Commission laments and threatens.

BT: And you say they don't do anything to change the formula?

SK: Every time these statistics are presented, the companies have undershot significantly. For the last ten years, as far as I can remember, the Commission has been talking about naming and shaming those companies, or fining them, but those threats are yet to be fulfilled.

One accepts that EE is a journey. We can't just switch it on like a light and "*Voila!* Here's a new group of competent professionals." We need to develop and train them. So I understand that there needed to be a time lag to allow companies to get themselves into a position to do that. However, nearly 14 years since the establishment of the EE Commission, we don't see it now turning around and saying they've had enough of reasons why people have not moved from where they are at. How do we bring punitive measures to ensure that these companies conform to what we are looking for in employment equity?

If we look at black economic empowerment (BEE) holistically, most pillars have been met. However, the pillar that drags behind is always employment equity

and skills development. And when you look at EE, you find the department of labour has been toothless in ensuring that companies actually make progress. So the evidence is there.

BT: What sort of teeth does the EE Commission have?

SK: It can levy fines. It can force companies to take the Employment Equity Act seriously. Part of that is to ensure that companies find a mechanism to retain their black talent. Often companies are happy to promote someone to a certain level and then they block other promotions because they have the one black who will represent them.

BT: Tokenism?

SK: I wouldn't call it tokenism, as some of these individuals are very competent. However, they enable the company to have the black champion, and the champion goes out to government and everywhere else and plays the role of softening government and other black stakeholders towards the company.

BT: The front-man.

SK: He's got to do his job and his job is to make his organisation look good – even if they aren't so good. I am saying that the practice of the black champion has to be managed somehow.

BT: If a company has experienced white professionals who have been there a long time, and then a new cadre of qualified black professionals comes in: you would like them to give preference to the black candidates?

SK: I do not promote the demotion of good white professionals. It would be a mistake and extremely disheartening. Here is my view though. If I have two candidates of the same ability and training, and one is black, one is white? The answer is yes. I cannot advocate the promotion of a person of inferior intellect or ability. It would just push the numbers and promote the wrong people. That company would do itself a disservice. But if you've got candidates of similar quality and there is an opportunity for promotion in line with what we are seeking to become, we need to do the right thing.

BT: If you are aware of companies that are not doing this, how do you take this issue to government?

SK: I suppose the department of labour needs to deal with companies on a case by case basis. There is no other way. I also need to defend the private sector here, because one might hear that the private sector is not playing its role. There are instances where the private sector goes out and hires black professionals and develops them to a point, only for the black folk to jump ship to do their own things . Those companies need to be recognised for what they have delivered.

Unfortunately, as a former colleague used to say, companies are comfortable with "one black at a time". The other problem is that "one black at a time" creates a mispricing of black skills. If we have a bigger talent pool, one guy can't sell himself for a higher price as there will always be someone waiting in the wings to replace him. If you have enough talent, that mispricing will correct itself according to the laws of economics.

BT: This leads us to the lack of organisation among black professionals. Without strong organisations, it sounds a bit like crying in the wilderness.

> One must also realise that these professional forums are also platforms to get visibility. Some of the forums' leaders tend to become the voice of government as opposed to challenging government where necessary.

SK: The problem that one finds in some black professional bodies is that most senior black professionals feel that their issues are their own or the organisations are too junior for them.

One must also realise that these professional forums are also platforms to get visibility. So, some of the forums' leaders tend to become the voice of government as opposed to challenging government where necessary. We have seen several instances where they have almost become an extension of the ruling party. They toe the line because they are scared of saying something that might be seen to be out of line, and they feel that down the line their careers might suffer.

BT: It seems we might be talking about a failure of social organisation, of proper communication. It cannot be in the ANC's interests to have a black professional group that is only an echo chamber. This would be a disaster for South Africa.

SK: Well, you also find situations where any dissenting voice – from where government stands – can actually be badly punished.

That's the reality of the situation of the black professional. A black professional thinks to himself: I am 30 years old, and I am unhappy about some policy. If I come out and express it then I have almost destroyed my own equity. Because then no one wants to touch me. Everyone looks at me and thinks, "*Sjoe*, the government guys don't want this guy. We don't want him either."

The reaction to the chairman's statements in the annual report of one of the banks is evidence of the harsh responses to dissenting views.

BT: Does that also apply to the organisations of black professionals?

SK: The behaviour of the leadership of black professional organisations has shown that they do not want to rock the boat. If anything, they want to position the organisation and their personal CVs to be favourable to those in power. So they tend to grandstand to government and state officials.

BT: What about independent professionals, like accountants, lawyers and advocates, who work for themselves – do they have the same difficulty?

SK: Independent professionals you refer to have enjoyed mixed success. I guess it is a function of relationships.

However, the professionals' firms are looking for work from state departments and often find themselves in "forced marriages" with people who have political influence. For example, maybe you are looking at a contract which is worth R100 million. However, a government official says, "If you work with person X, you will get the contract." Person X is just someone who is politically connected and will typically get a healthy percentage of the gross contract fee. One has heard of cases where person X gets 30 percent. So, the poor executor ends up with 70 percent of the fee and has to absorb all the costs of executing the deal.

BT: But this is illegal and corrupt. Are kickbacks like this common?

SK: Unsavoury as they are, they are very common. People find themselves in inequitable "forced marriages" and they do all the work. That's fairly common. And that's probably at the core of what makes a lot of black professionals very bitter.

BT: Because they're not recipients…

SK: For them to get *anything*, they have to have an intermediary. As a result, they are not viewed by government departments with the merit they deserve. There are some instances where black professionals have a solid proposal, and then somebody linked to government gets into the mix with: "We really like what you presented and you can get this thing – but, involve this person."

So there is always an issue around tenders and/or projects. The whole contract environment has been linked with corrupt behaviour. There are enough voices to say that this is actually happening.

Corruption is a very thorny issue for competent black professionals. It's very painful as it sidelines or robs them.

BT: What is the solution?

SK: Before I answer your question about a solution, I wish to mention another example. There is also the black professional who is given a job at a state-owned entity (SOE) as a senior executive. The view amongst black professionals is that, once you take your career into a state-owned enterprise, it's the end of your career. There's evidence of many black careers linked to SOEs that have come to an end or ended with a lot of unnecessary smoke. Similarly, non-executive directorships at an SOE are increasingly viewed as unattractive because of probable fallout.

BT: Why?

SK: Look at the SABC, SAA and several state linked institutions. With the exception of the IDC [Industrial Development Corporation], which has been more stable, we see CEOs coming in and out, in and out…

It leads one to conclude that politicians and government officials attach very little respect to black professionals.

BT: Is this political interference?

SK: It can only be political interference. It is professionals being given a very clear and continuing mandate and not being allowed to execute it. We find interference at the board level, interference with the CEO's role. Basically, black professionals are feeling disempowered.

Whereas – as many black professionals will tell you – if it were a white professional in that position, government wouldn't touch them. For some reason, most black professionals fall fowl of the PFMA [Public Finance Management Act] or have poor strategic plans. We look at the success of some white professionals inside state-owned entities, and it's incredible! They leave SOEs with the status of icons.

BT: And how do you explain it? I mean it is a black government, so why should black professionals be discriminated against?

SK: We seem to suffer from a mindset that discounts the value of a black professional. We can kick them around, toss them around. It is very sad and annoying to read about these about events. The latest one that happened with Telkom was a very sad situation. It just carries on, one CEO after another. Similarly with the SAA, after a mere four months, the acting CEO has just breached the PFMA!

> How do you expect the white professional community to respect the black professional community when the government itself can show this kind of treatment toward its people?

BT: Are you sure it is not because of incompetence?

SK: If the issue is competence, then there is a problem also with government. It means that it has a track record of hiring the wrong people. The competence issue is puzzling. Why is somebody competent under one minister and incompetent when another minister enters office? One can find "competence" put in question simply because there is a disagreement about strategy or the person's perspective on things.

BT: So the black professional is more vulnerable.

SK: Very vulnerable and feeling weak because there is no support system. The white professional has a network in the private sector and business community. They can easily jump over and continue their careers – whereas the black professionals reach a dead end. The carnage of black talent in SOEs is actually extremely worrying.

One sees it when someone is about to get a new minister and starts to worry about his own career. It is a very stressful thing. Directors and chairpersons resign, saying the level of political interference is too extreme. That evidence is there, and it is actually symbolic of the attitude that government displays against black professionals. The problem is so big, to the point of leading one to use strong language and say that it is almost like contempt for black people.

How do you expect the white professional community to respect the black professional community when the government itself can show this kind of treatment toward its people? Everything we read in the papers, whether they are correct or not, one can see there is something fundamentally wrong with the way ministers and DGs play around with senior black professionals. And those professionals who succeed have to have a political shield and merit, in that order.

BT: This is a completely new to me.

SK: If you need evidence let's go back and look at professionals who have been taken out of the system. Let's look at every SOE, every CEO. In some instances, yes, guys were corrupt. However, if you look at some reasons why people were taken out… They saw the writing on wall, that they were going to have problems, and they moved out.

Government is increasingly making itself unattractive to skilled professionals. Even white professionals don't want to go there. The government has suddenly become this unattractive place, which is only good for guys who go there to wait out their time to retirement.

I am coming to solutions now. If a person doesn't stack up, can't the government have a quiet discussion like the private sector does? CEOs and professionals are being fired all the time in the private sector. You don't find these dramatic suspensions, people being embarrassed and being destroyed by the media, as is common with the SOEs. The private sector has had many incompetent CEOs and they have a way of saying, "We have come to a conclusion with the CEO", and that's the end of it. You may hear they have been fired because people get dignified exits.

Government is increasingly making itself unattractive to skilled professionals. Even white professionals don't want to go there. The government has suddenly become this unattractive place, which is only good for guys who go there to wait out their time to retirement.

BT: What are the names of the black professional organisations?

SK: There are several of them: ABASA (Association of Black Accountants of South Africa), ABSIP (Association of Black Securities and Investment Professionals), BMF (Black Management Forum), Black Business Executive Circle, the Black Lawyers Association and so on …

BT: And there isn't an umbrella body that unites them all?

SK: Jimmy Manyi tried to do it with the CBBO (Confederation of Black Business Organisations).

BT: Is there is a certain level of competition amongst these bodies?

SK: They feel a need for autonomy, to say that our issues are different from yours. It could have been ideal to set up one forum to deal with generic issues common to us all. This forum would then have sectoral pillars to address unique industry specific issues …

BT: But that has never happened?

SK: You're right, that has never happened.

BT: What are the relationships, if any, between the black professionals and BUSA [Business Unity South Africa]?

SK: The problem is that BUSA has a very complex structure. Further, the engagement or communication between the black organisations within BUSA was sub-optimal.

BT: What about Business Leadership South Africa?

SK: BLSA is forum for big corporates to address macro business issues.

There is opportunity for the Black Business Council, which rightfully fights for the presence of black business, to sincerely take on the mandate of the senior black professional. This mandate must be taken to forums like the BLSA and periodic engagement with government.

The thing about the black professional organisations as they exist, their value, is in dealing with grassroots issues. Here is a graduate or a junior manager. How do we develop him? How do we organise a programme to teach this person how to manage their career? Introduce them to people? They need information and mentors. Typical members are still young people in their early twenties to their early thirties who are still learning about the commercial world. So there is room for those organisations to exist.

However, something needs to be there at a higher level that ensures that both the private sector and the government support the black professional. Both the private sector and the government are doing an injustice to the future of black professionals.

The fate of the South African state

By **Joel Netshitenzhe**

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I was requested to reflect on the state of the state in South Africa today, an all-encompassing theme with sub-themes that would require lectures in their own right. To make my task easier, I have selected a few issues to illustrate the strategic challenges that South Africa faces as it strives to speed up social transformation.

Proceeding from the premise that we are all familiar with these issues, I will not seek to trace the evolution of the state as such – the Athenian and Spartan versions, the pre-colonial manifestations of social organisation as in the Mapungubwe and other African civilisations and the *mfecan* wars of nation-formation, or the rise of the colonial state in the geography today called South Africa. Nor will I attempt to interrogate the Weberian, micro-foundational and Marxist theories of the state and their utility.

For purposes of our discussion, I will merely draw from this tapestry some generalisations on the state of our state today, and the actions required to ensure that it plays an optimal role in leading the efforts to improve people's quality of life. Presumptive as this may sound, I will draw inspiration from Harold Wolpe's methodology of approaching notions of social organisation and the state as being undergirded by class dynamics.

COLONIAL CONCEPT OF THE STATE

Why is the state central to social organisation, at least during particular periods in the evolution of human society? It has been argued quite cogently that the very existence of the state arises out of the need to manage social conflict. Friedrich Engels in his seminal work, *The Origin of the Family, Private Property and the State* (1884) makes this assertion:

> The state is… by no means a power forced on society from without; just as little is it "the reality of the ethical idea", "the image and reality of reason", as Hegel maintains. Rather, it is a product of society at a certain stage of development; it is the admission that this society has become entangled in an insoluble contradiction with itself, that it has split into irreconcilable antagonisms which it is powerless to dispel. But in order that these antagonisms, these classes with conflicting economic interests, might not consume themselves and society in fruitless struggle, it became necessary to have a power, seemingly standing above society, that would alleviate the conflict and keep it within the bounds of "order"; and this power, arisen out of society but placing itself above it, and alienating itself more and more from it, is the state.

But should we infer one-directional causality between the level of development of economic organisation and industry, on the one hand, and instruments of social organisation, on the other? As many would argue, forms of social organisation can evolve and assume autonomous identities. Indeed, Engels himself makes this qualification:

> According to the materialist conception of history, the ultimately determining element in history is the production and reproduction of real life. Other than this neither Marx nor I have ever asserted. Hence if somebody twists this into saying that the economic element is the only determining one, he transforms that proposition into a meaningless, abstract, senseless phrase. The economic situation is the basis, but the various elements of the superstructure – … political, juristic, philosophical theories, religious views and their further development into systems of dogmas – also exercise their influence upon the course of the historical struggles and in many cases preponderate in determining their form. (Engels, 1890)

I suppose that we are all in agreement that the evolution of the state in a unified South Africa bore all the hallmarks of a colonial imposition, promoting and protecting the material interests of the colonial settlers, and that the formation of the Union in 1910 represented racial solidarity founded on dispossession, exclusion and repression of the black people.

However, within this racial solidarity, and indeed reflecting what Engels (1890) refers to as "an infinite series of parallelograms of forces", various secondary contradictions played themselves out. While issues of language and culture were an important veneer, the essence of these tensions was about how to narrow the divide between numbers and real power, between the status of a ruling political elite and a ruling class.

With the introduction of racially circumscribed "democracy", the Afrikaners, as the majority within the white community, ensured through corrective or affirmative action not only that their political dominance translated into general socio-economic benefits: they also sought to translate their position as the political ruling elite into becoming a full part of the ruling class across South Africa, i.e. owners of the means of production beyond agriculture.

As this happened, and as is the nature of the capitalist system, massive stratification also took place within the Afrikaner community, putting a strain on the nationalist project of mutual solidarity. Thus the supposed communal nationalist cause had to be re-invented and rationalised afresh. In *Die Calvinistiese Beskouing van die Arbeid*, an ideologue of Afrikaner Nationalism writes of the white lower classes that:

> No one's task is too humble, because in the national economy we are all members of one body, in which there is indeed a head and a heart, but also the lesser members without which the body would be crippled. There is nothing wrong with the types of work we do… it is all needed to serve the church, the volk and the state. (quoted in O'Meara, 2009: 159)

One of the unique features of this political ruling elite was the ability to use job reservation, land dispossession and other forms of racial discrimination and super-exploitation of black people to accord the white lower classes a privileged status. This somewhat ameliorated the intra-communal tensions and delayed their acute manifestations which later took the form of the intense *broedertwis* of the 1970s and beyond.

I hope (with apologies) that by now you appreciate where all this quasi-historical meandering is leading to!

TRAGEDY OR FARCE OR NEITHER?

Karl Marx (1852) wrote: "Hegel remarks somewhere that all great world-historic facts and personages appear, so to speak, twice. He forgot to add: the first time as tragedy, the second time as farce." And so, to become more explicit, in this experience of the Afrikaner nationalist movement there are three illuminating dynamics:

- firstly, the conduct of a political elite that is not as such the ruling class, using political office to capture part of the commanding heights of the economy, and for a section of this elite to ascend to higher socio-economic status;
- secondly, how such progress can also be facilitated by the extant ruling class courting the political masters by ceding some of its economic power;
- and thirdly, how advancement of a supposedly communal nationalism, within a capitalist socio-economic formation, may benefit all its adherents somewhat, but in fact also results in a small minority rising to the very top, and thus generating disquiet within the nationalist broad front.

In other words, if this truncated account of that experience does evoke familiar images of the present, it is because there are instructive parallels. At the centre is the capture of political power by a coalition of forces in a "nationalist movement", its attempt within an unchanged (capitalist) socio-economic formation to use political power to re-order the distribution of income and wealth, and the stratification and tensions that ensue as the elite within this political elite climb faster and higher in the economic stakes than the rest.

It can be argued that in the past 18 years, within an unchanged socio-economic formation, the black political elite has been striving to use political power to re-order the distribution of income and wealth. It has been straining to use such power to ensure that the elite within the nationalist movement rises to become part of the ruling class, the owners of the means of production. The established white ruling class has in turn been courting this elite. As in the past, it is a begrudging compliance, but they are doing it all the same. Stratification and inequality have intensified within the black community, and the disquiet of the mass is manifesting on a grander scale than in the *broedertwis*, as reflected most recently in the Marikana tragedy and the ensuing mineworkers' revolt.

> "Financial swindling celebrated cosmopolitan orgies; the misery of the masses was set off by a shameless display of gorgeous, meretricious and debased luxury. The state power, apparently soaring high above society… was the very hotbed of all its corruptions." Karl Marx, *The Civil War in France*

But is such a characterisation not too simplistic? Even if we may be dealing with dynamics within one socio-economic formation, aren't there nuances? Is this the inevitable course of a nationalist cause within a capitalist socio-economic formation? Without going into detail on the theorisation of the national democratic revolution (NDR), it is critical to highlight the nuances, some of which may reflect qualitative contrasts.

The ANC and indeed the liberation movement at large argue that the purpose of struggle was to resolve the basic contradictions spawned by apartheid colonialism: national oppression, class super-exploitation and gender discrimination. It is a nationalism of the oppressed that trumps more narrow confines to embrace non-racial equality. The NDR, it is argued, should result in "a society based on the best in human civilisation in terms of political and human freedoms, socio-economic rights, value systems and identity" (ANC, 2007).

The economic system of a national democratic society will essentially be capitalist, "shorn of… racial and gender exclusions… and freed from barriers to entry and competition", with

> a mixed economy, with state, co-operative and other forms of social ownership, and private capital. The balance between social and private ownership of investment resources will be determined on the balance of evidence in relation to national development needs and the concrete tasks of the NDR at any point in time. (ibid)

The ANC further emphasises that, "[i]f there were to be any single measure of the civilising mission of the NDR, it would be how it treats the most vulnerable in our society" (ibid).

We would all agree that the results of Census 2011 and other data do underline the progress that has been made in improving the quality of life of the overwhelming majority of South Africans over the 18 years of democracy. One can cite the slight narrowing of the racial income gap, the extension of basic services to the majority of the population, a social wage unequalled in many parts of the world, the reduction of absolute poverty and the opening of opportunities undreamt of under apartheid colonialism.

Yet we should also agree that the aggregates on the racial income gap conceal the income inequality within the black community, among others. There is need to drill deeper into the ebbs and flows of inequality trends within and among races, which the grand narrative of Census 2011 may not fully clarify. Extension of access to basic services does not necessarily translate into quality of such services. Unemployment remains a terrible blot on the humanity of our society. While the state has played an important role as an instrument of redistribution, its effectiveness in this regard is hampered by poor capacity and by patronage and corruption.

These truths all South Africans are aware of, and there is consensus that the political economy as currently configured is unsustainable. To use the metaphor of colonialism of a special type: the pace at which the state (and the new political elite) can address all these issues, as compared to the historical period referred to above, is also constrained by the reality that the current political elite cannot resort to – but should in fact eliminate – the super-exploitation of the masses in the "internal colony". Such super-exploitation previously made it possible for the white political elite to buttress the living standards of the white lower classes in the "internal metropolis". Besides, the inherited impoverishment of the black majority, compared to the "poor white problem" of yesteryear, is that much more massive in terms of intensity and extensiveness.

IN SEARCH OF A NEW DEVELOPMENT TRAJECTORY

And so, in the maelstrom of a political elite striving to rise to the status of a ruling class, in intimate embrace or shadow-boxing with the established economic elite, and in the midst of mass disquiet and the tragedy of Marikana, we can be forgiven the temptation to invoke, quite extensively, Karl Marx's observations after the defeat of the 1871 Paris Commune.

During the regimes after the 1789 French Revolution, he says:

> the government, placed under parliamentary control… became not only a hotbed of huge national debts and crushing taxes; with its irresistible allurements of place, pelf, and patronage, it became not only the bone of contention between the rival factions and adventurers of the ruling classes; but its political character changed simultaneously with the economic changes of society…
>
> After every revolution marking a progressive phase in the class struggle, the purely repressive character of the state power stands out in bolder and bolder relief… The bourgeois republicans, who, in the name of the February Revolution, took the state power, used it for the June [1848] massacres, in order to convince the working class that "social" republic means the republic entrusting their social subjection, and in order to convince the royalist bulk of the bourgeois and landlord class that they might safely leave the cares and emoluments of government to the bourgeois "republicans"...
>
> Under its sway, bourgeois society, freed from political cares, attained a development unexpected even by itself… [F]inancial swindling celebrated cosmopolitan orgies; the misery of the masses was set off by a shameless display of gorgeous, meretricious, and debased luxury. The state power, apparently soaring high above society… was the very hotbed of all its corruptions. (Marx, 1871)

These observations, perhaps not entirely applicable to the state of our state today, do send a chilling reminder of what should not be: for the arrival of the worst in our body politic may not announce itself by knocking on the front door. It is an injunction that the national democratic state should urgently organise itself into an effective instrument of rapid growth and development or consign itself to monumental irrelevance as the revolution strays from its course. For, without this, the state will be rejected as a mere dispensary of elite patronage, mocked as an instrument of pork-barrel regional or ethnic "delivery", and attacked as a defender of super-exploitation.

By avoiding this, we shall escape the fate that befell the pre-colonial Mapungubwe "civilisation", which failed to negotiate the vicissitudes of environmental change, allowed social stratification to rend society apart, suffered marginalisation as new neighbouring "civilisations" emerged and trade routes changed, and failed to contain the excesses of a debased leadership.

> The state of the South African state and its legitimacy cannot be divorced from the state and legitimacy of the socio-economic system that it manages and the conduct of the elite beneficiaries of this system.

South African leaders of transformation believe that there is a way out of the pedestrian economic growth and development in which we are currently trapped. This is reflected, in part, in the expression of intent to build a developmental state in the manner of the so-called Asian "tigers" that have sustained high rates of growth and social inclusion over decades and thus lifted hundreds of millions out of poverty. Such a state, it is argued, should have the strategic orientation for development, premised on the political will of the leadership to stake their all on a developmental project. It should have the legitimacy to mobilise society behind a vision and programmes to attain set objectives. It should be optimally organised to meet its objectives, and it should have the technical capacity within the bureaucracy to bring its intentions to life.

We should however acknowledge that the trend in most of these states was to rely on the trickle-down economics of high growth rates. Further, in the earlier phases of the evolution of most of these polities, authoritarianism held sway. In contradistinction to this, South Africans assert that ours should be a democratic developmental state, and that social policy should continue to feature "developmental citizenship" as part of speeding up the drive for social inclusion.

The fact that the South African leadership is striving *a priori* to build a developmental state is itself a positive reflection on the commitment to deal with the social challenges we face. In the words of Linda Weiss (2010), for South Africa to have set itself

> the unusual and challenging goal of becoming a developmental state… is a unique and noble enterprise: unique insofar as no state has ever self-consciously set out to become a developmental state; and noble insofar as such a project draws inspiration from the experience of certain countries that achieved shared growth – growth with equity. Predatory states have appeared in abundance; developmental states are a much rarer breed.

> The national democratic state should urgently organise itself into an effective instrument of rapid growth and development or consign itself to monumental irrelevance as the revolution strays from its course.

In terms of effort, two striking instances of progress deserve mention. First is the adoption by cabinet of the National Development Plan drafted by the National Planning Commission and the commitment that where there may be conflict between current policies and programmes and the Plan, the latter will take precedence. This is reinforced by the fact that all political parties and most of society also support Vision 2030 and the Plan. Secondly, the setting up of formal monitoring and evaluation capacity, and the performance agreements that attach to this, have the potential to ensure accountability and thus the implementation of what has been decided upon.

If there was any urgent challenge to address in this regard, it would be to ensure that these two initiatives are effectively operationalised and become truly embedded across all the spheres of government.

The question has been raised, quite legitimately, of whether, beyond declarations, there is the will and the capacity to implement the National Development Plan.

In my view – perhaps subjectively as a member of the National Planning Commission – this question should be approached differently: so popular and so legitimate should the National Development Plan be that, in the 2014 election hustings, the basic question posed to all parties should be how their manifestos accord with Vision 2030 and what concretely they are going to do in the five years of their mandate to ensure that it is implemented. And the performance of government should be monitored against that yardstick. In other words, while we should take cabinet at its word, all of society should be the guardians of the Plan and active participants in ensuring that it is implemented.

WILL AND CAPACITY

Let me reflect on a few critical actions required for the successful implementation of a development plan, and how the South African state and society at large are faring.

The first one is a social compact. Thandika Mkandawire elaborates this notion:

> Social compacts refer to the institutionalisation of consultation and co-operation on economic policy involving representation from the state, capital, labour and other organisations of civil society. Social compacts have been used to address distributive and growth objectives of society at the micro-level; to improve labour management at the firm level; and, as in the current usage of "social pacts" in Europe, to manage the distributional issues of macro-economic policies…
>
> The proactive initiatives emerge when societies aim at a future objective that requires high levels of co-operation and trust… and is evoked when nations seek to embark on ambitious projects that require co-ordination and co-operation in both the political and economic spheres. Nation-building and economic development are good examples of such efforts… Social compacts play an important role in such situations to assure citizens that their current sacrifices will be duly and fairly rewarded in the future. (Mkandawire, 2012)

As such, in our situation a social compact will have to be pro-active and all-embracing, covering such issues as investment, employment and wage policy, interest rates, inflation and cost of living, competition policy, spatial issues and so on. It will require commitment on the part of all sectors of society to facilitate high economic growth and social inclusion, encompassing the totality of things required progressively to attain a decent standard of living for all.

This demands activism across all sectors and preparedness on the part of the broad leadership to weigh trade-offs and to make choices for the common good. It requires the will and the acumen to eschew narrow self-interest and the leadership to accept and communicate decisions that may not entirely be popular with one's own constituency.

It is therefore critical to avoid the danger of devaluing the notion of a social compact by confining it merely to immediate responses to a wave of strikes or even short-term measures to minimise the impact of the current global economic crisis. This, in my view, is one of the weaknesses of the outcome of the recent high level dialogue on the economy, besides the fact that it does not at all refer to Vision 2030 and the National Development Plan.

LOCATING STATE POWER

The second issue is about coherence in policy development and co-ordination. Researchers on developmental states do caution that we should not expect an artificial homogeneity within as large an organisation as the state.

> The state is not a unitary structure like an orange where all the segments fit neatly together. As a complex of political institutions, states are actually quite messy configurations... As power structures, we say that they are polymorphous. So the state may well be free-market in one sphere (like finance), yet developmental in another (e.g. industry and technology), a promoter of free trade in some sectors (financial services), yet mercantilist in others (agriculture or textiles). (Weiss, 2010)

But all scholars of developmentalism do correctly argue that, precisely because states are "messy configurations", one of the most critical and necessary attributes of a developmental state is a central institution or pilot agency with the strategic capacities, leverages and authority to drive economic policy and ensure its implementation. One of the weaknesses in the South African state currently is the multiplicity of centres from which economic policy is driven – economic development, trade and industry, national treasury, public enterprises and so on – with each actually believing that it is the ultimate authority.

As such, we run the danger of reliving the words of Alexei Tolstoi in his epic work, *Ordeal*:

> The hurricane of events roared and the sea of humanity swayed. Everyone considered himself commander and, flourishing his pistol, directed that the helm be turned now to port and now to starboard. All this was illusion... The illusions were born of brief glimpses of the mirage. (cited in Denga, 1986: 105)

The third issue is the balancing act by the state in providing societal leadership, what Peter Evans refers to as "embedded autonomy". On the one hand, the state should be so networked across society as to be able to exercise ideational leadership or what Antonio Gramsci calls "hegemony". On the other hand, the state should be buttressed by a professional bureaucracy that is insulated from undue political interference and patronage. The state as a whole should have the will to break logjams in the interactions of various sectors of society in order to prevent paralysis. In a society with wide social fissures such as ours, deadlocks among social partners should be expected.

While NEDLAC [the National Economic Development and Labour Council] was set up primarily to resolve critical issues among these partners, its approach has become fossilised: each constituency is represented by juniors pursuing frozen mandates in technocratic interactions.

Paralysis around interventions to deal with youth marginalisation – and a youth wage subsidy in particular – reflects this malaise. And the state is too indecisive to act autonomously, even to run extensive pilot projects in two or three provinces, the better to address concerns that currently are discussed only in theoretical terms. At the same time, informal forums and working groups of government and other social partners have been jettisoned, worsening the levels of mistrust across society.

THE RULE OF LAW AND STATE LEGITIMACY

The last issue is about the state's sources of legality and legitimacy. On the face of it, issues of legality and legitimacy should not arise in the context of our state, given the generations of rights that the Constitution proffers, the separation of powers and the institutions to protect and enforce these rights. But in the context of the Marikana tragedy and the ensuing mineworkers' revolt, we may need to drill deeper to assess whether, unsighted, there aren't worms eating into the very edifice of the state colossus.

And so, beyond the constitutional and formal legalities, we need to examine the sturdiness of the system of rule of law in relation to the most ordinary of citizens all the way to the highest echelons of society. When strikers and demonstrators carry weapons and murder others with impunity, and when an impression is created that court orders are not honoured, we need to ponder whether the "threat of threat" that, combined with civilised and intelligent conduct, should underpin state hegemony is not in fact hollow and ready to unravel in insidious but profoundly destructive ways.

We need to examine how the intent and capacity to provide services in all spheres of government impact on the legitimacy of the state. Needless to say, because of the levels of poverty and inequality in our society, an unavoidable feature of our nation for a long time to come will be the inflammable tinder ever ready to catch fire. In some cases it may not be actual "delivery" that douses the fires of expectation, but the evidence of general progress and the hope that tomorrow will be better than today. As in the Marikana informal settlement, where the social wage is virtually non-existent – with both the state and the mine-owners seemingly having washed their hands of it – the lack of hope is the spark that sets the tinder alight.

We need to examine whether the theoretical distinctions we make between the government and the state or between state and societal leaders matter in terms of the legitimacy of the state and the broader socio-economic formation. Unethical conduct by leaders in government, business, the trade union movement and the rest of civil society, the lack of respect for public resources and the ostentation of the elite delegitimise not only the political and societal leadership, but also the state as such.

We need to do all this while appreciating that ours is essentially a capitalist system with a state that seeks, through developmental programmes, to bridge deep and wide fissures inherited from the system of internal colonialism. As the ruling elite, quite naturally, seeks to raise itself and those in its courtyard to the position of a ruling class, failure to socialise the benefits of economic growth more effectively has the potential to unleash a conflagration a million times more destructive than the *broedertwis* of yesteryear.

The reconfiguration of this capitalist system should entail more than just the racial dimension at elite level, the so-called "black economic empowerment" to which "economic transformation" is usually reduced. In addition to all the other programmes of economic transformation, the time has come for the political ruling elite and the ruling class together to contribute to forging a stakeholder capitalism in which the working class is a real beneficiary.

I will not delve into various aspects of economic transformation: the structure of the economy, efficiency and cost of infrastructure, skills training, the multifaceted role of the state and so on. I wish merely to emphasise that, in broad-based economic empowerment programmes in mining, manufacturing, services and other industries, meaningful employee share-ownership schemes (ESOPs) and community participation should be emphasised above all other ownership elements. This should be part of our contemplation on the place and role of labour: "*die beskouing van die arbeid*" of the current age.

This then is the central message: the state of the South African state and its legitimacy cannot be divorced from the state and legitimacy of the socio-economic system that it manages and the conduct of the elite beneficiaries of this system. The question therefore is whether the real, ascendant and aspirant ruling class is capable of behaving as more than just a class in itself; but also as a class for itself!

This perhaps is one of the crucial questions of political economics that researchers in Africa need to interrogate. A decisive determinant of the success or otherwise of Africa's development project lies contained within it.

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Minister of Public Enterprises
Malusi Gigaba MP

public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

SOC for infrastructure and industrialisation

An interview with Malusi Gigaba

Ben Turok interviewed Minister of Public Enterprises Malusi Gigaba on 6 March 2013

Ben Turok: What is the scope of your department?

Malusi Gigaba: There are eight SOC (State owned companies) in our portfolio. Some are infrastructure-related, like Eskom, Transnet and Broadband Infraco. Others are commercial enterprises, like SAA, SA Express, Alexkor, Denel and SAFCOL. Eskom and Transnet between them hold 75 percent of the asset value of SOC and they are important pipelines for infrastructure.

BT: Are Eskom and Transnet the big drivers of infrastructure development in the economy?

MG: At the moment they are, because of the volume of their capital investments. If you look at the state's R845 billion infrastructure investment over the interim period, about R400 billion is going to come off the balance sheet of SOC and, of those, Eskom and Transnet have the largest share. Eskom over the next five years is due to invest over R300 billion capital expansion. This year alone, Transnet's budget for capital investment is R31 billion, which is largest ever in the history of the company.
Last year it was R22 billion and this year it shoots up to R31 billion.

This raises important questions about their capacity to spend, the skills that they have developed to implement and to monitor these projects, and also to draw lessons from the implementation. A critical part of this infrastructure development programme must be the learning process, so that the country develops the knowledge management and project management capabilities we need for future investment. The main thing is not only to erect cranes and ensure implementation in and by itself, but also to ensure shared wealth, inclusive growth and an inclusive economy. Compared to the infrastructure for the 2010 World Cup, where the construction took place around major cities, this time around we are seeing infrastructure development even in rural areas.

SHARED BENEFITS

BT: Could you give details on how the rural development is going to work?

MG: A huge part of Eskom's budget is earmarked for electricity transmission and distribution networks, both to strengthen capacity and to build new capacity. That's going to affect rural areas. It's going to impact job creation there but it's also going to impact on the quality of electricity and those areas will benefit.

If you look at the railway infrastructure – the northern rail line with Waterberg as the anchor, the North West rail network, the Gauteng–Free State–KZN corridor – all the strategic integrated projects have a strong presence in rural areas. It is not only economic infrastructure being developed, but also the social infrastructure, like new schools being constructed, and preparing clinics for the National Health Insurance (NHI) initiative. You are talking infrastructure development in the townships and creating job opportunities even in those areas.

BT: Do the opportunities also relate to existing economic activity? For people farming in the Transkei, will this open up access to urban markets and so on? Or will it be simply about putting railway lines in a rural area?

MG: If you take the Umzimvubu Dam construction, that rail infrastructure can support agriculture in the former Transkei, giving access to the ports and main markets around the Eastern Cape or even Johannesburg. When you look at the iron-ore railway line from the Northern Cape to Saldanha and the development earmarked for the Saldanha port, they are going to create opportunities in that small town, and we are talking billions of rands. The critical thing is to ensure that rural communities do not only participate at the level of construction, but that there is continued economic impact and benefits that take place after that infrastructure has been established.

That's why the issue of private sector investment in the real economy – including the role that state-owned companies can and will play in stimulating the SMME [small, medium and micro-enterprises] sector – is going to be critical and will be monitored in the infrastructure roll-out.

PRIVATE SECTOR APPETITE

BT: When the MTEF [medium term expenditure framework] was produced, some people were asking where the money is to come from. Do the SOC actually have the money?

MG: They actually do. For example, the Eskom programme is over 78 percent funded already. Transnet has been able to raise the money as well.

BT: Domestically or abroad?

MG: Domestically and abroad. A good deal of it comes from revenue generated from existing capacity, but last year when Transnet went to international markets to raise funds, their bonds were oversubscribed and they had good rates. There is a huge appetite to spend, and I think the main challenge for South Africa, and SOC in particular, is the appetite of the domestic economy to invest.

BT: The appetite is lacking in the private sector?

MG: Yes, in the private sector.

BT: If the state takes the lead in the present conservative climate, is there any real indication of the private sector following?

MG: At the present moment, it is lacking.

The state has put forward programmes in the form of the National Development Plan (NDP), the New Growth Path (NGP) and the infrastructure development programme, which are all related. Now there is a tendency to want to dignify the NDP and to contrast it with the NGP and the infrastructure rollout – as if the National Development Plan was a stand-alone programme developed to contradict these others and as if it were a panacea for all the economic and social problems of this country – when in actual fact these three programmes are related.

You have the state coming forward with these programmes, setting targets and goals – like 5 million jobs in ten years, or we want to grow the economy, or we want to develop so many skills within the following timeframes. Instead of the private sector coming forward with its own plans to meet the targets that government has set, they keep on asking, "What is the role of the private sector?" It's not we who are supposed to answer that question but them!

What the state needs to do, and what the South African government has been doing, in total defiance of the conservative paradigm, is to come up with bold plans, bearing in mind that otherwise the South African economy will remain stagnant and nobody will invest. I'm happy that the SOC have been the main driver of economic activity, especially in the form of infrastructure development. Even in that constrained environment, the national fiscus is growing to about R1.1 trillion and it continues to invest in social expenditure so that the poor can have at least some disposable income to keep their families going. That keeps the economy working in some ways – although we know that the most sustainable way, ultimately, is to redesign and restructure the South African economy to get it growing, jobs created, for people to earn income and be able to save and invest.

BT: Even if this is by state leadership?

MG: We need state leadership. The whole neo-liberal notion of "less state" has been proven obsolete and nonsensical. Economists like [John Maynard] Keynes and others have argued, long before I was even born, that the whole notion is baseless. A country like South Africa will not achieve reconstruction and development without active state involvement in the economy.

NEW VISION

BT: In the past, the parastatals have been accused of being self-serving, that they operate as islands or enclaves within the total system. Allegations were often made that they were seeking a surplus for their own ends rather than for the national programme.

MG: In 2011, we changed the vision of the department and therefore the responsibility of the state-owned enterprises. Our vision is to drive transformation, efficiency and investment in SOC, their suppliers and customers in order to create jobs, to develop skills, to industrialise the country and to grow the economy. That is a drastic paradigm shift. SOC don't exist for their own sake.

BT: Do they resist this?

MG: No, they haven't resisted. In actual fact, a year after that paradigm shift, we've seen Transnet emerging with a bold market demand strategy and a new capital expenditure programme where they've changed their investment plan from R110 billion over five years to R300 billion in seven years, in the midst of a global economic recession. This shows that the company sees its responsibility and is able to make bold decisions and to plan for long-term investment. The good thing is that two-thirds of this investment goes to rail expansion, for general freight as well as for the export corridors, which is critical to drive down the cost of doing business in the country. Also, 55 percent of that R300 billion goes towards building new capacity, which differs from the previous capex [capital expenditure] programmes that focused on maintaining the existing capacity. You've also seen the continued investment by Eskom, supported by government, towards building new generation capacity.

We told the SOC to invest more in skills development for their own needs and in that regard Eskom and Transnet have also provided leadership. Eskom's budget for skills development shot up from R800 million last year to over R1 billion rand this year. Transnet, over the next seven years, is going to put R7.6 billion into skills development. We are in discussions with the Minister of Higher Education and training to also unlock the training funds from the SETAs [sector education and training authorities] and the National Skills Fund to support those SOC whose balance sheet is too weak to support bold skills development programmes, like DENEL and SAA.

One of the fundamental benefits of the present infrastructure development programme has been the pursuit of co-ordination. In the past, every department and SOC acted like a silo. Now that we are seeing greater co-ordination, we can optimise the skills and the funds available so that we can unblock bottlenecks more quickly and we can implement the present infrastructure programme much faster and with greater certainty.

BT: State-owned enterprises can eat money like anything and one has to be conscious of cost recovery. You talk about huge investments, including foreign borrowing, but that money has to be paid back. How do you see this working?

MG: Nobody questions the user-pay principle anymore. There have been challenges with the social infrastructure, where the fiscus has to support the development of that infrastructure and its continued provision, but generally the user-pay principle will continue to apply.

BT: So people will have to pay for using the railways, for example, and that is built into the formula as an element of cost recovery?

MG: Yes, but the planning itself takes that into consideration. You're seeing a different type of planning, more comprehensive, more thorough, which takes into consideration all the factors – not only the need to recover the cost to settle the debt but also the need to continue building new infrastructure. One of the lessons we learned – especially regarding electricity infrastructure, which has led to the escalation of the tariffs in recent years – is that we have not built. The lesson is that we must plan long-term, we must continue to build more capacity than we need at the present moment, and we must maintain existing capacity so that it doesn't become dilapidated and, in the process, more costly to maintain or to service in future.

All of those considerations are being built into the present planning. One of the benefits for the country is that, because of this, the big SOC are developing massive capacities in terms of planning and implementation of those capabilities.

BT: Are they doing it themselves or using consultants?

MG: In many ways, they are doing it themselves. I know that Eskom and Transnet are doing that. There are instances where consultants are being used, but I think that every SOC understands the antipathy towards consultants within Parliament. They know that every time they come to present their annual report to Parliament, MPs without fail will blast them about ask about consultancy fees.

CO-ORDINATION, INTEGRATION AND FOCUS

BT: Let me ask you about a more fundamental issue: the link between infrastructure development and industrialisation. For example, since you are talking about railways, we export iron ore to China, they make the rails and then we import them. This is not industrialisation.

MG: This is why the President, in the State of the Nation Address, talked about the need for greater co-ordination, integration and focus. Those three speak to the fundamental philosophy of infrastructure development, because there must be collaboration between the different economic ministries: Mineral Resources, Energy, Public Enterprises, Economic Development, Trade and Industry, Treasury.

As the shareholder representative for Transnet and the other infrastructure-related SOC, we hosted a supplier development summit this month, where we looked at the needs of these SOC for components and other things, we also discussed programmes to support local suppliers and to drive an industrialisation programme.

There has been a question about what we should do about manganese and iron ore. Should the state re-establish a state-owned steel manufacturing company? Do we support the existing ones and enforce more rules? A final decision hasn't been taken, but it's a discussion we are having, not only to bring the cost of steel down, but to also ensure that we support our own steel manufacturing capability.
Japan overtook the United States in steel manufacturing and exports and generated a lot of revenue. We need to think

of doing the same, even more so because we have iron ore reserves that are among the largest in the world. We've got large reserves of manganese, which we are now exporting.

How does Transnet support the beneficiation policy of the DMR [Department of Mineral Resources]? How do we work together with the departments of trade and industry and economic development and even national treasury? It means that the policies we adopt – whether it's about electricity prices or port charges or fiscal matters – must all address themselves not merely to making us attractive to the world but also to developing our own capability in support of our goals.

BT: Across the value chain, many small private sector companies are looking for opportunities to provide small goods and services that will feed into industrialisation. Is this an important part of your thinking?

MG: It is an important aspect of the work that we're doing.

The challenge with private sector investment in infrastructure is that they tend to cherry-pick. They want the best revenue with low risk, to transfer the risk to the state and the benefit to the private sector. Secondly, we need to deal with a contractual problem, in that the infrastructure must remain in the hands of the state, because only the state has the political will to invest in infrastructure development that typically doesn't yield immediate benefits.

BT: In the public interest?

MG: In the public interest and in a country like ours. Take the iron ore corridor: the dominant companies are the well established companies. Emerging iron ore miners, most of whom are black, have no capacity there. If you look at the Richards Bay coal terminal, black coal-miners don't have any capacity to export and don't have access. Only the State can ensure and enforce an equitable distribution of this infrastructure capacity.

The private sector has a big role to play. It must overcome some of its own philosophical ideas about infrastructure investment. Instead of going abroad and talking about how risky and uncertain the South African mining regime is in terms of policy and labour relations, they need to invest in mining operations here, support the development of new mines and the creation of jobs – and then demand from the state the infrastructure capacity to support them.

In other parts of Africa, the Chinese are investing in infrastructure related to mining operations for the resources that they require. Now there are some problems with that, but the benefit is the investment in infrastructure. What we need to learn as a country is that the infrastructure capacity we build must support real economic activity right around the country – and if we don't have private sector investment in the real economy, then the infrastructure we build will ultimately end up as a white elephant. What happens if we supply infrastructure to Waterberg to support mining operations in Mpumalanga, but there are no new investments?

BT: It is alleged that the infrastructure we're building is mainly going to assist foreign mining companies to export their ores. What you're saying now is the opposite.

MG: The majority of Transnet's current capex programme is going to support general freight business within the country, connecting the provinces, connecting the cities. Not export. Even as we speak, Transnet is busy with a programme with the DTI and Eskom to look at the needs of the automotive sector. How can Transnet help them move their products from road to rail to ensure greater efficiencies? How does Eskom support them? We're going to do the same with the oil and gas sector and the mining sector. We are not just focusing on the export of raw resources.

BT: My final question comes back to money. In the budget and the budget review, the Minister of Finance is talking about "prudence". Are you confident that this country is able to fund all this?

MG: At the moment we are confident, even with the present constraints. The infrastructure programme is funded over the MTEF period, so we are no longer in that old GEAR mode of tightening the belt on everything. Even as we are prudent, we continue to spend on economic activity and social services in order to improve education, health and social security.

BT: I noticed a shift in the budget from consumption spending to capital spending, which is in line with what you're saying. You're confident that the Minister will continue to provide that impetus?

MG: We are, but what gives us even more confidence is that the SOC are becoming bold. They come to Government to say, we've been able to raise this amount and we think we are able to raise that amount. The global economic environment is constrained but we are not yet ready to revise downward our capital expenditure projections. At the moment, we are keeping our projections as they are.

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The significance of the Cape farmworkers strike

An interview with Tony Ehrenreich

south africa

Tony Ehrenreich is the provincial secretary of the Congress of South Africa Trade Unions (COSATU) for the Western Cape. Ben Turok interviewed him in January 2013

Ben Turok: Before we get into the recent farmworkers strike in the Cape winelands, let me ask you a challenging question. Does COSATU have an overview of the conditions of the working class in various sectors?

Tony Ehrenreich: The state of affairs in the different sectors comes to COSATU's attention in various ways. The federation has representatives on the Employment Conditions Commission, which deals with the sectors that are really marginalised and not well organised, and where minimum wages are set. We also have full-time officials who deal with all the different unions and their discussions on wages and conditions.

But there is some structural deficiency within COSATU, in the manner in which we collate information and respond. I think we don't co-ordinate it well enough, effectively enough, and we have got to do that more coherently so that we will be better able to respond to the challenges affecting workers.

A lot of the unions also want autonomy on some matters – especially when there are internal battles about leadership or other matters and they feel COSATU may be aligned with different factions – and then the COSATU leadership is not able to intervene as they would want to. That is something that should not be allowed, if we are to avoid the problems escalating. Some union leaders also fear that their weaknesses may be exposed in COSATU.

BT: I am thinking of the parallel with Marikana. Apart from the NUM (National Union of Mineworkers), it seems that the COSATU executive was not well informed about the mood of workers in the area.

TE: We've got to structure the relationships between the federation and affiliates better, and make sure that no matter is out-of-bounds to COSATU's involvement. Ultimately, the unions have come together to form COSATU. Many workers want to be part of COSATU, so they join COSATU affiliates and expect a dynamic interrelation between the federation and affiliates. That reinforces the principle and structure of one organisation using its best efforts to serve their needs.

BT: Forgive me for pushing this. The question arises because this may happen again: is COSATU's leadership, nationally and provincially, sensitive to the real conditions on the ground? Is there a mechanism?

TE: I think that we can always be more effective in being in touch with the membership. But the mining and the farming sectors have peculiarities that give rise to different situations, with historically high levels of organising in the mining sector and low levels in farming.

In the mines, we have a sense of what's happening: the tensions between different levels of workers, the NUM's style that seemed to lack accountability and internal democratic worker control, and the resultant tensions between the two unions. The bureaucratisation of the union should have been dealt with more effectively. Other factors include people's debts [to micro-lenders], the lack of the provision of basic services from the state and their inability to cope with deepening levels of poverty, unemployment and inequality.

In farming, only 6 percent of workers are organised in unions and probably 2 percent are in FAWU [Food and Allied Workers Union (COSATU affiliate)]. So the unions are not directly in touch with those workers. COSATU itself is not directly in touch with those conditions. Where the unions are engaged in company agreements, we have a sense of the issues and are pushing for higher wages. Where workers are not organised, poverty has been escalating and strike options have been brewing for a while.

WORKERS' UNITY

BT: Who were the strikers?

TE: A cross-section of the rural communities. There was a lot of unhappiness from permanent workers about the low wages, the conditions on farms, evictions, slave-master relations. Seasonal workers were facing low wages and labour-broking abuse, as well as the desperate conditions in the informal communities where they live. There are also the difficulties of the unemployed workers and poverty-stricken community members.

BT: What proportion of the strikers were permanent workers?

TE: Probably about 15 to 20 percent. The majority were seasonal and potential seasonal workers – workers who are unemployed and live in those communities. That's the only work in those outlying areas.

BT: Where did the main leadership come from?

TE: The main leadership – the more militant leadership – came from the seasonal workers. They were pushing the hardest. But certainly the permanent workers who were out there were very keen to take up the battle for better working and living conditions on farms.

BT: Are the seasonal workers migrants or local?

TE: It's a mixture. The informal communities that have sprung up in those small towns include both local coloured people (for lack of a better word), who have lived there historically in the backyards and have moved to the informal settlement, and then people from outside those towns who have come in, from the Eastern Cape or Lesotho or other places.

At the moment they came out, there was some tension, but in the end they managed to maintain a good sense of unity among themselves around this battle for better wages and better conditions of employment. This was one of the key issues that had to be managed during the strike, so that the farmers' attempts to promote divisions did not lead to violence among the workers involved in the struggle. There is some collaboration between farmers and local police to repatriate undocumented workers, but it's being resisted by communities in a united manner.

I think there is a historic hostility between farmers and farmworkers, which includes the issue of white/black relations and the land issue. Good relations between farmers and workers are the exceptions, but they do give hope in respect of what is possible.

BT: Can you give me an idea of the scale of poverty in these informal settlements?

TE: Just looking at the structures, you can see that there's very little money. You can see that these people are battling to survive on a daily basis. The children are malnourished. There is a lack of services from government. There are deep levels of poverty and deep levels of unhappiness, and no prospects of getting out of that situation in the short term. All of that gives rise to the desperation that fuels violent strikes. It is a life and death struggle.

So there are conditions that are pushing people into protest, and they are standing up to take on the battle, even if it's uneven, not well organised, not orchestrated. All of which shows that it is not driven by the union and there's no plan behind it: it's driven by the desperation of the people. This is why it threatened to become destructive and anarchic in some areas, with growing levels of violence directed at the symbols of white dominance and control.

BT: The newspapers gave the impression that the strike was very uneven. How many workers were involved in totality?

TE: It was episodic and uneven in different towns, at different times. There were 5 000 and 10 000 people at the biggest marches. The fundamental thing to me was that, as soon as workers saw other workers ready to stand up against these conditions, they stood up in other towns, in succession. Not all of them at the same time or at the same levels, which also reflects the spontaneity of the action. At the start, there would be one or two farms where workers took action and then went back [to work] the next day. Then other workers at another farm would go out. In the second month of the action it was more co-ordinated and more coherent. Looking back, you can see that probably about 60 or 70 percent of all the farms across these 16 or 20 towns were on strike at some stage during that period.

CRISIS MANAGEMENT

BT: What was COSATU's involvement?

TE: The protests first flared up at De Doorns, where they closed off the N1 and nobody left the townships to go to work. That was a better organised area. After the third day, COSATU was called in and, with the CCMA [Commission for Conciliation, Mediation and Arbitration], facilitated high-level negotiations between government, Agri SA [commercial farmers association] and the various farmworker organisations.

There were a number of difficulties. The unions were at uneven points. There were issues between foreigners and locals, and between permanent and seasonal workers. Our advice to suspend the protest was to give the negotiations a chance to pick up some momentum, but also so that people could organise themselves better so that there weren't issues of violence between them. The strike periods were decided by workers, mindful of the various harvesting times that gave them a more strategic bargaining position. But, clearly, the big problem is that a day or two without income means families start starving. The strike also had to be managed in a manner that gave workers confidence in their power. This was the first action of this nature in the agricultural sector.

BT: There was some violence. Who led it? Was it strikers, criminals, some external force?

TE: In many of the towns, according to my reports, when the strikes were at their high points, it wasn't just farmworkers who took part. It was also unemployed people and workers in the community, and it was fuelled by the historical feud between farm owners and farmworkers and farm communities. That was just a moment for people to vent their anger. Part of the anger was vented by withdrawing labour, but some of it was vented by setting things alight. It's the tension of the historical conflict in those regions that led to the violence. I can't say if it was by workers who work on that farm or by others who don't. It is not because I am trying to hide who was responsible for driving the violence but, in any strike situation, where people are desperate and they are not able to shut down production – because farmers were bussing people in from elsewhere – that desperation will see violence come about. This violence during strike action is a concern and a central point of focus of COSATU across industries.

> You can see that there's very little money. You can see that these people are battling to survive on a daily basis.

BT: If you look at the history of industrial relations in Europe or anywhere else in the world: once workers take strike action, tensions and hostilities rise, and then the police get involved. It's a recipe for violence.

TE: In South Africa, it is also exacerbated by the historical legacy of apartheid and the inability of the country to address the land question in a meaningful way. The interaction between workers and scabs, those supporting the strike and those not: one cannot doubt that tensions will be there. But also, the farmers brought in private security companies that were very brutal against workers. This brutality in part led to the violence from protestors – throwing stones at the police and setting vineyards alight – and talk of avenging the deaths of the farmworkers killed. A feeling of being under siege and not able to defend themselves from the hostility of the security companies and the police, who, in some instances, really acted outside of their protocols.

BT: Were there any non-union radical groups involved?

TE: There are a lot of NGOs, radical and others, that have worked with agricultural workers even since the days of the UDF [United Democratic Front, 1983–89]. In my view, they have done really good work. The relative success of the campaign was in part because of their efforts, as they arranged and supported some protests.

The more radical organisations, like Mawubuye and Sikhula Sonke, believe there has to be more action at the political level. They argue that the negotiated settlement [of 1994] has not brought about the desired result of transformation and social justice, especially on the farms, and they were using this as a moment to propagate their views. Yes, they were involved. Playing a role that was constructive in some instances and offering different views than COSATU's on what should be done. There were differences on strategy and tactics, but it was most important to ensure that we remained united in the core objectives of the workers' campaign. Workers were prepared to follow the advice of COSATU in the main, even when there were differences.

> This strike has shocked all of them. The farmers may not want to negotiate, but they know the environment has to change – and that is an important signal that government must pick up on.

BT: Did they oppose COSATU?

TE: Sometimes they did, which is natural when we have different worldviews! But generally I think they were trying to work with the broader momentum of the strike. COSATU could always generate a broader appeal, especially with the calls to suspend the strike action. In the last suspension, some of the smaller unions asked that we exclude the towns where they felt they were strong, because they felt they could exert further pressure from below. We agreed to do that as we didn't want to bring about division. But in the end, BAWUSA [Bawsi Agricultural Workers Union of SA] and others realised they were not making any progress and it was time for a reassessment. Then they came on board and also suspended the strike in their areas.

BT: So the radical groups did not disrupt or undermine?

TE: No, I think they were useful voices that added strength in many towns that other organisations couldn't get to. It was the coming together of different organisations around an extremely difficult situation. That we could stay united and avoid violence between different organisations and make some progress on the wage issue indicates the relative success of the campaign. While it did not achieve the R150 [daily minimum-wage demand], it forever changed the environment of industrial relations on farms. FAWU and COSATU were at one on the way forward, and we respected the other organisations and consulted with them on the key issues of joint approach.

BT: Some people in the ANC are very hostile to these groups, but in your experience they were constructive in the battlefield?

TE: Yes, they added a key dimension to the campaign. They are not the enemy. Poverty is the enemy, and underdevelopment. And the farmers who fight against transformation are the enemy. The government and the ANC must accept that we have failed the farmworkers, and we all need to do more in leading the struggles for change. Given our weaknesses in organising this category of workers, the prospects of success are greatly enhanced when we collaborate with other progressive organisations. This requires transparency and openness.

STATUS QUO

BT: Tell me about the farmers. Agri SA says it doesn't have a mandate to represent farmers. Who does?

TE: Agri SA wants to maintain the status quo in agriculture. They don't want to open any discussions with anybody because they don't want to make concessions. Because they know the discussion won't stop at wages. The discussion will have to go to conditions on farms and it will have to go to land reform – which they've avoided for twenty years.

At some level, I think they hope to get the same soft deals that government was offering before, but the circumstances on the ground have changed drastically. There is a lot of pressure on the ANC and on government to make sure that there is greater land reform, so that workers will play a real part in agriculture.

The thing about Agri SA is that they are quick to represent their constituencies when they want market access concessions and they want government funds to be spent on benefits for them. Then they're quick to have a mandate. But where they must put something on the table for public interest? Then they don't have a mandate and they don't want to talk to anyone.

I think they are very divided. Some farmers have broken ranks and are coming out and making public statements. This strike has shocked all of them. They may not *want* to negotiate, but they know the environment has to change – and that is an important signal that government must pick up on. The government must lead and structure an engagement that must change the environment and it's got to respond to the ambitions that workers have put on the table now during the protest action.

OUTSOURCING RESPONSIBILITY

BT: Why, under an ANC government, has the minimum wage been so low for so long?

TE: We are all to blame for that in the Alliance, because we are not challenging the low wage structure that we inherited from apartheid.

BT: But the ANC is there.

TE: Sure – and the ANC is abdicating that responsibility or outsourcing it to the Employment Conditions Commission. So you have low wages for domestic workers, low wages for farmworkers. What the Commission has done is an embarrassment to the country.

BT: What is the Employment Conditions Commission?

TE: It falls under the labour department and is made up of two people from labour, two from business and two experts from government. They convene public hearings and they make recommendations to the minister on what the minimum wage per sector should be, for a three-year period. This happens where the sectors are not organised enough to allow for collective bargaining. They came up with that R69 [minimum daily wage]. COSATU opposed the low wages. We should have been more vocal, but we were out-voted by the experts and the business people, who made the same old arguments that they make: that higher wages would lead to job losses. The government wants to fight unemployment and buckles under to that. But clearly we are now seeing that it's unsustainable. The low wage bubble is leading to starvation circumstances and we've got to find a better model.

At the same time, we have to look at a broader industrial plan that includes the whole agriculture value chain in South Africa, not only production. The retailers are coining it, both here and abroad. We need a different relationship with them and a more equitable distribution of the profits. We need a system that also focuses on food security.

BT: Does the minister have the power to overrule the Employment Conditions Commission?

TE: The minister ultimately has the responsibility to accept or not the recommendations of the Commission. This time, the government got such a shock at the scale of this protest that they immediately began a new process. The farm protest had in it the seeds of a real rupture that would have left the countryside ablaze, so government had to act decisively.

BT: When Membathisi Mdladlana was minister of labour, he was very proud to have increased the basic wage for domestic workers – which means that, if the minister was determined to, this wage could have been increased already.

TE: The minister has the power to do that, but clearly the minister had accepted the Commission's recommendation.

BT: Now one has to ask the political question. If conditions are bad and some conservative commission proposes a very low minimum wage, is this not a national responsibility of the movement as a whole?

TE: Absolutely. It can't only be the responsibility of one minister; it has to be the government taking responsibility, especially in sensitive sectors and where it is potentially so volatile. There is a moral imperative: we can't let our people work for starvation wages. And there is also an economic imperative. We have to raise aggregate levels of income as a key way to generate demand and get a different kind of economic growth model. But the government has to move away from some of the conservatism we've seen in the past. We need to examine what the NDP [New Development Plan] says about agriculture as a key area of job creation, and the kind of wage structure that underpins this. This may represent a microcosm of the problem of development in South Africa. We promise to arrive at great outcomes, but the route we take has the real danger of continuing the existing inequalities.

> When the strikes were at their high points, it wasn't just farmworkers who took part. It was also unemployed people and workers in the community, and it was fuelled by the historical feud between farm owners and farmworkers and farm communities.

BT: Can you tell me a little about the negotiations around the farm protests?

TE: At first it was really COSATU managing the process with other organisations, the farmers and government. With the other organisations, COSATU was trying to make sure that we brought moral suasion, public support and government leverage sooner than later. There had to be changes to the minimum wage, but we also had to take into account what different kinds of farms can afford to pay.

We tried to manage all of those processes at the same time. It was possible to do that, but it fell apart as a strategy when Agri SA wasn't prepared to engage at all. I think their leadership is going to be in trouble because withdrawing from engagement could have led to an explosion in agriculture, not only in the Western Cape, but across the country. They themselves have got to learn that it is a dangerous strategy to disengage when tensions explode into open conflict.

The government has also got to be more assertive. Government can't allow them just to walk away from discussion, from a conflict, from a crisis. The unions can't force them to sit down at the table. The country was burning around us and government wasn't forcing them to come and engage in a constructive way and find solutions sooner than later.

BT: Do you think the minister could have exercised pressure on the farmers to negotiate?

TE: I believe that government can. Government spends millions of rands on subsidies and support like trade agreements, and so government can put pressure on them. Government has not demonstrated the requisite political will in a really volatile situation to bring an end to the crisis and set a new tone in the industry. There was a moment when government should have come to do that.

The situation on the farms got more out of hand and we, as COSATU, were playing the role of trying to calm things down. We could not call the press to call off the strike, and it was not co-ordinated so that people would at least listen to a national call to back down. At some stage we stuck our necks out – at the risk of huge credibility loss – because we could see the conflict exploding around us. It was difficult to make a call for protest to end when there was no progress being made and yet we were turning off the tap. But by the same token there were workers dying and badly injured and losing lots of income. It was a difficult circumstance and we tried to advise and mediate, but government wasn't coming to the party and Agri SA showed no leadership. Government was involved, but there should have been more political will to bring about solutions.

COSATU effectively, in consultation with other organisations, called off the workers' strike, because of an unravelling situation. But COSATU may have lost some credibility to play a role in future militant action – and then there will be no bulwark against exploding tensions and agricultural land going up in flames. Farmers are under some illusion that they can defend the status quo by force in the face of these unhappy communities. Let's hope it never comes to that.

STRENGTH AND WEAKNESS IN THE ALLIANCE

BT: Did these strikers get support from the community?

TE: I think the community in the townships was very supportive, walking in the protest marches and giving them moral support. Also the councillors supported them and played a really constructive role, interacting with the police and acting as go-betweens with the unions and the communities. Local comrades from the ANC really came on board and assisted the workers, and they even worked together well with the more radical groups.

BT: Did ANC branches meet to say that we must support the strikes, or was it individuals?

TE: I don't know whether the structures were meeting in the areas we were in, but there were many individuals participating in the actions, and many who came to planning and co-ordinating meetings.

BT: Did COSATU actually appeal to the local and regional ANC structures for support?

TE: I don't think we did it well enough. I think in the future we have got make sure we use what is clearly a fertile environment for solidarity action and organisational support.

There are ANC structures in many of those communities. They have been leaders in their communities. And those black constituencies are still our constituencies, where the ANC is the most powerful organisation. We should have been more organised and structured much earlier. But this is partly because of how the strike came about. It just exploded, and then spread like wildfire. When next something like this happens, people will have learned a lot of organisational lessons: the need to to get structures in place, to organise and co-operate. Let's hope we have the political will, when the time comes.

BT: In hindsight, this was a struggle that should have been supported by the Alliance [ANC, COSATU, South African Communist Party]? Because it is not just a labour issue.

TE: Of course not. We should have all supported it better. Weaknesses within the Alliance made this a lost opportunity to change this sector fundamentally – but let's not undermine the limited gains that were made in monetary and organisational terms.

The Alliance expressed support at the public level. Marius Fransman, provincial leader of the ANC, was there early in the strike, pledging support, and clearly on the side of the workers. But it must be much more than just rhetorical support. We've got to bring organisational support. An emotional upheaval is important to start a movement, but you need organisational strength and structure to sustain it.

I think everyone was hoping for a quick win. We are not doing the hard work of building our organisations and building cadres and leaders and structures through that process. We have lost the organisational form that we had in the past and we've got to go back to that, to ensure that we have more mandate from, and participatory engagement with, the community. It shouldn't be COSATU's role merely to advertise a strike in consultation with organisations. There must be structures that come about as soon as possible to give direction and to coordinate action.

I think there should be another strike like this, but it must be more organised, it must follow procedures, it must bring in all the structures of the Alliance, and it must bring in other MDM organisations, more radical, more left. Bring them in and let's be party to this. Because, clearly, what emerges is that there is a structural problem in the economy and around the development trajectory that the country is on. We're all concerned about it. We all come to engage in struggle against it, but we are not doing it strongly enough to undo the systemic underpinnings. That's what we've got to take forward. Even as the democracy is structured at the moment, we have the potential, the ability and the space to do that.

BT: Is there a Tripartite Alliance structure in the Western Cape?

TE: The secretaries do meet. We're planning an Alliance Summit for the end of February. Our engagement has certainly not been anywhere close to ideal. We haven't engaged at the leadership level on these fundamental issues. Where there should have been a discussion and solidarity programme around this campaign, Marius and I merely spoke to each other through the media.

BT: Are you going to put this whole issue on the agenda for the summit?

TE: It has to be on the agenda. We have got to talk about how we support our communities and how we do that in a structured, co-ordinated way. The Alliance has to lead these struggles, with the ANC at the forefront. The ANC must be the structure that brings in all the levels of government – national, provincial and local – so that we assist the workers. There is a battle between capital and labour, and we must stand on the side of the workers, because that is the constituency of the ANC. That's who we should be representing and taking forward. Collective bargaining is one of the means of redistribution in our society, but we must make sure we are positioned strongly enough to be able to do that.

The big weakness in the strike was that the farmers could shuttle in a new labour supply from Touws River and Worcester. The workers should rather have gone and appealed to those other workers not to cross the picket line. That would have given them a lot more bargaining power and would have changed the complexion of the strike completely. COSATU was, however, at a disadvantage because the strike was called by workers outside of unions, without following legal procedures. If COSATU had called for further action it would have opened itself up to being sued by farmers. If an ANC branch can stop workers from coming to scab and continue production, then that's an important contribution to a strike.

We must also find ways to raise funds to support strikers during their struggles.

BT: Let's talk about the boycott suggestion. Who made the proposal to call on overseas buyers not to buy fruit from these farmers?

> Who the DA supported in this battle was clear to everyone. In the past, a lot of those farmers could get their workers to vote for the DA. They are not going to be able to do that now.

TE: I think it was me... (Laughter)

Well, let me put it in context. We were trying to force Agri SA to the negotiating table. We had to use a maximum amount of pressure. We asked government to put pressure on them. We wanted to clamp down on the international and the local markets. We said that, if they don't come to the party, if they refuse to reform the impoverished *baasskap* environment of farms, we are going to talk to people and say that they mustn't buy those products,

BT: It could work.

TE: Well, we think that's an important weapon to use. We're now trying to distinguish between the good farmers and the bad farmers. The bad farmers we will boycott and the good farmers we will support to get additional market access, so that their business can grow.

BT: You will label them bad?

TE: We already have an agricultural ethical trade initiative [WIETA], a South African body with links to a number of big international retailers that want to buy ethically good products – not manufactured under the dop system or low wages or other conditions that they proscribe. They audit your farm and if your farm doesn't meet their seven criteria then you can't export to their markets. We can use this existing mechanism to identify the bad farmers and we can isolate them. Now some farmers are taking disciplinary action against workers and we are going to be using this mechanism against them. That will be our campaign at an international level.

At the national level, the Government Employees Pension Fund has the biggest chunk of shares in all of the big four retailers, so we are certainly going to be calling on them to make sure they put pressure on the retailers to not buy from bad farmers either. We're going to put that into place.

All of this is about positioning ourselves for the next battle. The workers have made incredible gains in the struggle. They have got minimums to be implemented in March, and are hoping for substantial improvements. They've made great organisational strides. A lot more of them are in unions. They've changed the face of agriculture forever. But they haven't won a decent wage, farm by farm. They've certainly built the potential and shown the ability to do that.

We must now get more organised and prepare for the next battle. We may have not won this battle outright, but the war lies ahead. The farmers must know that the battle is coming if they don't do the right thing and find agreements with workers that set the basis for equity and fairness.

POLITICAL IMPLICATIONS

BT: Let's conclude with some general observations on the political significance. Is this a historical moment in the Western Cape?

TE: I think it certainly has huge implications politically for the Western Cape in respect of changing the balance of forces and prospects for the elections in 2014. At the start of the strike, it was good that Marius went to speak to the workers and pledged the support of the ANC. When the MEC for agriculture, who is a farmer himself, and [Premier] Helen Zille came into the area, they first went to speak to the farmers and then tried to speak to the farmworkers. Even though it was just one area where they were chased away, it set the tone. It showed that the ANC and COSATU and the Alliance were on the side of the workers and taking up their struggle, and that the DA is on the side of the farmers and taking up the struggles of the bosses.

Who the DA supported in this battle was clear to everyone. In the past, a lot of those farmers could get their workers to vote for the DA. They are not going to be able to do that now. And so we are going to see a groundswell of opposition to the DA and their role in those rural communities.

BT: The issues of poverty and unemployment go way beyond elections. Do you think a platform has now emerged among these poor people for future action on broader social issues?

TE: There is clearly an ambition from poor people. There's a willingness to struggle. There's not often clear direction, but it is starting to emerge from the unions and others. The ANC has the experience to lead that struggle. The ANC has the opportunity and historical position to step in now and lead it. It has done so in many of the towns, but it must do it in a more structured and organised way. The branches must be built up. And it mustn't be emotional outbursts. It must now be a managed, sustained struggle to improve conditions of employment and improve service delivery for working class communities in all of those little towns.

BT: Is there a role for the urban ANC branches?

TE: Definitely. They must be asking retailers about the conditions in which their products are made. They must identify their support for boycotting certain products, identify particular ranges of wine. We must have public campaigns, and start generating a real sense of solidarity that gets people behind the fundamental issues of the poor in this country.

The better-off people in the metropolitan areas understand the injustice but they don't always know how they can contribute to overcoming it. We must have a clear programme of the Alliance that gives them a role in that struggle, to make sure that they, in their local communities, can champion the cause for ethical products. Not only on farms! The problems on the farms are the same as the problems of domestic workers. They must take up those issues. They must make sure that domestic workers in their communities are paid properly.

And they must understand again the importance of being unionised, about the tension between capital and labour, and how essential it is, in the unfolding transformation of South Africa, to close the inequality levels. Once we are able to set that platform more clearly as the ANC, more people will support the struggles of food-processing workers or metalworkers or security workers. Then we'll get our old struggle credentials back. We will give direction to these struggles and working class communities will know where their interests lie. Clearly, they can't lie with the DA, which is on the side of capital, on the side of the farmers.

Support from the ANC and Alliance must not be only political electioneering, but part of a programme that brings about greater equity and social justice in all areas. We have to maintain our moral high ground and stand by our values. We must build this better life for our people one struggle at a time, in concert with our people.

The employers had a role in the unfolding crisis by giving increases outside of the Bargaining Unit, thereby undermining Union negotiations.

Reversing the Legacy of the 1913 Natives Land Act.

rural development
& land reform

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA

Minister, Gugile Nkwinti

The dispossession of our people of their land, their means of cultural expression, by successive colonial and apartheid regimes, lies at the root of the stubborn problems of poverty that continue to bedevil our country, and are at the heart of our endeavours as a nation, to find lasting social cohesion.

At the heart of all post-colonial struggles lies the necessity for reversing the brutal injustice of land dispossession and restoring the centrality of indigenous culture. The colonialists used land to subdue conquered populations, and attempted to submerge the cross-cutting culture which characterises all tribal or ethnic groups – Ubuntu or human solidarity, in the case of Africans. Ubuntu, the overarching

African way of life, is integrally linked to land, and any attempt to restore Ubuntu without a concurrent land restoration process would be futile.

The act which, more than any other, exemplifies the colonialists' ploy is the 1913 Natives Land Act. It has left a legacy of misery, and your government is committed to reverse that legacy, and to restore dignity and hope to all the people affected by it.

Since the inception of democracy, a lot has been done to right the wrongs of this Act, especially in terms of land reform. But a lot still has to be done, and I urge all South Africans to stand united as we undertake this mammoth task.

In 2009, the government announced a new trajectory for rural development and land reform, and this culminated in the Green Paper on Land Reform, which set-out a single four-tier land tenure system.

Much work has been done since – work involving a wide representation of those most affected, and in mid-February 2013 the National Reference Group met to finalise the policy framework for land reform. The Department envisages that all policy proposals will be finalised and implemented during 2013. The President, in his State of the Nation Address, announced that we would be reopening the lodgment of claims for restitution. This will be done in two parts. The first concerns the reopening of the cut-off date of 31 December 1998, for those who were not able to claim for restitution. This will involve amending the Restitution of Land Rights Act and we envisage that this will be enacted by 19 June 2013.

The second part involves the cut-off date of 1913; the creation of exceptions for the descendants of the Khoi and San, and for heritage sites and national landmarks. Extensive research is currently being undertaken. Our history, especially our oral history; this will involve deploying youth in the various provinces, through National Rural Youth Services Corps, (NARYSEC), collecting and recording this history.

As part of ensuring that the process of restitution is publicised, and understood by all we will, during April 2013, complete the Citizens Manual, which will set-out details of how the process will unfold.

The 12 000 members of the National Rural Youth Services Corps, (NARYSEC) will distribute this manual. They will also record the stories of those who suffered as a result of this Act, and all other racially based practices by successive colonial and apartheid governments. Obviously we cannot 'celebrate' the centenary of the Natives Land Act, but we must mark this occasion with due deference. The Department has conceptualised Project 2013, which is already in the process of being implemented. The project features a number of events, and campaigns across the country as part of the centenary process.

Restitution is an imperative, not only the restitution of lost land but, more importantly, 'the restitution of the soul', as one of the District Six community leaders aptly stated.

A lot of debate has ensued about the proposals for a new tenure system for the country. Government has stated that state land will be subject to leasehold. There have been calls for us to provide title to those to whom we allocate land, and we are in discussions in this respect. It is imperative that we take the necessary steps to protect the land which we acquire. Since 1994, millions of hectares of land have been transferred. Unfortunately, many farms became encumbered, due to bank loans not being honored, and in some cases these have been auctioned off, often to the very person they were purchased from, thus reversing the gains of the land reform programme. For this reason, we took the decision that land acquired through the land reform programme process will be subject to leasehold.

Private land will remain freehold, but will be subject to the principle of limited extent. It is important that in order to ensure that food security and optimum production takes place, that tracts of unused land be made available to the state for land reform purposes – thus the principle of limited extent. Land currently owned by foreigners will also be subjected to this principle.

A lot has been said about the state land audit. The audit has been completed, and the data is being verified – and will be released within the next two months. Until the establishment of the Department of Rural Development and Land Reform in 2009, land reform had been narrowly interpreted to refer to these three pillars, namely redistribution, tenure reform and restitution. The development thrust was introduced in 2009 with the adoption of the Recapitalisation and Develop-ment Programme which, together with tenure reform strengthened by the Four-Tier Land Tenure System, was introduced through the Green Paper approved by Cabinet in 2011.

Four thousand, eight hundred and thirteen farms were transferred to black people and communities through the various Redistribution Programmes, from 1994 to the 31st of January, 2013, benefitting 230 886 persons, including women, young people and persons with disabilities.

To acquire this land, the state spent R12.9bn. Of the 4 123 million ha acquired, the government has, since 2010, recapitalised 696 farms into full operation and invested R1,8bn in infrastructure, inputs and strategic support.

Since the inception of the programme in 1995, 4 001 land parcels, consisting of 1 443 million ha, were acquired by the state for the restitution of land rights. A total of R16 billion has been spent on the programme thus far, settling 77 148 claims – R10bn for land acquisition, and R6bn for 71 292 financial compensation claims. Many claimants have chosen financial compensation over land restoration. This is a reflection of poverty and unemployment. His Excellency the President has clearly identified these issues as being at the centre of the National Development Plan's transformation focus.

It is clear that, through the restitution process, the state was a compelled buyer. Prices in restitution were far higher than those paid in terms of strategic land acquisitions under the redistribution programme. This is a clear indication that where the state is able to strategically acquire land, it is able to acquire more land for less money, as the state is not a compelled buyer. But even by our own admission, we could have bought more, if the principle of a just and equitable redistribution was actively applied. The President revealed that this is to be the direction that government will follow this year.

Rural development and land reform is a key contributor to our commitment to social cohesion and nation building and, as such, its contribution to the reconciliation and growth of our country, cannot be underestimated. We must – and will – continue to ensure that our gains contribute to future generations. Our aim is to ensure that we remain steadfast in this objective

1913 – 2013. Working together, we can reverse the legacy of a century of division!

The 1913 Natives Land Act has left a woeful legacy of poverty, unemployment and inequality, and the challenge of reversing that legacy is arguably the primary reason for the existence of our Department of Rural Development and Land Reform, whose business is listed as one of five national priorities.

The department can only succeed in this task by working in harmony with other national departments as well as provincial and local government across the three spheres.

The Land Summit, which was hosted by government, including the 2007 ANC Polokoane conference, mandated government to pay special attention to efforts to reverse rural neglect by focusing on agrarian transformation. This agenda has been adopted as the vision of the department: the creation of vibrant, equitable and sustainable rural communities.

We undertook to achieve this vision by working with rural communities to determine their needs, and coordinating infrastructure provision to unlock economic and livelihood opportunities.

Many of these infrastructural projects are planned to have a catalytic effect, and are organised with the aim of handing them over to other line function departments to run, thus coordination and cooperation are vital.

The department's Comprehensive Rural Development Program (CRDP) rests on three pillars: meeting people's basic needs (the priority); supporting entrepreneurial initiatives locally; and providing the much-needed infrastructure.

Once again, success lies in cooperation. The governance model of the CRDP presupposes the championing of this work by the premiers and members of the executive councils and mayors at a local and district level.

We expect our officials to recognise the importance of locating this critical work within the integrated development plans of municipalities; to avoid conflict and encourage enthusiastic support, as well as ensuring critical linkages to maximise the impact of our limited resources. This is, after all, one national priority in which we can all take a hand.

Deputy Minister Lechesa Tsenoli

Since 2010 we have introduced support for new owners of land; seeking to help them keep and rehabilitate their land into a productive asset. There are many instances in which previous owners, university units and other institutions become active in helping small-scale land reform beneficiaries get up to speed.

Promoting rural enterprises and cooperatives is another critical intervention that also demands cohesion and cooperation amongst the various strata of government and state-owned companies.

Past practices and laws, such as the one whose legacy we are determined to reverse, destroyed not only people's relationship with the land but the fabric of society and the land itself.

Introducing environmentally sensitive animal and veld management practices is therefore crucial to this national agenda. The spatial planning and land-use management bill which is now going through the National Council of Provinces is a crucial law which aims to help us better deal with the fragmented spatial legacy of colonial and apart-heid planning, and the resulting environmental degradation.

Its passage is awaited with great expectation. Our creativity in implementing it across the three spheres will be a big challenge to effecting integrated planning consistent with elements of the National Development Plan.

Reversing the legacy of the 1913 Natives Land Act is the underlying purpose of all our work. None of us can succeed while the debilitating influence of a century of deliberate neglect lingers on. It requires the efforts of the entire state machinery and the creative engagement of all communities and other role players. Most importantly, it requires a sense of national purpose.

As public representatives and public managers, we need to attain and share the skills to build on the enormous strengths of our communities, for it is their empowerment and resilience that will lead to the better life they all deserve.

Reflections on Mangaung

By Ben Turok

The author is a veteran ANC member and member of parliament

The 53rd National Conference of the African National Congress, held in Mangaung, 16–20 December 2012, was a demonstration of the reach and depth of the ANC throughout the country.

It was also an extraordinary manifestation of the popularity of President Jacob Zuma. From the very first moment this was clear and as the conference got underway it became clearer than ever. The singing by his supporters was overwhelming across the venue, creating a carnival atmosphere. It was unfortunate that some songs were insulting to others, such as, "Those who want to go must go: we will not beg them".

As predicted, the election of the top six officials and the national executive committee (NEC) dominated the conference. Voting went on into the early hours of the morning and took a toll on the energy of delegates. In the main marquee, the noise was intense and the heat severe, and delegates had to walk long distances to the dining rooms. Nevertheless, the mood remained buoyant.

The voting was clearly influenced by a slate that seems to have been circulated widely and resulted in the omission from the NEC of some prominent personalities. The future role of Kgalema Motlanthe, especially after he declined nomination to the NEC, was the subject of much speculation

President Zuma delivered a rather sombre speech in which he condemned negative lobbying, rumour mongering, public insults, undemocratic practices in branches, armed comrades disrupting meetings, killings, the use of money to buy members, resort to courts to solve disputes, and many other matters. He said that these tendencies must be dealt with strongly and there must be no confusing signals from the leadership about ill-discipline.

He stated that Marikana exposed the real conditions of the people and their protests should have been anticipated. This did not happen "because we were not present among the people". The mining companies have not met their obligations and economic transformation is now at the heart of ANC policy.


RANDY MEDIA

Secretary-General Gwede Mantashe delivered a major policy speech in a closed session. He repeated some of the criticisms of conduct in the branches, such as the bulk buying of membership, and urged that traditional ANC values be safeguarded. He noted that the ANC was growing due to a huge increase in membership, but was nevertheless losing influence. Much of his speech was devoted to an analysis of the political dynamics in the country and internationally.

So what do we make of this massive effort? Preceded by hundreds of meetings throughout the country where large policy documents were distributed and discussed, the conference was attended by some 5 500 delegates and a large number of observers, including diplomats and the media. The organisational logistics were very problematic but there was no disruption of the proceedings and its outcomes were accepted. The only casualty was policy discussion, where the commissions were disrupted by the voting procedures and the delegates' fatigue. However, this had perhaps been anticipated by holding the policy conference six months before.

Close the gap:

Principles and leadership are necessary

By **Denis Goldberg**

The author is the founder of Community HEART and a long-time activist. This is excerpted from the first annual Denis Goldberg Lecture, hosted by the Randburg Ward 102 Branch of the African National Congress on 6 October 2012

Perhaps I should explain why I accepted Ward 102 Branch's request to allow them to use my name. In principle, I think we should wait until someone has passed on before naming an organisation or place after them. After all, he or she may "go bad" – or the branch may, and the person then feels the need to dissociate him- or herself from it. Life is full of risks, isn't it? I accepted because of a touch of vanity, I suppose. But there are deeper reasons. I come from an older generation of activists who saw little prospect of surviving the struggle and it is rather nice for the new generation to acknowledge that others came before them, albeit in a different phase of the struggle.

NON-RACISM AND *UBUNTU*

I am still a product of the old society, as indeed we all are. We still see each other as belonging to different groups. We are rather squeamish and so we now speak of "ethnicity" instead of "race". We always spoke of a national liberation struggle in which the sharpest contradictions were those affecting black African workers in a capitalist society. Then there were the national minorities – coloured, Indian and white. To have African comrades now implicitly proclaim that "South Africa belongs to all who live in it, black and white together" by choosing to name their branch after a member of the most privileged of the national groups demands that I respond positively.


Denis Goldberg

That principle spelled out so clearly in the Freedom Charter of 1955 is especially important in this period of nation building, of attempting to achieve cohesion, while there are some younger leaders who espouse the opposite: a narrow national chauvinism that creates enemies of our party, the ANC, the ruling party in the national government.

Let us be honest, comrades, and acknowledge – so that we might rectify matters – that there is considerable ethnic rivalry in every part of our country.

THE TASK AT HAND

Our constitution sets out many goals that we still have to achieve in terms of equality and the restoration of the dignity of our people. It is the inequality gap – the disparities in the opportunities we are able to offer our people – that we must deal with: the gaps between urban people and rural, poverty-stricken or well off. We have to close these with all the effort we can muster.

It is clear to me that it will take a number of generations to achieve all our goals, but we must make the effort if we are to remain true to the principles of our struggle. Have we begun the task or not? And can equality be achieved in a society that is so brutally exploitative and based on inequality? I believe we can change things around, but it will take leadership at every level of our society.

I know that the passion for wealth and individual riches is a worldwide phenomenon, but our struggle was expressly against such greedy accumulation. What is it that makes so many of us so greedy? How is it that the cry of "I was not in the struggle in order to remain poor" has become so widespread in practice?

How is it that we who were in a movement to overturn the race-based inequality of exploitation, now do the

RIVONIA ACCUSED: The eight sentenced were Nelson Mandela (who had been brought from Robben Island where he was already serving a sentence), Walter Sisulu, Govan Mbeki, Raymond Mhlaba, Elias Motsoaledi, Andrew Mlangeni, Ahmed Kathrada and Denis Goldberg.

same thing – not by race, but by class? How have so many former struggle leaders, and so many new ones, embraced the values of the old society?

WHOSE POWER?

The miners of Marikana have been the spearhead of wa newly awakened realisation that we have not changed the basic relationships of low-waged unskilled labour and high-waged skilled labour, and even obscenely high salaries of supervisors and managers in the private and public sectors.

The emergent trade unions of the 1970s and '80s established the principle that working conditions did not stop at the factory gate. Living conditions, education, and healthcare were all part of the conflict. Have we forgotten this? How is it that so many who came out of that period of struggle became high-ranking politicians and civil servants and then fled the governmental scene to get rich quick? Apparently earning ten times as much as an entry-level worker or teacher was not a fast enough route to wealth. Being in government and trying to sort out the mess we had inherited was too frustrating. Did they stay to sort out the mess? No. Too many went into the easy business of media mud-slinging with non-objective and crudely biased negativity. Criticism can be valid and necessary, but the frequent misrepresentations are hard to swallow.

We always demanded "power to the people, *amandla ngawethu*." I cannot go on shouting slogans, comrades. The people have the power and the question has become: how do we use that power? How do the people exercise control over their elected representatives who so often come to believe that, having been elected, the power is for their benefit alone? Hence the title of my talk: close the gap.

SAINT MADIBA WON'T SAVE US

Let me talk about Comrades Mandela and Tambo. Mandela is a great leader, without doubt. But the way we honour him, as "Saint Madiba" who single-handedly brought us freedom, does him – and us – a great disservice.

What marks out these great leaders is their ability to mobilise many others, tens of thousands of others. The second great characteristic is their ability to find new strategies to meet changing situations. Great leadership consisted also of holding fast to principled positions despite the personal cost. We rightly praise our generation of leaders for their readiness to sacrifice. But what are the previously privileged and the newly privileged prepared to sacrifice today to achieve a new cohesive nation?

It is not enough to dream of what our country must become. We are collectively responsible because we allow ourselves to be demobilised as we wait for a new Saint Madiba to come and solve our problems.

We must act to make the dream come true. Join me, comrades, in this exciting and enormous task.

Challenging the power of big companies:

Competition policy isn't enough

By **Simon Roberts**

The author is chief economist at the Competition Commission and visiting professor at the University of Johannesburg. This article does not represent the view of the Commission. It has been shortened for publication.

While the South African competition authorities have successfully uncovered cartel conduct and blocked anti-competitive mergers, they have had little impact in addressing the power of entrenched dominant firms whose decisions largely determine the development path of the economy. This reflects the legal regime adopted, which assumes that anti-competitive arrangements are "aberrations to be corrected" rather than viewing competition law as part of establishing norms for the behaviour of firms with substantial market power. Altering the trajectory of industrial development requires a competition regime that reinforces industrial policy by addressing the power of dominant firms and influencing them to compete on the basis of developing dynamic capabilities.

COMPETITION AND INDUSTRIAL DEVELOPMENT

In all countries that have undergone rapid industrialisation, large firms have had a crucial role in developing key industries such as consumer electronics, automobiles, shipbuilding, steel and basic chemicals. Firms can be understood in terms of the productive resources and capabilities which together explain differences in firms' competitiveness and, at the systemic level, the evolution of business enterprise systems. For example, interrelationships between firms within large corporate groupings in Japan and South Korea have enabled the necessary support to build dynamic competitive capabilities in industries such as electronics, cars and steel. Large internationalised corporations also control much of the resource extraction and processing crucial to the development of many African countries.

State intervention was critical in the East Asian newly industrialised countries, linking a drive for investment in improved industrial capabilities with disciplining mechanisms to ensure that the outcomes were in line with performance expectations. Making this support contingent on the firms' competitive performance in export markets provided a source of discipline and a way to measure firms against each other, even while offering protection in the domestic market. It also ensured that firms were forced to adopt more advanced production and marketing technologies, as they were being pitched against international industry leaders.

Competitive rivalry between big business groups is a very important factor to ensure that state support does not lead to collusion and rent extraction. It can be understood as part of elites committing to longer-term investments rather than prioritising short-term profits.

Understood in this way, competition clearly relates to *behaviour* and not *structure*. The significance of economies of scale, as well as the investments required in acquiring technological capabilities, means that there will normally be few firms in these industries. "Optimal competition" (Singh, 2004) is marked by effective rivalry. The absence of such rivalry enables a dominant firm to entrench its monopoly position and the rents derived from it. If firms can protect their position and build barriers to entry then these strategies may be the firms' primary focus – rather than efforts to generate improved capabilities and new competitive advantages. Similarly, government policies may reward lobbying efforts or may reward performance against well-understood industrial development goals.

The behaviour of large firms therefore has huge implications for economic development in small, industrialising economies. In South Africa, apartheid industrial policies bequeathed a highly skewed industrial structure with dominant firms in key sectors that were built through state support and ownership. Their behaviour and orientation greatly determines the development of whole sectors of industry.

Industrial policies to alter a country's development path need to realise external economies from stronger linkages, collective learning, and governance. However, the evolution of firms' capabilities is not necessarily the outcome of "efficient" institutional arrangements, but rather their strategic choices and orientation. The importance of understanding the types of organisation, including the large firms themselves, that are required to successfully exploit technologies has been highlighted by Chandler *et al* (1997). Industrial policy must engage with this, with attention to deliberate and purposeful joint action and the building of local institutions.

COMPETITION LAW IN DEVELOPING COUNTRIES

Developing country economies are, with some notable exceptions, relatively small. Due to poor transport infrastructure, there are also likely to be localised markets within the larger economies. Scale economies and dynamic issues of competitive rivalry are that much more important in building production capabilities and accessing inputs and markets.

There are more likely to be entrenched incumbents and higher entry barriers than in developed economies. Access to government in the past has commonly enabled many companies to entrench their position through favourable treatment including licences, regulatory provisions and privileged energy and transport infrastructure provision. And these companies may often now be in the hands of multinationals. The effects of prior lobbying and patronage, often linking local elites and multinationals, are quite different from the operation of a coherent industrial policy.

Higher barriers to entry also include weaker financial systems, difficulties in establishing distribution and supply networks. These factors imply that abuse by dominant firms is more widespread, persistent and damaging in developing countries.

> The South African case study illustrates a failure to understand the linked roles of competition law and industrial policy in addressing the behaviour of large companies. Such companies have been able to retain their historic positions and profits by adopting strategies that undermine potential rivals.

Developing countries generally have weaker and less mature institutions, at least in terms of skills and technical capacity. There is little point in designing a competition regime that assumes that there will be an advanced institution to run it. This suggests the need for a careful country-by-country evaluation of what is required for clear and administrable standards. It is also important to remember that competition regimes reflect countries' different historical, cultural and political economy contexts.

Several developing countries emphasise measures addressing the behaviour of dominant firms. For example, the objectives of the South Korean Fair Trade Commission (KFTC) are to encourage free and fair competition, prevent the concentration of economic power and promote "balanced development". The early stages of rapid industrialisation were viewed as "unbalanced", thus requiring a competition policy actively addressed to dominant firms. From 1998 to 2007, the KFTC made 303 findings of illegal cartel conduct, 48 findings of abuse of market dominance and 1 938 findings of unfair business transactions including subcontracting arrangements (KFTC, 2011).

In many countries, by comparison, the competition authorities may be independent in theory but their effectiveness is hampered by lack of resources and political economy factors within the countries. The Philippines has had anti-monopoly laws since 1935 but there was no central agency or no administrative mechanisms to give effect to the provisions. Countries that have achieved rapid growth, such as Malaysia, have not prioritised competition policy and alternative policy instruments have been used.

Appropriate and effective competition regimes must allow agencies enough flexibility to make and enforce their determinations. There has been a tendency to over-emphasise the legal independence of competition authorities. In reality, the commitment of government is necessary for the effectiveness of competition institutions, regardless of the exact nature of their independence or autonomy.

> Competitive rivalry between big business groups is a very important factor to ensure that state support does not lead to collusion and rent extraction. It can be understood as part of elites committing to longer-term investments rather than prioritising short-term profits.

SOUTH AFRICAN CASE STUDY

South Africa is a useful case study, having adopted a new Competition Act in 1998 as part of an economic reform strategy. The impact of the competition regime provides insights into the role of competition law as well as allowing an assessment of the choices made in terms of the particular legal provisions and institutional setup. While the objectives of the South African law are framed in terms of addressing the apartheid legacy of the concentration of control and the need to open up access to small businesses and those owned by historically disadvantaged persons, the practice has focussed on merger control and cartel enforcement. Addressing abuse of dominance has proved relatively difficult.

Law and institutions

Competition law in post-apartheid South Africa had two main motivations. The first was the imperative of addressing the apartheid legacy of concentrated control, as was reflected in the 1994 Reconstruction and Development Programme (ANC, 1994). The second was to remove market distortions as part of the programme of economic liberalisation (see, for example, Department of Finance, 1996).

The tension between addressing these two is reflected in the relatively expansive objectives of the Act with quite restrictive provisions, especially regarding abuse of dominance (the provisions that address monopoly power). The objectives emphasise the ability to participate in the economy, including by small and medium enterprises and by historically disadvantaged persons. They also identify the need to address the legacy of apartheid in terms of concentrated ownership and control.

The legislative framework was negotiated between business, government and labour, where business strongly argued for the narrow framing of specific provisions, citing a need for "certainty". The business constituency also strongly supported independent institutions with a limited role for the minister. This accorded closely with government's policy stance following the sharp depreciation in the rand in 1996 and a perceived need to maintain the confidence of business and international markets.

Under the Act, the Competition Commission has the responsibility to investigate mergers and anti-competitive conduct, and the Competition Tribunal rules on cases. The Competition Appeal Court was also established as a specialist division of the High Court. Tribunal members typically have a law or economics background, and a panel of three members is formed to hear and decide on each matter.

The Tribunal hearings are legal in nature, with discovery of relevant information, factual and expert evidence being led and subjected to intense cross-examination, and extensive legal argument. While the Tribunal has inquisitorial powers, in practice its processes have been intensely adversarial. Many successful legal challenges have been brought on narrow technical grounds, limiting the scope of inquiry into the multi-faceted aspects of conduct.

The record

A very large part of the Commission's work in the first five years was taken up with merger evaluation as compulsory pre-merger notification meant that a large number of deals had to be evaluated right from the start. The Commission has assessed around 400 mergers per year, most of which raised no competition or public interest concerns. Public interest concerns have in almost all cases been to do with potential job losses associated with the merger and typically this has led to the imposition of conditions limiting retrenchments and/or providing retraining and other opportunities for affected employees. Other public interest concerns addressed the effect of the mergers on the development of industries and local suppliers.

The Commission has referred an average of nine cases of anti-competitive conduct per year. Since the mid-2000s, cartel enforcement increased, while the number of referred abuse of dominance cases has averaged just 1.5 per year. The relatively large number of cartel cases in recent years is due largely to the success of the corporate leniency policy and a proactive stance to investigating areas of likely collusion. From around 2007, the Commission identified priority sectors of the economy and initiated investigations based on initial research and information gathering. The uncovering of two cartels in particular – in bread and in concrete pipes – led to wider investigations as the same companies were implicated in anti-competitive conduct in related products.

The abuse of dominance cases are notable for the fact that most have been against former state-owned companies (or currently state-owned, in the case of South African Airways (SAA)). These include referrals against Telkom (two cases), SAA (two cases), Sasol (three cases), Mittal Steel, Foskor (owned by the Industrial Development Corporation) and Safcol. Moreover there have been several involving agricultural firms whose position is based in historic state support and/or regulation, namely Senwes, Rooibos and Patensie.

In cartel enforcement, the competition authorities achieved notable successes. Since the Competition Commission adopted a more proactive approach, a slew of cartels have been identified, many involving established industrial firms that had quietly carried on protecting their rents. In several important cases, these cartels operated across southern Africa (see below). Multi-level cartels have also been identified in several value chains, apparently to protect the collusive arrangements by raising entry barriers.

While the authorities have stopped insider collusion and anti-competitive mergers, the competition regime has not generally worked to open markets up to new competitors. Instead, the distinction between "a substantial lessening of competition" and the effect on an individual competitor has been emphasised, at least in the final decisions of the Competition Appeal Court (CAC). For example, the CAC overruled the Tribunal decision on price discrimination by Sasol against Nationwide Poles precisely because the effect on the small firm was not enough to demonstrate an effect on competition.

In terms of addressing the power of dominant firms with roots in apartheid policies, the competition enforcement record does not look good (see Roberts, 2012 for a fuller assessment). The government's industrial policies have repeatedly identified corporate dominance in sectors such as steel and basic chemicals as an obstacle to the growth of diversified industrial development. But there have been almost no successful measures taken against these firms under the abuse of dominance provisions.

Influencing the decisions of large corporations: SASOL and AECI

The basic chemicals industry, which lies at the heart of industrial development, serves as an example to understand the issues.

Its development in South Africa is closely related to two demands: from mines and farms for explosives and fertilizer inputs and from the apartheid state's concern to reduce its dependency on crude oil imports. African Explosives and Chemical Industries (AECI), part of the mining-based Anglo-American Corporation, was the leading producer for much of the 20th century. Sasol developed through state intervention.

The state created the first Sasol oil-from-coal plant in the 1950s, with financing from the state's Industrial Development Corporation. Following the 1973 oil price increase, Sasol 2 was constructed in Secunda. A further increase in global pricing prompted the 1979 decision to construct Sasol 3. Sasol was partially privatised at the time, in part to raise the required capital.

Sasol's development of coal-gasification technology had a range of spin-offs, resulting in a major industrial-chemicals complex. Sasol has become dominant in the basic chemical sector and a major domestic supplier of liquid fuel. In the PWV (Gauteng) region, Sasol created an industrial gas pipeline network during the 1980s, expanding it to the Durban region by leasing the disused crude oil pipeline owned by the transport parastatal.

It is important to note that the apartheid state was strategically concerned only with key industries (mining, agriculture) and key products (liquid fuels). The strategy was generally not concerned with developing competitive manufacture of downstream consumer chemicals. The extremely skewed nature of consumer income and demand reinforced the bias to heavy upstream industrial chemicals.

Developments over the past two decades under liberalisation have been heavily influenced by Sasol's market power in the domestic industry as state support was implemented in pursuit of strategic aims rather than profit-maximising objectives.

Since 1990, capabilities have been strengthened in some areas (largely around Sasol) and lost in others. In the 1990s, Sasol invested in the Mozambique gas fields and, in partnership with the South African state's Central Energy Fund, constructed a gas pipeline to transport the gas to its plants in Sasolburg and Secunda, diversifying its input away from coal. The new natural gas feedstock coming on-stream from 2004/5 has underpinned Sasol's growth.

> While the authorities have stopped insider collusion and anti-competitive mergers, the competition regime has not generally worked to open markets up to new competitors.

Sasol has also diversified internationally, buying into the downstream chemical industry in Europe, initiating two capital-intensive gas-to-liquid (GTL) plants in Nigeria and Qatar and a petrochemical complex in Iran in partnership with other trans-national corporations. It also has a polymers joint venture in Malaysia.

Dominant firm strategies, competition law and industrial policy

Under apartheid, it appears that the chemicals industry was disciplined by policies that were influenced by the powerful key interests it had been developed to serve. The mining industry, for which explosives were produced, was at the heart of the economy. The large commercial agriculture sector was also very influential: until the 1980s, fertilizer was subject to regulation that protected the interests of farmers.

Similarly extensive regulatory arrangements were in place in liquid fuels, effectively representing a bargain struck between the multinational refiners present in the country (including Shell, BP, Total and Chevron) and Sasol, together with the South African state. Under the Sasol Supply Agreement of 1954, subsequently known as the Main Supply Agreement (MSA), the crude oil refiners agreed to purchase all of Sasol's output in exchange for guaranteed refining and marketing margins, while Sasol agreed not to enter marketing. Competition between fuel producers was removed in the interests of supporting Sasol's profitability.

At the end of 1998, Sasol gave the required five-year notice to end the MSA in December 2003. The government also released Sasol from the obligation to repay any outstanding subsidies it had received during the earlier dispensation. From the end of 2003, Sasol has been free to enter and expand into the marketing and retailing of fuel, and the other oil companies (OOCs) have not been required to buy Sasol product. Price regulation remains on some products, principally retail petrol. These prices are set to ensure a rate of return for the industry on marketing assets.

It appears as if Sasol's termination of the MSA was linked to its anticipation of de-regulation and the related competitive pressure. Sasol wanted to be able to enter and expand in the downstream, retail markets. In the absence of such a presence, it could be subject to countervailing bargaining power on the part of the OOCs.

Sasol's main strategy was to use mergers to consolidate its position as the indispensable "national champion" of supply. It promised to continue to invest to ensure sufficient supply for demand and to develop petrochemicals production. (Other chemicals producers facing declining levels of protection generally sought to restructure and narrow their production in order to achieve scale economies and to develop their trading activities, drawing on imports.)

Mergers (with AECI and Engen respectively) aimed to strengthen Sasol's position were blocked in 1998 by the old Competition Board and in 2006 by the Competition Tribunal. However, its existing position has not been undermined nor has the power been substantively constrained.

I argue that this is where the combination of competition law and industrial policy ought to be working. The challenge of addressing entrenched dominance in developing countries has been passed to a relatively ineffective competition regime instead of becoming an instrument of industrial policy.

The system of regulation that protects the profitability of the upstream industry has, however, remained in place. Neither has industrial policy effectively tilted the balance from the heavy chemicals bias of the apartheid-era strategy – despite successive policies having this as a key objective. Since 2007, industrial policy has identified the pricing of key intermediate or strategic inputs as a continuing problem for the growth of downstream industries and the need to address this through a strengthened competition regime.

Although some other measures were identified in industrial policy action plans, there has been little concrete progress, possibly because the competition regime was viewed as *the* answer. A mooted windfall tax on Sasol's excessive profits, supported by a National Treasury task team, was rejected by government. The grounds included Sasol's promise to invest to ensure security of supply and the development of petrochemicals.

Following a request by the department of trade and industry, the Competition Commission referred a case of excessive pricing of propylene and polypropylene against Sasol in 2010. The Tribunal hearing is set down for mid-2013, with any finding likely to be appealed. The Commission is also evaluating the conduct of the oil companies. It appears as if the oil companies undermined incentives to compete by exchanging information on sales at a very disaggregated level (Das Nair and Mncube, 2012).

Fertilizer cases

The nitrogenous fertilizer value chain runs from ammonia through to the supply of blended fertilizer products to farms. Ammonia is typically produced from natural gas, and its handling and storage is capital-intensive due to the low temperatures that are required. Sasol produces it in South Africa, approximately half as a by-product of coal-to-liquid-fuels production and half from natural gas piped from Mozambique. Ammonium nitrate, which is mainly used in fertilizer and explosives, is produced by Sasol, Omnia and AECI. The main fertilizer derivative, limestone ammonium nitrate (LAN), is only made by Sasol and Omnia. AECI sold its fertilizer business, Kynoch, to the multinational Yara, although it has subsequently been sold once more to local interests.

Following the Competition Board's decision to block the Sasol-AECI merger, AECI retained its operations in explosives, where there were strong linkages to mining, but spun off the fertilizer activities. Sasol became the sole producer of ammonia and remains the only player in a vertically integrated market.

This illustrates how an entrenched position, in this case at the upper levels of the value chain, can lead to exclusion of smaller and "outsider" firms at lower levels of the supply chain, as well as the limited efficacy of competition law to address such a situation.

Entry barriers in the fertilizer value chain are relatively low at the level of blending and supply. In terms of scale economies and initial investments, firms can build a business without necessarily being part of a large chemicals business. However, this level had been dominated by Sasol, Omnia and Kynoch/Yara.

Two relatively small firms, Nutriflo and Profert, started to grow their businesses aggressively in the early 2000s. These companies bought key fertilizer components from Sasol and blended them to sell to farmers. In 2002 and 2003, both laid complaints of exploitative and exclusionary conduct on the part of Sasol, while Nutriflo also complained that a cartel operated across a range of fertilizer products.

The Competition Commission's investigation identified Sasol as abusing its dominant position upstream, together with cartel arrangements on the part of Sasol, Omnia and Kynoch. Analysis indicated that ammonia is priced on an import parity basis: Sasol uses a benchmark Ukraine price plus all related transport costs (including overland railage) to determine the price for Sasol's internal "sales", as well as sales to third parties such as Omnia. These arrangements meant simply that farmers in southern Africa have been paying substantially higher prices than farmers in Europe for locally made fertilizer, despite relatively low local costs and extensive government support over the years.

These cases highlight the links between protection of a monopoly position and co-ordination by a small group of insider firms to exclude others and exploit buyers. Sasol was potentially subject to buyers' bargaining power as it has little alternative use for its ammonia. Its ability to charge the full monopoly price ceiling (represented by inland import parity) depended on not being credibly threatened by buyers turning to downstream alternatives in the form of blended products or alternative types of fertilizer.

Buyers could also sponsor entry upstream, as such an entrant would require a sales base to justify the large capital investment. The arrangements with Omnia and Kynoch can be seen in this light. Omnia was vertically integrated and so did not offer its product to other blenders, but sold to end-users. Kynoch could import downstream fertilizer products on a large scale due to its parent. Tying both of these firms into a co-ordinated arrangement created collusive margins while at the same time paying Sasol the monopoly prices on upstream products.

In these circumstances, competition is obviously not simply about removing the obstacles to entering and growing in a market. Nor is the enforcement of competition law necessarily a quick remedy. After much litigation, the cases were due to be heard in 2010 when Sasol settled – without an admission, but with substantive remedies around non-discrimination and withdrawal from fertilizer distribution beyond their main production site.

Interestingly, Omnia has subsequently invested in an expanded production facility for which it is seeking to import ammonia on a large scale.

Conclusions

The fuel and basic chemicals cases highlight the danger of equating competition with absence of constraints. Liberalisation of restrictions may well mean consolidation under the largest firm, especially where it is able to leverage off its existing advantages.

Competition law has not been a very effective answer to the challenges of entrenched dominant firms. While the competition authorities blocked the two very large planned mergers by Sasol, ultimately similar outcomes (consolidation under Sasol) were achieved through industry shifts, restructuring and Sasol securing gas as an additional feedstock. The fertilizer case demonstrates both how a firm such as Sasol can protect and exploit its powerful position, and also the potential for smaller independent firms to be the drivers of change, if they are not excluded.

> Although some other measures were identified in industrial policy action plans, there has been little concrete progress, possibly because the competition regime was viewed as *the* answer.

Various reviews of South African economic policy (for example, Rodrik, 2006; OECD, 2010) have identified anti-competitive conduct and entrenched dominant firms as an important impediment to broader based industrialisation but have simply recommended a strengthened competition law. This ignores the wider set of tools and levers that exist in industrial policy and regulation. South Africa has failed to use such mechanisms to discipline the power of firms such as Sasol. (It bears noting that both propylene and a substantial proportion of ammonia are produced as by-products of Sasol's liquid fuels operation, production which is still subject to regulation.)

Admittedly, merger regulation has prevented even greater dominance by Sasol over the South African, and southern African, economy. Sasol has also been penalised for participating in several cartels. It is critical, however, to recognise that both merger regulation and cartel enforcement work on the premise that in competitive outcomes will prevail in the absence of such arrangements. This is quite different from addressing unilateral market power. While the Competition Commission did reach a settlement of the abuse of dominance charges in ammonia and ammonium nitrate derivatives, with substantive undertakings and divestiture on the part of Sasol, this was without an admission or penalty and came at a time when the ending of the cartel arrangements in any case meant it was affected by changes on the part of other firms such as Omnia.

CORPORATE CONDUCT IN SOUTHERN AND EAST AFRICA

Most of the countries of southern and east Africa have established competition authorities. In the main these follow the continental European rather than the South African (or Anglo-Saxon) model. COMESA [the Common Market for Eastern and Southern Africa] has also established a regional competition authority.

It is important to recognise at the outset the substantial extent to which companies in many industries are operating regionally. Aside from the ability to move goods around the region (albeit impeded by poor infrastructure and inefficient border controls), it is relatively easier for companies to migrate from one country to another in the same region, whether the company has a home base in the region or is a transnational based on another continent.

Companies are also able to co-ordinate across the region. At the same time, competitive discipline can also be more effective in industries with scale economies at a regional than at a national level. However, the legacy of colonialism and apartheid is a region divided up largely in the interests of resource exploitation (as is evident in transport infrastructure, which is oriented by the need to move minerals to ports), rather than natural markets. The decisions of companies and the nature of their rivalry are also shaped by this past.

I highlight several examples of anti-competitive arrangements operating at a regional level, before reflecting on some implications for competition law and industrial policies.

- The major beer multinationals, led by SABMiller and Castel, appear to have effectively allocated countries among themselves.
- According to the settlements in the South Africa cement cartel investigation of PPC, Lafarge and Afrisam (formerly Holcim): after the end of the legal South African cartel in 1996, the cement producers agreed to specific market shares for the SACU region and effectively divided markets by geographic area.
- Similarly, the subsidiaries of two main South African construction companies that make cast concrete products such as pipes, culverts and

railway sleepers effectively allocated countries as far as East Africa. South African construction companies have also been found to engage in extensive contract rigging. Cartels have been identified in South Africa in several other infrastructure inputs, such as steel rebar and wire mesh, and it is likely that there were arrangements across the region.
- The fertilizer cartel of Omnia, Yara and Sasol also operated across the region. These companies sold overland, supplying into countries such as Zambia and Malawi.

In contrast, several examples illustrate that market entrants are most likely to be those with existing capabilities.

- The main entrant that challenged the poultry duopoly in South Africa has its origins in Zimbabwe, and expanded to Zambia and Botswana, establishing capabilities and a business base that enabled its challenge in South Africa from the mid-2000s.
- Similarly an entrant into the steel industry, just downstream from primary steel manufacture, is an offshoot of an East African business with operations spreading across the region.
- The dominant steel producer in South Africa, ArcelorMittal, acquired a steel mill in Mozambique that it subsequently closed down, and has been involved in bidding for Zimbabwe's producer, Zisco.
- As discussed above, by controlling access to the major exploited gas reserve in Mozambique, Sasol has prevented potential emerging rivals from using this as a feedstock.

In industries with significant scale economies, such as many of those involved in processing natural resources, there is greater scope for competitive rivalry across the region. This points to the linkages between the integration of regional markets, provisions governing access to mineral inputs, the provision of development finance, and industrial policies. For example, the lack of co-ordinated action in telecommunications keeps roaming charges at extremely high levels.

CONCLUDING REFLECTIONS

Competition laws can play an important part in the economic development of African countries. As highlighted in the South African experience, whether they do so depends on several important considerations.

First, *competition regimes are part of the framework of regulating business conduct, especially of large corporations. Industrial policy, if it is understood as the regime to deliberately influence businesses to build capabilities and prioritise longer-term investments, is closely related and should be complementary*. The South African case study illustrates a failure to understand the linked roles of competition law and industrial policy in addressing the behaviour of large companies. Such companies have been able to retain their historic positions and profits by adopting strategies that undermine potential rivals.

> These arrangements meant simply that farmers in southern Africa have been paying substantially higher prices than farmers in Europe for locally made fertilizer, despite relatively low local costs and extensive government support over the years.

Second, *the competition regime cannot be limited to the assumption that competitive outcomes will be realised in the absence of cartels and by preventing horizontal mergers*. Markets in developing countries are small, while economies of scale and scope, network effects, and learning by doing are all important. This means that the interactions and decisions of a small number of large firms, likely vertically integrated, will determine the development of whole sectors. In short, the nature of competitive rivalry is crucial to the industrial development path. I am not arguing that this should all be loaded onto the plate of the competition authorities. But if the issues are not framed in these terms, the ability to positively influence the decisions of the corporations will be severely limited, as in the example of South Africa.

Third, *the choice of model for the competition regime is important*. Those that are more appropriate place greater emphasis on fair competition in terms of outcomes rather than the number of competitors, and on the ability of smaller firms and potential entrants to be effective competitors. The examples of Germany and South Korea are more appropriate than the Anglo-Saxon models, such as the USA. This is not simply about the law, but the location of the authority within the wider policy framework, and the prominence and autonomy it is accorded.

Fourth, *the type of regime also depends on the institutional capabilities*. It makes little sense to establish a competition regime when skills and expertise would be better placed in government departments responsible for developing appropriate regulations. South African lawyers and consultants may be licking their lips at the prospect of protracted competition litigation opening up across the continent, because if regimes are simply transplanted they will likely be the greatest beneficiaries – not consumers or industrial development.

Fifth, *what about the likelihood that the competition authority will simply be undermined in countries with relatively low levels of development and concentrated economic interests*? This applies to any policy designed to discipline large business interests. What needs to be understood is not whether there will be such pressure but – as with corruption (see Khan, 2006) – how the pressures are mediated. In this regard, the competition authority can be an important forum for business to account for short-term rent protection vs. longer-term investment. Competition authorities require strong powers to obtain information from firms. Arguably, this has been one of the greatest benefits of competition law in South Africa – the light that is shed on industries through investigations. It is important that matters are addressed transparently so that they can be reported in the press, while specific information is kept confidential. This should not be conflated with *de jure* independence, which can in any case be undermined. Rather, it is a question of how the institutions establish both autonomy and also support from their constituencies, including sections of the elite, to ensure their work remains impersonal. Transplanting institutional models from western economies is again not an answer.

Sixth, *the information and analysis of industries and firm behaviour should not necessarily be matched with powers to address the conduct*. It may be the case that regulatory provisions and industrial policies are more appropriate to discipline firms. In considering the respective roles of the competition regime, industrial policy and regulatory bodies, what must be avoided is drawing false boundaries and oppositions that generate misleading answers.

For example, South African fuel and chemicals firms being investigated under the competition law are also subject to a range of regulatory provisions. The starting point must be to understand the role of large firms, what factors influence their decision-making around short-term rent seeking or long-term investment, and how their power in the political process can be mediated.
Lastly, *the potential for building popular support and embedding these institutions* is indicated in the work of competition authorities in Kenya, Tanzania and Zambia, and more recently in Botswana and Namibia. Kenya and Zambia have also passed laws strengthening the powers of the institutions. Comparisons across the region provide useful benchmarks. For example, Tanzania has addressed exclusionary conduct by the local subsidiary of SABMiller, while the South African Competition Commission has failed to tackle similar conduct. The South African experience, however, demonstrates that uncovering cartels – especially in basic consumer goods like bread – can raise the public recognition of such institutions. The internationalised nature of business across the region must also be recognised. This is a challenge to the work of competition authorities, including the newly established COMESA authority. South African industrial policy must equally pay attention to the dynamics of regional industrialisation.

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Africa is on the move

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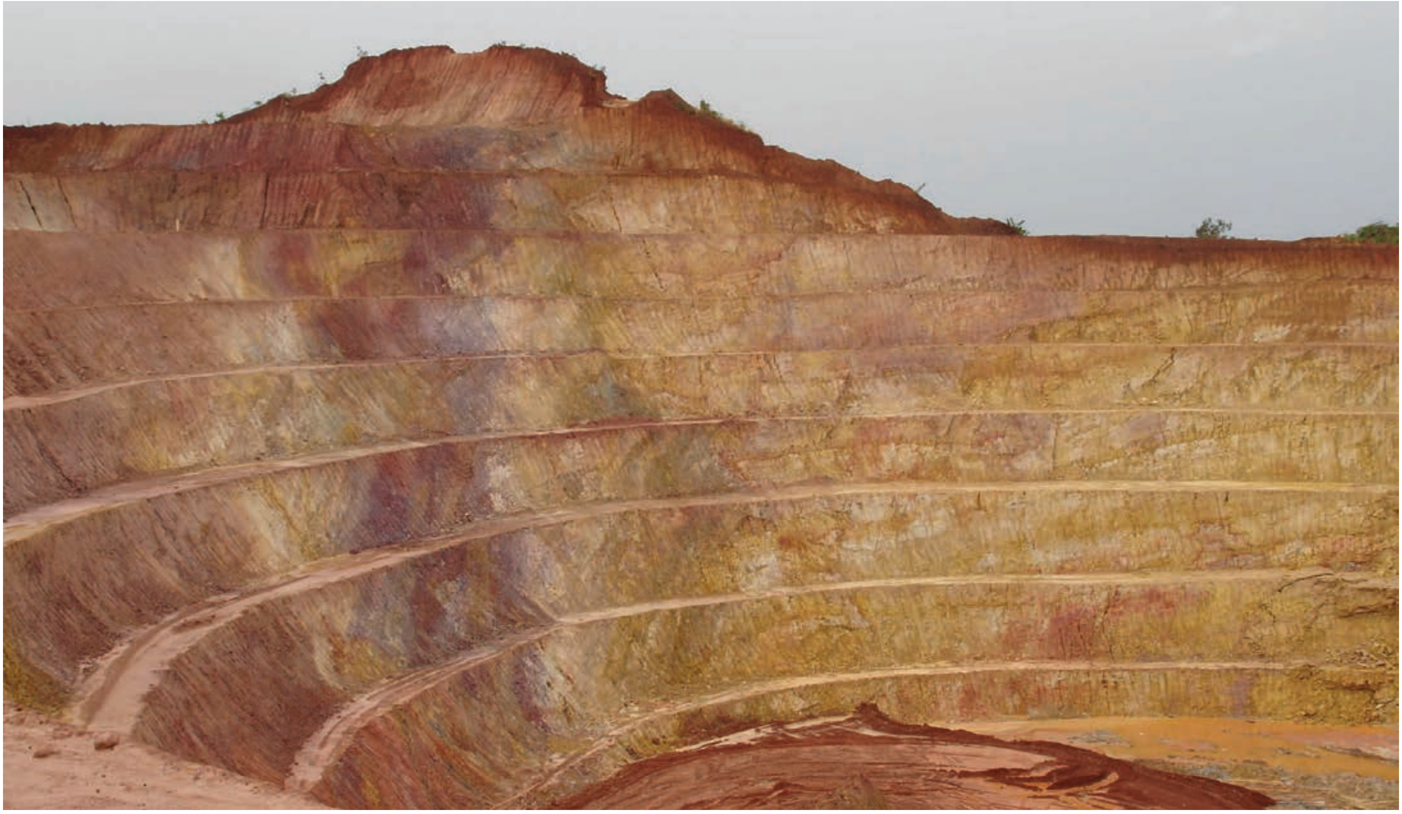

Siguiri Gold Mine, Guinea

Langer Heinrich Uranium Mine, Namibia

Despite a sluggish global economy, according to the IMF in 2012 sub-Saharan Africa grew at 5.3% compared to a world average of 3.3%. This was no flash in the pan. *The Economist* found that between 2000 and 2010, six of the ten fastest growing economies in the world were from sub-Saharan Africa and it is forecast that between 2010 and 2015 Africa will grab seven of the top ten places.

South African companies, like much of the rest of the world, were initially slow to spot African opportunities. But we have now made huge strides in investing in Africa and have continental champions in many areas from banking to mining, telecoms to consumer goods.

But why has the continent of seemingly perpetual gloom taken on the lustre of infinite possibility? Africa is urbanising fast, has a young productive population, is increasingly stable and democratic, and is rapidly reshaping its engagement with the world. Economic growth is further fuelled by a resources boom as emerging economic giants like the BRIC (Brazil, Russia, India, China) economies – most conspicuously China – have developed a sustained hunger for African resources.

Joining BRICS was a great diplomatic triumph for South Africa. According to Standard Bank, a decade ago BRIC economies accounted for just 5% of South Africa's total trade, but by 2012 this had risen to 19%. China is now our largest single trading partner, while India has climbed rapidly to the eighth position.

Medupi Power Station, Lephalale, Limpopo

For us, a key measure of our success as a member of BRICS will be how effective South African companies are at accessing the other BRIC markets. South Africa has made it very clear that we are not going to represent Africa in the strict sense of the word, but will rather promote Africa's agenda. The theme of the Durban summit "BRICS and Africa – Partnership for Development, Integration and Industrialisation" captures these aspirations.

Despite being relatively underexplored it is estimated that Africa has about 30% of the planet's mineral reserves, including 40% of its gold, 60% of the cobalt and 90% of the world's platinum group metals. For Aveng Mining, the mining arm of the Aveng Group, 70% of our current surface mining business is now outside of South Africa in eight African countries, where we are helping miners meet the demand for minerals like copper, nickel and gold. Likewise, no-one who has travelled up the Angolan, Nigerian or northern Mozambique coasts will be surprised to hear that Africa is becoming a player in global energy markets. Securing long-term energy supplies is driving much of the BRICS countries' interest in Africa.

Having vast mineral reserves and a young productive population will not guarantee sustained growth unless Africa can attract investment and diversify its economy. Infrastructure will unlock both because of its multiplier effect. The South African Federation of Civil Engineering Contractors estimates that every rand invested in infrastructure creates between two and three rands worth of value in the economy and enables employment creation.

A recent Business Monitor International survey of investors in Africa identified the inadequacy of physical infrastructure, particularly in the power and transport sectors, as one of the biggest constraints to economic development. Less than 40% of the continent's population has access to electricity and only 65% can access clean water. Inadequate infrastructure undermines human and economic development.The need is huge. The African Development Bank estimates that financing Africa's infrastructure deficit could cost USD93 billion annually until 2020.

For Africa to capitalise on the growth opportunities offered by the BRICS, its trade infrastructure will need to be boosted. But we must not replicate colonial patterns of trade infrastructure that connected African countries to European colonial markets. We need cross-border infrastructure to connect countries and regions with each other to facilitate trade. Today, only about 10% of African trade is with other African countries. Africa must trade with Africa – this is where it all begins. Strengthening intra-African infrastructure will also strengthen our ability to trade with each other, with other BRICS countries, and with the rest of the world.

The commitment by 26 African countries to create a free trade area in eastern, central and southern Africa by 2014 will go some way to removing tariff and other barriers which constrain intra-African trade. But policy is not enough. Infrastructure will make it happen.

Who will drive the massive investment in roads, rail, telecoms, power, ports and water infrastructure that is needed to extract

Moatize Coal Railway Line, Mozambique

and export resources, to support rapid urbanisation and drive industrialisation?

The planned BRICS development bank and other development finance institutions offer a potential source of financing for major cross-border infrastructure projects such as the much anticipated North-South Road and Rail Corridor project to connect eight African countries. Some BRICS companies or even state institutions have been using their own balance sheets to finance major infrastructure. Chinese companies are now famous for their 'infrastructure for resources' deals.

The balance sheets, people, and sheer scale of resources of companies from BRIC countries can be daunting. As South African companies, we will have to raise our game and leverage our competitive advantage – in particular, a reputation for high quality, solid experience in doing business on the continent and building sustainable relations with local communities. Naturally, we will compete in areas and we will collaborate or even be clients of BRIC companies in others. For example, Aveng will soon be working for a major Brazilian resources giant in northern Mozambique. Closer to home, we are constructing a deep shaft for the Chinese-owned Wesizwe platinum mine. These are just some examples of how we are working with our BRICS counterparts to build infrastructure and support economic development in Africa.

If South Africa Inc. is to thrive, business and government need to show a greater sense of collaborative urgency if we are to build the infrastructure to support our own and the region's growth. We must get to work.

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ONE woman in Africa:
An interview with Sipho Moyo

Sipho Moyo is the Africa director of ONE, an international anti-poverty NGO. She spoke with Ben Turok at the African Development Forum in Addis Ababa on 25 October 2012

Ben Turok: What is ONE?

Sipho Moyo: ONE is a campaign and advocacy organisation that works to fight extreme poverty and preventable diseases, particularly in Africa. We do this through influencing policy changes that will have an impact on poverty. We work in several markets. Our biggest office is in the US, and we have European offices in London, Paris, Berlin and Brussels. In Africa, we're in Johannesburg, East Africa and West Africa. Our colleagues in the northern markets are influencing US government and European parliament policies. We in Africa are working with African policymakers.

MULTILATERAL EXPERIENCE

BT: And your professional background? You were educated in the US?

SM: Yes. I'm an economist by training and actually all I've ever done is development work. I joined ONE two years ago. Before that, I spent 18 years working in the multilateral development organisations, including the World Bank. Then I went to work for the United Nations. My last job, before coming to ONE, was with the African Development Bank (AfDB), where I spent 12 years.

BT: You have to be pretty clued up to get a job at the World Bank at an early age.

SM: Well, I was pretty young so I couldn't have been that clued up! (laughter) Someone gave me a big break and it worked out very nicely.

BT: As a research economist, you have to know your stuff to get a job at the World Bank and the other organisations you mentioned.

SM: I did have a PhD, and every PhD is a researcher at heart. You don't get one without some deep diving. It seemed a natural entry point.

BT: Did you enjoy your work with the multilateral organisations?

SM: Absolutely. I've had such a privileged career. Working for these organisations has taught me a lot and, to state the obvious, brought me to where I am.

BT: And then you come to a senior position in an NGO. Why the change?

SM: Most people start their career in an NGO or civil society organisation and work their way up to the bilateral and eventually the multilateral organisations. Perhaps I'm doing things backwards! I've had people ask me if this is not a demotion, but I think I needed to have precisely this kind of CSO experience. I find that, having done things backwards, I bring something to the table that most people don't.

BT: Tell me about the work you did for the World Bank, UN and AfDB.

SM: At the World Bank, I was an economist in the Middle East and North Africa region. I was part of the very first World Bank mission to Iran after the revolution. It was quite a daunting task to be just starting out and working with others to project the World Bank as a development partner for a country that was only beginning to open up to international organisations. I was very junior but I learned a lot.

Then I went on to work in agricultural economics for IFAD, the UN's International Fund for Agricultural Development. By that time, I had completed my PhD, which – in my mind – was the only reason I had ever gone to America and I was constantly looking towards returning to Africa. The job at IFAD, even though it was based in Rome, gave me an opportunity to work in Kenya and Swaziland.

BACK TO AFRICA

BT: You started your education in Zambia. I was teaching at the university there when you were a student. (laughter) Nice to see you again!

SM: Thank you, sir!

While I was working for IFAD, I was scouring the newspapers and every publication I could to find a job in Africa. I could have gone to Mogadishu if an opportunity came up there. But I was again very fortunate to land a research job with the UN in Nairobi, which was really a fantastic opportunity.

I worked for HABITAT [the United Nations Human Settlements Programme], which dealt with urban development. That gave me an insight into urban problems, particularly the urban squalor in a continent that was urbanising at a very quick rate. As a student, I had worked on [US President] George Bush Sr's Blue Ribbon Commission on Affordable Housing, with the department of housing and urban development. I had begun to have an understanding of the challenges of urban development in America, but it was nice to be doing it at the UN level and to begin to understand what was happening globally.

My last job before coming to ONE was as the resident representative of the AfDB in Tanzania. In that capacity, I also had the privilege of chairing the General Budget Support Group – the 14 donor countries that contribute to general budget support of Tanzania. At the time, Tanzania was the largest GBS country anywhere. So I was juggling being the head of the AfDB office and chairing General Budget Support.

BT: I've heard a great deal about this GBS in Tanzania. The funders work together with government in one body to set policy for the country and allocate resources. It's quite important.

SM: The advantage is that it gives the country the flexibility to set its own priorities.

BT: Do the donors co-operate?

SM: It was like herding cats! For me, it was a particularly interesting experience. Throughout its history, GBS had been chaired by the bilateral donors and never by a multilateral organisation, let alone an African organisation.

BT: And a woman!

SM: It was very, very interesting. But I think my leadership was very much appreciated, both by the donors and by the government, because I brought a soft touch. I always make it clear that I'm not an "honorary man", no matter what leadership position I'm in. I was able to balance the interests of government and the interests of the donors, while remembering that we were there primarily to serve the government of Tanzania. I think I was successful

in doing that. Besides being the representative of the AfDB in Tanzania, I also saw that part of my role was to represent the interests of the Tanzanian government to the Bank.

ADVANCING WOMEN

BT: It sounds like you rose in those positions through your experience and capability. Would you like to say anything in general about women's empowerment and advancement?

SM: You know that women are about 50 percent of the population. For society to think that it can progress without leveraging and supporting the input of the other half is really a fallacy. In order for society to advance, we need to get the best out of everybody.

For example, I very much celebrate and appreciate the Rwandan example. Rwanda is not just an African champion when it comes to women's empowerment: it is a global champion. I don't know of any other country where 50 percent – in fact, Rwanda has 51 percent – of the parliament is made up of women. If Rwanda can do it, we can all do it. There are a lot of good women out there and I think we must find them and bring them to the table.

My view on women's empowerment, on what used to be called affirmative action in America? It doesn't mean you bring a janitor off the street and make him chairman of the board. It means you go and find the good people. People need to give women a break. Cut women some slack! I consider myself to be extremely blessed in my career – because someone gave me a break. A big break. And it's someone I remain extremely proud to be associated with. My very first boss at the World Bank was Ngozi Okonjo-Iweala, who didn't know me from a bar of soap.

BT: She became minister of finance in Nigeria.

SM: I went to Nigeria precisely because I was excited about working with her as minister of finance. Being able to work with her again was a privilege.

BT: I like the phrase you used: that we need to go out and find good women and give them a break. The ANC has adopted a policy that all posts should be 50/50. It's a mechanical approach. You've spent a lot of time here. What is your view?

> There are a lot of brilliant, capable South African women out there. We need to find them and give them a break, give them the opportunity to really contribute and help the country to progress. It's not just bringing women for the sake of bringing women.

SM: I don't spend as much time in South Africa as I would like to. I'm not sure I fully understand what a quota system is, but I will restate my position. There are a lot of brilliant, capable South African women out there. We need to find them and give them a break, give them the opportunity to really contribute and help the country to progress. It's not just bringing women for the sake of bringing women. It's about going out and finding the great women who will make a difference. And I want to say again: I know there are a lot of brilliant smart women in South Africa.

BT: You're going to have to persuade the men who are in the top positions to go out and do that! (laughter)

SM: I don't want to judge the situation. I have lived in six or seven African countries, so I have more experience in the rest of Africa than I do in South Africa, but there's usually this sort of "traditional culture" malarkey that comes into play. Where there is a will there is a way. We need to find these women, and if it takes a quota system to do that, then let's use it.

GRASSROOTS TO GRASS-TOPS

BT: Let's turn to ONE. What is the role of NGOs in advocacy?

SM: At ONE, as I said, our objective is to end extreme poverty and preventable diseases, especially in Africa. Advocacy is honestly quite a sophisticated business. I know that a lot of people look at civil society as…

BT: One person with a cell phone sending out SMSs! (laughter)

SM: But at ONE, we work on both ends. We lobby the grass-tops – the policymakers, government leaders and so on – but we also mobilise the grassroots. The aim is to get policy change at the grass-top that has an impact at the grassroots. We use the influence of the grassroots. We are backed by three million members worldwide and that's a powerful constituency.

BT: I was surprised to hear some of your stories about Tanzania.

SM: I'm very happy and very proud to talk about Tanzania, because it's a country I love dearly – and, I think, a country that loves me. Tanzania was actually our very first campaign in Africa, the very first petitions we ever delivered on African soil. It was a campaign on agriculture.

At ONE, we only ask leaders to keep their promises. We track their commitments and hold them accountable. We don't have any new requests, only what they're already committed to do. Our campaign on agriculture was to ask African leaders to keep their Maputo [the African Union's 2003 Maputo Declaration on Agriculture and Food Security] commitment, which is to allocate 10 percent of their national budget to agriculture and rural development. Nine years down the road, only a handful of African countries has met that commitment. We're living in a world where people don't have to be hungry. We have the technology, the know-how. So why are people still dying of hunger in Africa? We think that ending poverty begins with food and nutrition, a decent balanced diet for people.

AGRICULTURE FIRST

That's the background: we want African leaders to renew their commitment to agriculture development as a first step in the fight against extreme poverty. Tanzania – or more specifically, President Jakaya Kikwete – has been a champion in his own country with the *Kilimo Kwanza* initiative. That's a Swahili phrase that means "Agriculture First". It basically said that, to end poverty, we're going to have to invest in agriculture. If you know the history of development in Africa, there was a time when the World Bank and the donors started to decrease their investments in agriculture. The results of that were beginning to show.

I approached President Kikwete, to understand more about *Kilimo Kwanza*. When he launched the initiative in 2009 in Tanzania, I happened to be chair of GBS and I travelled with him across the country for four days, launching it in all the rural areas. So I had been very closely associated with *Kilimo Kwanza* and I had seen it as a model for the rest of the continent.

I thought this was a great place to start my pilot campaign. I knew the president was a champion. I knew his commitment to agriculture – but I also knew that Tanzania had not met its 10 percent commitment. It was close, very close, but we needed to get to the finish line. At some point it had gone up to almost 9 percent and then it came down following the food crisis, the fuel crisis and the global financial crisis. Tanzania was forced to tighten its belt and the GBS allocation to agriculture had come down to about 7 percent. Maybe Tanzania needed a little help to nudge the leaders.

And you know that African leaders are struggling with competing priorities: agriculture is as important as healthcare, as education, clean water, power and so on. But we see agriculture as key. If you have good food, you have good health. If you have good food, you can go to school. The multiplier effect of money invested in agriculture is greater than that in most other sectors.

Then we launched the campaign. President Kikwete understood what we were doing, that we were going to be pressuring him to meet the commitment for 10 percent.

BT: What did you do?

SM: In typical ONE fashion of mobilising the grass-roots, we mobilised Tanzanian farmers.

BT: You went out to the villages?

SM: Yes.

BT: Dr Moyo, formerly of the World Bank, went to the villages!

SM: Absolutely! (laughter) But I don't wear pinstripes. As you can see, I dress as a very typical African village woman.

We worked with a local agriculture NGO – and partnership is important for our work at ONE. We don't believe we can do anything on our own, particularly in Africa and particularly because we are a new player on the scene. We worked with ANSAF [the Agricultural Non-State Actors Forum in Tanzania]. We had one hundred Tanzanian farmers, but it wasn't just Tanzanians. We had people from South Africa, Zimbabwe, Nigeria, Ghana, so many countries. And we had them march on State House. We had one hundred people marching, but more importantly, we had a petition with 16 000 signatures from African citizens all over the continent. That's what we presented to President Kikwete.

> At ONE, we work on both ends. We lobby the grass-tops – the policymakers, government leaders and so on – but we also mobilise the grassroots. The aim is to get policy change at the grass-top that has an impact at the grassroots.

BT: Was he upset?

SM: He was very gracious, as he always is. African leaders are not used to being petitioned. A lot of the time they're hostile to this kind of noise-making NGO activity. We were a bit intimidated as we barged through the State House gates. He said that when he saw this multitude marching towards him, he felt intimidated! (laughs) Being the statesman he is, he listened to us. We had a farmer speak out, and those farmers are very outspoken. Because we knew we were going to escalate this campaign eventually to the African Union, we also asked President Kikwete to bring his witnesses to the table. He brought all the African ambassadors, so that they could witness the presentation of the petition and take the message to the AU that we are coming.

In his response, President Kikwete recommitted to Maputo and said he would meet his 10 percent allocation by 2013. Already in 2012 he has scaled up from 7 percent to 9 percent of the budget. He's on track. He's keeping his promises. And we're looking forward to 2014 when Tanzania will have met, and perhaps exceeded, the 10 percent allocation.

He promised to help us escalate the campaign and we continued to work very closely with him. With this support, I was able to go to Benin and speak with President Thomas Yayi Boni, who is the present chair of the AU. I explained to him that investing in agriculture was about life and death and the economic transformation of this continent: would he or would he not help us?

BT: You're working at a high level for an NGO. Are you changing the image of NGO advocacy?

SM: We hope we are, and in a positive way. We work at a very high level but, as I said, we also work at a very grassroots level. Being able to do the two at the same time – to mobilise and to lobby – is what's effective for us. The grass-tops knowing that we have this huge mobilisation behind us is what puts the pressure on.

> We see agriculture as key. If you have good food, you have good health. If you have good food, you can go to school. The multiplier effect of money invested in agriculture is greater than that in most other sectors.

TRANSPARENCY AND ACCOUNTABILITY

BT: Could you talk about the transparency campaign you're involved with?

SM: We're starting to work on transparency and accountability issues. In agriculture, for example, we're not just asking for the 10 percent – we're also asking for the budget to be transparent so that citizens and NGOs can see exactly what this 10 percent is going towards and hold governments to account.

Transparency and accountability are also important in the extractive sector – minerals and oil. That sector has a great potential for development finance in Africa, especially given the global financial crisis. It's almost a blessing in disguise. We're seeing this as a critical moment and a critical opportunity for development finance. African countries need to get the most out of their natural resources and to use that to improve their human development indicators: health, education, clean water, infrastructure and so forth. And what we see as a big problem in the extractive sector is precisely the lack of transparency in the deals that are signed and in the payments that are made by mining companies for licences and rights.

We think it's important for African countries to sign up to the Extractive Industries Transparency Initiative (EITI). That really represents a paradigm shift in the governance of natural resources. Since EITI came into force, 21 African countries have signed up. We think this is a very important first step. But beyond that, we think it is also very important to have legally binding measures. EITI is not binding, but it does raise awareness around transparency, which is very important. We would like to see transparency laws being put into place by national governments.

We started this campaign in America. Two years ago, we were very instrumental in getting the Dodd-Frank [Wall Street Reform and Consumer Protection] Act passed. Within that, there's the Cardin-Lugar Amendment, which forces extractive companies that are listed on the New York Stock Exchange to publish what they pay to African governments. Or African civil servants, as the case may be, if you catch my drift!

BT: Can you really force a company in the United States to declare what they paid to a department in Nigeria?

SM: It is now the law.

BT: And it will be enforced?

SM: The oil companies are fighting it. But the important thing is that it's been passed in America. Now we are working with the European parliament to do the same thing. Just three weeks ago, they endorsed similar measures. That's a big victory for the work that we are doing.

BT: If this kind of information is released in America, is it passed to the relevant country in Africa?

SM: The information is public. When these companies publish what they pay, it's a public disclosure. You can see that the sun is already beginning to shine on what were previously shady deals.

We're doing some work here. South Africa is the largest mining country in Africa but it's also in the G-20 and a BRICS country and has an important leadership role to play. And also because of the role that South African companies play in the rest of Africa. Or to be more exact: because of the *behaviour* of South African companies in the rest of the continent.

The next step is obviously trying to get the same transparency laws passed in Africa. Liberia, a rather small country, has actually passed transparency laws, which enabled it to revise some of the deals that had previously been signed. It's a great success and one to be celebrated.

BT: This is under President…

SM: Ellen Johnson Sirleaf…

BT: Another woman leader!

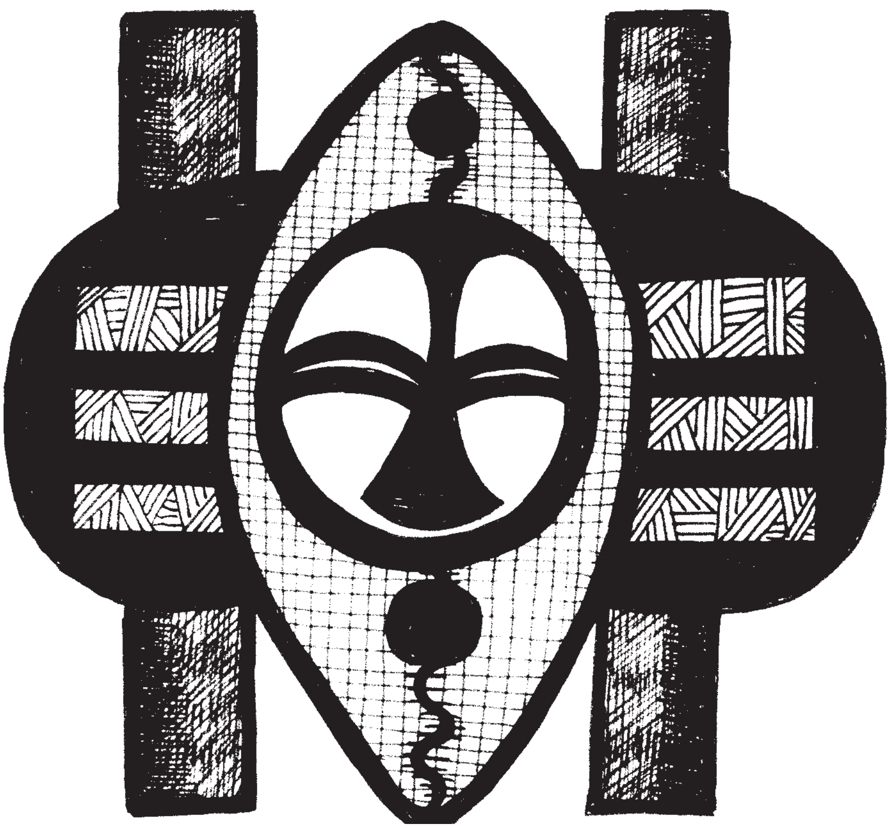
SM: An amazing woman leader.

We're beginning to understand the context and what the challenges are. And then we're beginning to see things like Marikana, which speak to transparency and the need to transform the way that mining companies are operating in Africa. We do not want to see Marikanas erupting all over the continent. So South Africa is a key country and we're hoping to see leadership come from South Africa. We need to understand more about the legal framework here and what has already been achieved in the transparency laws. What we would like to see – or discover, if it's already there – is an equivalent to the Cardin-Lugar Amendment, a legally binding measure in South Africa. We look forward to working with some of the policymakers and understanding how the mining companies operate and having South Africa express its leadership on the continent when it comes to transparency in mining.

This is where development finance is going to come from in the African continent, from its own natural resources. In 2010, the revenue from extractives in Africa was over $300 billion, compared to $48 billion in aid received. You can see that official development assistance is miniscule compared to natural resources. If we had transparency and our governments were signing the right deals, ones that are helpful and beneficial to the citizens, we can very easily double or even quadruple that $300 billion. That's where we need to keep our eyes: keep our eyes on the money, follow the money, track results. When you have transparency, citizens know what their government revenues are. Citizens can demand public services. Citizens can hold their governments to account. We want to see what happens all the way from source to services.

BT: That certainly fits in with this forum we're attending here in Addis, with its theme of "Governing and Harnessing Natural Resources for Africa's Development". Do you think it will provide a helpful background to your work?

SM: I think so. I'm looking forward to the communiqué that will come from this forum. It will certainly provide an impetus to our work. The African Union has an important role to play. We're particularly proud of the Africa Mining Vision, and we would like to see the AU revise the governance indicators in the African Peer Review Mechanism to include very specific reference to transparency in mineral resource revenues.



Why SADTU is opposed to the essentialisation of education.

The South African Democratic Teachers' Union welcomes the fact that our government has declared education as an apex priority and a societal matter. We support and strive for quality public education. However, we don't believe that education should be declared an essential service.

Every production line has to undergo certain critical stages before it can come up with a complete product. These stages include the inputs, processes and the expected outcomes. Equally, education has to undergo these stages in order to produce the desired results. If any of these stages lag behind or don't perform to their optimum, the outcome will, by all means, be negatively impacted.

In education, the input is made up of the qualifications of the teacher, the background of the learner and the investment in education infrastructure. The question we should ask ourselves is: are our teachers properly supported in the learning areas they teach with quality qualifications to get on with the task at hand? Are the learners properly motivated to receive what they are taught? Do they come from families or homes where they get adequate psycho-social support? Do the schools have enough classrooms that are conducive to learning, in terms of quantity and quality? Do schools have enough teachers, learning materials, laboratories and libraries, minimum sports and recreation facilities? The answer is that the provision of the above remains a challenge.

If the input part is not adequate, surely it will have an impact on the processing stage which is teaching and learning. For teachers to teach effectively, they must be on top of their game. That involves being highly qualified, which requires focused lifelong teacher development. That does not exist in our education system at the moment.

Teachers are dealing with learners who come from different backgrounds, where they have little influence and have to rely on parents to inculcate the culture for learning. If the learners do not get enough support from their parents, the performance of the learners won't be at its optimum peak.

The essentialisation of education as proposed or debated will not solve the crisis in education, because it is targeting only one component in the system – the teachers.

There is consensus that the problems faced in education are in fact systemic in nature. For instance, there is very little that a teacher can do with a learner who faces extreme poverty and instability at home. There is equally very little that teacher unions can do when learner support materials are not delivered on time or when government senior bureaucrats in the circuit, district, provincial and national offices do not deliver the support that is expected from them. In our view it would be extremely shortsighted to isolate teachers' rights to strike and elevate that to the main problem facing our education system.

We firmly believe that if problems of teacher-learner ratio, school violence, inadequate infrastructure and learning materials, under qualified teachers can be addressed, education in South Africa will significantly improve. This can

SADTU General Secretary Mugwena Maluleke

happen without taking away educators' right to strike.

Education is, in the literal sense, essential. However, it does not meet the legal criteria of an essential service. Section 213 of the Labour Relations Act provides that a service is deemed to be an "essential service" if the interruption of that service endangers the life, personal safety or health of the whole or any part of the population. The reality is that when teaching is interrupted due to strikes, it does not endanger the life, personal safety or health of the learners. The functions performed by educators (teaching) can therefore never be classified as an "essential service".

The International Labour Organization (ILO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO) also do not regard education as an "essential service".

Most of the propagators for the essentialisation of education have one thing in mind – it is going to put an end to strikes for the better improvement of education in South Africa. No scientific argument has been presented to prove that strikes lead to poor education. Whenever SADTU members embark on strikes, we come up with catch-up programmes to compensate for the time lost.

The suggestion to declare education an essential service gives an impression that organised labour prefers industrial action over all other mechanisms as a solution to dispute resolution. That, however, is very far from the truth; our reality is that the "no work, no pay" principle hits very hard on our members' pockets and a decision to strike is never taken easily. The decision to strike is often taken as the last resort after we had exhausted all other possible avenues. We are, after all, the working class and when circumstances compel us, we have nothing but our labour to withdraw since we do not own the means of production.

The debate also questions the need for collective bargaining for teachers because they argue that collective bargaining is incompatible with professionalism. The debate also seeks to assert that Unions raise the costs of education, thereby draining resources away from the inputs that raise achievement. Clearly this argument fails to appreciate teachers' qualifications, which include teacher development. These are primary inputs for quality education and therefore can't be categorised as costs but investment.

SADTU is committed to improving education in South Africa and we affirm our unequivocal commitment to the Quality Learning and Teaching Campaign (QLTC).

Moreover SADTU has launched its Promotion for Quality Education Campaign which aims to bring all the stakeholders in education together to play their respective roles. We are calling on the learners, teachers, parents and communities to play their respective roles in education in full.

We believe this will bring about quality education and not the essentialisation of education.

By: Mugwena Maluleke, SADTU General Secretary.

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higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

Minister of Higher Education and Training, Dr Blade Nzimande

An interview with the Minister

What South Africans will see in the soon-to-be-published White Paper on Post-School Education and Training is the vision of the Minister of Higher Education and Training, Dr Blade Nzimande, for higher education and training in the country. In his own words, Minister Nzimande says the White Paper seeks to identify and remove the challenges facing the post-school system while setting out a broad policy for expanding post-school provisions to improve access.

"In addition, in the White Paper one will see that the focus is on strengthening institutions of higher learning and training to improve quality, setting out a vision and pathways for achieving a coherent post-school system with articulation, collaboration, and coordination between the different components, as well as alignment between the various institutional types, and between education and training institutions and the labour market," says the Minister, passion for the sector visible on his face.

One of the instruments the department is making use of to improve access into higher education and training is the National Students Financial Aid Scheme (NSFAS), to ensure that finances do not become a barrier to further education for poor students. NSFAS provides loans and bursaries for first undergraduate degree students at universities, and bursaries for students studying at the 50 public Further Education and Training (FET) Colleges. The funds allocated have increased from R441 million in 1999 to R5.1 billion in 2012. NSFAS is expected to disburse about R2 billion in loans and bursaries for the 2013 academic year.

R2 billion is indeed a lot of money; however, the NSFAS financial aid is still not adequate to meet the ever-increasing demand. The 2010 NSFAS Review Report illustrates this, and all universities indicate that their needs are far greater than the funding made available. In 2012, an additional amount of R350 million was made available to all universities to augment their NSFAS allocation, specifically to ensure that returning eligible students are covered.

Dr Nzimande adds, "For the 2013 academic year, we'll provide similar support once we've established the shortfall required and the funds available. We're also currently assessing how to implement and fund a fee-free university education across the system."

One of the greatest achievements that government can justifiably be proud of is that this year, a total of one million beneficiaries will be reached with the NSFAS, covering the period from 1991 when the scheme was known as the Tertiary Education Fund for South Africa (TEFSA). There is no doubt that funding post-school education has significantly increased the number of poor eligible students being able to access higher education and training at universities and colleges.

Minister Nzimande often reminds the Department's stakeholders and partners from every sector that the department is: "Working together to expand ACCESS, increase OPPORTUNITIES and achieve SUCCESS in post-school education and training!" This refers to the social compact between government, business, labour and communities.

Part of the Minister's bigger vision is that by 2030, higher education and training will raise university enrolments to 1 500 000 (a projected participation rate of 23%) as opposed to the 2011 enrolments of 899 120 (a 16% participation rate). "In addition, we aim for 4 000 000 enrolments (around 60% participation rate) in colleges or other post-school institutions," he says.

Minister Blade Nzimande with a group of young trainee Jockeys at the South African Jockey Academy in KwaZulu-Natal. The Academy is the only one of its kind in the world and has learners from foreign countries.

Strengthening Further Education and Training colleges and emphasising their role in scarce and critical skills production

The Further Education and Training system has to be a driver and catalyst for community development, while also tackling unemployment and poverty head-on. This requires a shift in thinking and perspective.

Public confidence in FET colleges has increased, and this confidence can be seen in the increase in the number of enrolments in colleges from 350 000 in 2009 to over 600 000 in 2013.

Government has allocated R2.5 billion towards the refurbishment of existing campuses and the construction of new FET College campuses over the next three years (2012-2015).

In addition:

1. Government's bursary support to FET college students has increased four-fold: From R318 million in 2010 to R1 235 billion in 2011; to R1.7 billion in 2012 and up to R2 billion in 2013 for all FET college students who meet the eligibility criteria of financial need and academic performance.
2. Financial support provides the necessary assistance for increased access and success to 165 273 students from poor backgrounds.
3. A total of R2.5 billion has been allocated to FET colleges' Expansion and Capacity Building Development Programme. Added to the R2.5 billion allocation to the refurbishment and construction of campuses, this amounts to a R5 billion investment to turn FET colleges into institutions of choice.
4. To ensure good corporate governance and sound financial management, parallel to the financial investments Government has ploughed into colleges, chief financial officers have been appointed at 40 FET colleges through a strategic partnership with the South African Institute of Chartered Accountants (SAICA).
5. FET colleges have registered great improvements in the pass rates, from 9% in 2009 to 40.9% in 2012. There has also been diversification in offerings for intermediate and high-level learning as well as occupationally-directed programmes.
6. As part of Government's Turnaround Plan for FET colleges, an FET lecturer development programme has been introduced to address teaching practice and lecturer competencies to improve student performance.

FET colleges are post-school institutions of choice for South Africa's economic growth, critical and scarce skills provision for the country and the reduction of unemployment.

"Working together to expand ACCESS, increase OPPORTUNITIES and achieve SUCCESS in post-school education and training!"

What's happening in Brazil?

Congress of South African Trade Unions

COSATU

This is an excerpt from COSATU's *Seize the moment! A message to all COSATU members and the people of South Africa*, **prepared for the 2012 ANC general conference in Manguang. The full booklet is available from www.cosatu.org.za**

A revolution is taking place in people's living standards in Brazil and other parts of Latin America. Strides have been made in creating decent work and reducing poverty, inequality and unemployment over a short period. At the heart of gains in the labour market is the consolidation of national minimum wages and collective bargaining, with a deliberate strategy driven by progressive governments to substantially increase the real level of minimum wages and address the plight of the working poor. The other key leg of this strategy to raise people's incomes is the introduction of social protection measures to ensure that all the poor, including the unemployed, have access to a basic income. These redistributive policies have been effectively combined with state-driven industrial and investment strategies.

HOW HAVE THESE ACHIEVEMENTS BEEN DRIVEN POLITICALLY IN BRAZIL?

In his first term of government (2002–2006), President [Luiz Inácio Lula da Silva] was tainted both by the adoption of neoliberal economic policies and a serious problem of corruption in the Workers Party (PT) and government.

In an interview in November 2010, Brazilian academic Professor Alfredo Saad Filho outlined the difference between Lula's first and second terms:

> During Lula's first administration, conservative fiscal and monetary policies prevented any significant improvement of the country's social indicators, and wages and employment stagnated. To cap it all, in the run-up to the 2006 elections the administration was battered by a relentless succession of corruption scandals backed up by media and political hysteria which suggested that Lula might be impeached or, at the very least, defeated in his bid for re-election.

According to Saad Filho – a left critic of Lula's government – Lula, together with his allies in the PT, the state and the broader movement, acted decisively to turn this around in his second term, moving to address these problems in policy and leadership, both in government and the party. Policies were implemented which radically increased the income of workers and the poor. Government and party leadership was changed and important policy shifts were engineered, regaining the support of worker and peasant organisations, which led to a huge increase in support from the masses. By the end of Lula's second term in 2010, surveys put his support at 80 percent. This turnaround is what we term the "Lula Moment".

Saad Filho, who acknowledges the progressive impact of this turnaround, describes how it was done:

> He recomposed his top team, decimated by the scandals. Heterodox economists and nationalist diplomats aligned with the PT were appointed to head the Ministry of Finance, the Secretariat of Strategic Affairs, and the National Bank for Economic and Social Development (BNDES), the largest development bank in the world… they have been able to implement activist and distributive fiscal and financial policies, and to moderate the Central Bank's orthodoxy... The administration pushed up the minimum wage gradually and consistently, and embarked on a reasonably ambitious "programme of growth acceleration", focusing on investments in infrastructure, transport and energy. In the higher education sector, 14 new federal universities were created, staffed by thousands of new academics, to cater for 210 000 new students.
>
> The government's social programmes were also expanded, especially the *bolsa família* (an income

support programme for poor households). The buoyant economy created 14 million new formal sector jobs... the social benefits paid in the poorest regions supported local production, rather than fuelling purchases of imported durable goods. The strengthening of the domestic market, the expansion of production and careful banking regulation helped to shelter the Brazilian economy from the ravages of the global crisis: GDP is poised to grow by 7.5 percent in 2010. The minimum wage rose by 67 percent between 2003 and 2010… the Gini co-efficient fell from 0.57 in 1995 to 0.52 in 2008, and salaries rose from 58 percent of GDP in 2004 to 62 percent in 2009… Lula's government has also played an important role in the political stabilisation of Latin America and, in particular, supporting the left-wing administrations… None of these outcomes is revolutionary, but they are real enough. For these reasons… Lula's popularity among the poor, and in the poorest regions, is overwhelming.[1]

Since this interview was published, the figure for formal jobs created since 2003 was 17 million by 2012, unemployment was reduced from 13 percent in 2003 to 5 percent in 2011, and real increases in the minimum wage grew substantially. In addition, extreme poverty had been reduced from 30 percent of the Brazilian population to 10 percent, between 1993 and 2008.

These major advances in Brazil don't mean that it has solved its fundamental problems. It remains a capitalist society, with high levels of inequality, poverty, violence and landlessness. Even though it has begun to make huge strides in reducing some of the most negative features of Brazilian society, the Brazilian government continues to face criticism from the left, among others for:

- environmentally destructive policies, and displacing of communities, particularly through large agro-industry, energy exploitation and infrastructural developments
- the absence of an agrarian reform programme, and a high concentration of land ownership
- while fiscal policies have become more progressive, Central Bank monetary policies until recently have been conservative, with high interest rates. This is countered by the use of state facilities which provide finance at very low interest rates. Under President Dilma Rousseff, a newly appointed Reserve Bank head has progressively reduced interest rates
- dependence on the export of primary commodities and import of consumer goods, despite its industrial policy
- persistence of relatively high levels of corruption.

Nevertheless, the achievements of the last decade have been dramatic, particularly in terms of the labour market, reduction of poverty and redistribution of income.

LESSONS FROM BRAZIL AND LATIN AMERICA

These achievements are important, because they show that, with the necessary political will and strong leadership, a turnaround can be achieved from an undesirable situation. It therefore contains important lessons for South Africa. A more detailed study is required of the Brazilian experience, but some initial lessons emerge.

> They were very practical in their approach and avoided getting stuck at the level of political rhetoric. They focused on interventions that were high-impact and transformative in improving the material realities of the majority of people, particularly in relation to key challenges of poverty and inequality.

Decisive political leadership enabled Brazil to navigate out of an emerging crisis, and use the need for change to chart a new path. They were not blackmailed by pressure from the conservative establishment, or problems in their own ranks, to abandon their programme of social transformation. Instead they became more focused and decisive.

They *put key people into strategic positions* (Treasury, Industrial Development Bank, the BNDES, etc.) to drive the policy shifts they wanted to implement.

They were *not afraid to take on the markets* where necessary, for example through implementing taxes on capital flows, or introducing more effective regulation of worker rights.

They were very practical in their approach and avoided getting stuck at the level of political rhetoric. They focused on interventions that were high-impact and transformative in improving the material realities of the majority of people, particularly in relation to key challenges of poverty and inequality. They launched *simple high-profile campaigns that would have a concrete impact* and everybody could relate to, such as the “zero hunger” campaign.

They asserted a *central role for the state in the economy* in terms of driving and financing development. They reversed privatisation, drove a state-led industrial strategy – with the involvement of key state corporations in strategic sectors – and provided affordable finance on a massive scale to promote industrial development, through the state bank.

> The figure for formal jobs created since 2003 was 17 million by 2012, unemployment was reduced from 13 percent in 2003 to 5 percent in 2011, and real increases in the minimum wage grew substantially. In addition, extreme poverty had been reduced from 30 percent of the Brazilian population to10 percent, between 1993 and 2008.

They *defied conventional economic prescriptions*, and instead advanced economic strategies centred on redistribution of incomes and stimulating demand. This was deliberately linked to an industrial policy which promoted local procurement and production and fed off growing demand. Increased consumption was based on rising incomes, rather than credit.

This national economic strategy was *linked to a broader economic development strategy* in Latin America which was aimed at asserting an independent development path.

They set out to deliberately *formalise the labour market*, and demonstrated that increased worker rights, combating of atypical and unregulated work, rising wages and improved conditions of employment, are consistent with large-scale job creation. They took on employer lobbies that were opposed to such changes, but also put in place incentives for employers to comply, as well as acting firmly against those who violated legal protections.

They *put in place the measures required to build state capacity* to drive these changes, e.g. through strengthening their labour inspectorates and massively increasing training in tertiary institutions to ensure sufficient qualified people were available to staff key state institutions.

These developments in Brazil are part of the resurgence of left alternatives throughout the continent, particularly over the last decade. Seven of the ten major Latin American countries now have left or centre-left governments – Venezuela, Brazil, Argentina, Bolivia, Uruguay, Ecuador and Peru – in addition to progressive governments in Central America. Increasingly, this bloc of progressive states (despite some differences between them) is characterised by:

- a rapidly expanding state role in the economy, with strategic ownership of key sectors
- active promotion of social ownership, particularly through a huge increase in co-operative
- pursuit of expansionary macro-economic approaches
- progressive interventions to transform the labour market by formalising employment, combating atypical work, raising wage levels and promoting collective bargaining.

In the case of the more left governments, such as Venezuela, Bolivia and Argentina, governments have actively promoted popular participation, and the growing assertiveness of the working class and peasantry. This has led to new forms of popular democracy.

At a regional level, these countries have pursued strategies to build the continent’s independence from US domination, and are putting in place various regional institutions to strengthen their ability to achieve this. An innovative approach has emerged to advance continental economic integration, using the creation of a new regional financial architecture, and by harnessing natural resources as economic leverage and a springboard for development.

NOTE

1. Sue Branford’s interview with Alfredo Saad Filho, “Brazil: Expanding Citizenship”, is available online at the Latin American Bureau. http://lab.org.uk/brazil-expanding-citizenship

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A LEGACY OF TRUE EMPOWERMENT

A BRIEF HISTORY OF NAFCOC

The history of black economic emancipation has been well-documented over the years symbolising the struggle of black entrepreneurs who, over many years, have had to contend with countless hurdles, barriers, laws, discrimination and abuse in their quest for economic freedom and opportunity. This history would be incomplete without the substantial role played by the National African Federated Chamber of Commerce and Industry (NAFCOC) over the past 50 years. NAFCOC has also had its own stories of those years penned, most notably in the "Nafcoc Milestones" in its first 21 years of existence in 1985, on its anniversary of 40 years in 2004 titled "Growing black business / Developing communities" and by its past President of some 28 years, Dr Sam Motsuenyane, in his 2011 autobiography titled "A Testament Of Hope".

With a change in government in 1994, heralding a new era that would usher in a new dynamic in changing the lot of the black entrepreneur and effect a change in the course of history, there was much to be hoped for. With political empowerment must come economic empowerment, surely! For all its endeavours, the newly-elected government has found this economic agenda to be a trying one. No less has been the case of NAFCOC. Why with all the economic freedoms and opportunities placed before us have we failed to capitalise on them? Perhaps we should take a moment to reflect on our history.

NAFCOC's origins were in the early 1940s when informal black trader organisations in and around Johannesburg began to recognise the need to sharpen their business acumen and to raise the level of business awareness among their members. During the subsequent years black traders' organisations continued to spring up around the country.

This movement led to the formation of the National African Chamber of Commerce (NACOC) in May 1964 at a conference held at Orlando, Johannesburg. Its first President was Richard Maponya who was given a Lifetime Achievement award at the recent SA Premier Business Awards hosted by the Department of Trade and Industry. One could not help noticing that, even then, one of the delegates who attended such event was Mrs Epainette Mbeki. This formation did not come without its problems and challenges. It certainly put the then government on notice with what was then considered a very serious challenge to the way it perceived the role of black business. In 1969, in circumstances that required a more regionalised approach to its pursuit of its economic agenda, NACOC was reorganised into regions under the umbrella of a National African Federated Chamber of Commerce and the new name NAFCOC was coined. This was done despite a government injunction against the forming of a united multi-ethnic chamber of commerce in South Africa. The President at the time was Dr. Sam Motsuenyane who in later years served as an Ambassador to Saudi Arabia for the current government in office.

The Apartheid state was at the height of its drive to segment the African population and isolate each ethnic group in its own so-called homeland. The government had passed innumerable laws and regulations meant to restrict and stifle business initiative and enterprise among black people in the country. Under such a policy, black people were essentially relegated to operating insignificant businesses outside the periphery of all commercial centres in the country. In 1979 legislation was passed effectively allowing black business to trade in their own areas, although still not in the designated white areas.

During the 1970s and 1980s NAFCOC continued its struggle for a place in the South African mainstream economy for black business people. If you attended any of NAFCOC's conferences in these times you would have been privy to a lot of policy statements that centred around the dismantling of Apartheid, freeing Nelson Mandela and all political prisoners, unbanning the ANC and other political movements and ushering in one-man one-vote. In fact, it is notable at the time of NAFCOC's strong support for sanctions for the dismantling of Apartheid and to bring true democracy to the country. The NAFCOC leadership even undertook its first trip

Motsuenyane and Hlongwane – September 2011

to Lusaka in 1986 to hold talks with the ANC-in-exile.

Its stance in the economic arena was becoming even more combative with policies pushing for changes in the way corporates did business. A notable policy was its 3-4 5-6 resolution, which required that by the year 2000 30% of all directors on JSE-listed companies came from the black community, 40% of the shareholding of JSE-listed companies was controlled by the black community, 50% of the value of their outside purchases came from black-owned suppliers and contractors and 60% of their top management and personnel were from the black community.

Not just being perceived as simply a talk-shop, NAFCOC embarked on a number of ventures to meet the aspirations of its members in doing something for themselves. They initiated a number of black-owned enterprises such as The African Bank (in 1975), Blackchain (supermarkets), Black Business Publications, Sentry Assurance (insurance), Nafcoc Via (travel agency), Soshanguve Shopping Centre, African Development and Construction Holdings (building construction) and its Management and Leadership Development Centre to train managers for the future. It is well-known that NAFCOC's bursary fund, The Masekela-Mavimbela Scholarship Fund, has contributed to the success of many leading lights of today.

NAFCOC was blessed to have counted among its members a number of successful entrepreneurs at the top of their game in the current economic landscape. Some became politicians and others, who served NAFCOC notably in the upholding of legal justice, today sit in higher office such as Dikgang Moseneke, Vuka Tshabalala and Willie Seriti.

With the earlier release of the Rivonia trialists in 1989 namely, Walter Sisulu, Govan Mbeki, Raymond Mhlaba, Andrew Mlangeni, Ahmed Kathrada and Elias Motsoaeledi as well as Wilton Mkwayi, Oscar Mpetha and PAC leader Jafta Masemola, NAFCOC's provincial arm, SOUTACOC, was the first organisation to host and acclaim their release at its conference in late 1989.

On 2 February 1990, the date on which Nelson Mandela was freed, the political scenario changed dramatically. On 27 April 1994 the country went to the polls and elected its first non-racial democratic government into power. NAFCOC was now poised to meet the challenges and opportunities that arose in the new South Africa.

What became of NAFCOC thereafter?

Having endured years of fighting for the upliftment of those disenfranchised by Apartheid, NAFCOC was seen as the leading voice of black business. It was touted as the one organisation that would change the economic landscape of the country based on its historic credentials and its acknowledged leadership. Even with its eminent leader, Dr Sam Motsuenyane, retiring in 1992 after 28 years of yeoman service, his successors were of a high calibre who had served under his leadership. NAFCOC continued to drive key policies that would be useful reference points for a new government coming into office. It developed an economic policy document under the chairmanship of Prof Wiseman Nkuhlu as well as a Land Policy document. The Presidency of Archie Nkonyeni initiated the early forays into potential Black Economic Empowerment (BEE) deals and, during his term of office, a Strategy Committee was set up in 1993 under the chairmanship of Joe Hlongwane, his then deputy, to look at a NAFCOC going forward post-1994. One of the committee's resolutions was the incorporation of an investment company, Nafcoc Investment Holding Company Limited (Nafhold). It was also a time when NAFCOC together with other black business representatives met with the ANC leadership in Mopani in October 1993 to discuss strategies for the future. NAFCOC was also invited by the London School of Economics in January 1994 to present a paper on a post-

Past Nafcoc Leaders

Apartheid South Africa in terms of NAFCOC's role under a new dispensation.

After Joe Hlongwane was elected president in 1994 NAFCOC continued to drive policies through forums such as Nedlac, address the tax issues of its members with government, instituted two policy studies relating to Barriers to Entry to Trade and to the South African Investment Climate and made a presentation to the Truth and Reconciliation Commission on the state of black business during the Apartheid years.

After Joe Hlongwane's term of office ended in 1998, a succession of presidents followed but, alas, NAFCOC was never able to recapture its former glory. The latest indictment was a recent court judgement confirming the end of the reign of Lawrence Mavundla and his executive and the election of Joe Hlongwane and a new executive to revitalise NAFCOC.

Nafcoc Investment Holding Company Limited (Nafhold)

Nafhold was an idea formulated in 1993 by the NAFCOC Strategy Committee made up of Joe Hlongwane (Deputy President who presided as Chairman), Michael Leaf (Secretary-General), Cyprian Lekoma (Deputy SG), Patrice Motsepe (Legal Advisor), Mashudu Ramano (Soutacoc member) and Pat Dempster (Consultant). Nafhold was later incorporated in October 1994. Its intention was to create a vehicle that would create opportunities for NAFCOC members and empower them at grassroots level upwards. With the advent of a new democracy many NAFCOC leaders were head-hunted by other organisations to play a role in their development in addressing the new challenges they faced with a change in government. NAFCOC was no different. Its Secretary-General, Michael Leaf, joined Deloittes in 1994.

Nafhold pursued deals since its incorporation in 1994 but, alas, the company was insolvent by 1998. Hlongwane, concerned about the state of affairs at Nafhold, approached Leaf in 1997 to consider coming back to the fold to revitalise Nafhold. Leaf duly obliged in May 1998. An interesting event four days after his appointment as CEO was a dinner with President Mandela and the NAFCOC leadership and other notable business leaders. Was this a sign of great things in store for Nafhold?

Nafhold faced a series of challenges in its early years. Good deals were hard to come by. Some members referred to Nafhold as a "spaza company". Attempts at various conferences to get members to buy shares in the company drew a blank. The only ones prepared to make any contribution were Hlongwane, Leaf, Mandla Ndlovu (President of NAFBI, later Nafcon), Steve Skhosana and Abram Napo. Skhosana later disposed of his interest and Napo withdrew his funds due to financial problems he encountered.

A long history of living from hand-to-mouth, rejections, good fortune, wise deal choices and (in Hlongwane's words) 'God's blessings' followed. A war of attrition arose in one particular quarter with a certain JSE-listed company that attempted to decimate the wealth that Nafhold had built over the years. Nafhold's most notable investments were Uthingo (National Lottery), Wireless Business Solutions (telecoms), Phumelela (horseracing) and Tsogo Sun (casinos and hotels).

Over time Nafhold slowly began to realise value from its deals. However, NAFCOC continued to flounder as an organisation. It appears that those who were previously attuned to running a chamber of commerce were no longer in office. Many that came into office had no idea of how a chamber should be run. With Nafhold starting to blossom, certain elements began to make demands on Nafhold for their survival. Nafhold, as and when funds permitting, duly obliged. This did not come without its own consequences. The Nafhold management got subjected to constant defamatory remarks and public abuse. And this coming from people who had never invested one cent into the company! Over time Nafhold initiated a strategy whereby it incorporated trusts to serve the interests of the constituencies and, later on, the members.

With the demands placed on Nafhold by the NAFCOC leadership at the time, it became increasingly clear that Nafhold would have difficulty surviving. It did not help either that one of its investment rivals (the said JSE-listed company) was also working against Nafhold's interests. Nafhold management then came up with an ingenious strategy to not only secure funding for the NAFCOC constituencies but, at a time into the future, to generate value for NAFCOC members who had served the organisation well over a number of years. The whole purpose was to make the affiliate chambers self-sufficient, to ensure NAFCOC had sufficient resources to be on an equal footing with organisations such as Business Unity South Africa (BUSA) and still serve the interests of its members and to ensure that value flows all the way down to grassroots so that communities could be empowered.

Its first initiative was to secure funding through a preference share arrangement with Makalani Holdings in 2008. This ensured that R115 million was raised, which was distributed to all 17 Nafcoc structures in tranches to ensure proper accountability and responsibility. How the constituencies used their funds is debatable. The Makalani debt was repaid in 2010 when Nafhold disposed of its Tsogo stake.

In 2010 Nafhold sold its Tsogo stake for R1,2 billion, R700 million cash and R500 million prefs. This alleviated the bad relationship it had with its JSE-listed rival. What the effect of this transaction had on NAFCOC and its members was a "legacy of true empowerment".

A dividend of R1,14 billion was paid out; R500 million in prefs was re-invested in Tsogo Investments to ensure that NAFCOC and its constituencies received R40 million each year in dividends over seven years and still have their R500 million available to them at the end. This would ensure that NAFCOC and its 17 structures would never be short of resources to run their operations.

A sum of R471 million (of which R201 million was paid to settle the Makalani debt) was distributed via certain SPVs to qualifying NAFCOC members in their personal right. All in all, over 3 000 members benefitted. The impact on those 3 000 households represented by those members must equate to well in excess of 15 000 people.

With 85% of its wealth distributed in this way Nafhold has ensured that not only are its structures secured for life but its members can make a valuable contribution in uplifting their communities with their new-found wealth.

This story may still have a sting in its tale. Mavundla has orchestrated a scheme to invest a number of constituency trusts' funds into a property deal and forfeiting 22% of their investment in Tsogo, with the involvement of our previous JSE-listed rival. *Quo Vadis*?

Who is NAFCOC?

The National African Federated Chamber of Commerce and Industry (NAFCOC) is an independent and non-profit business support organisation primarily, but not exclusively, serving the black community.

Its main objective is to promote and encourage the development of black business in South Africa and thereby draw the black majority into economic activity and decision making.

It aims to promote a spirit of co-operation and unity among black business people, to encourage self-help in the black community and full participation in the economy of the country.

MEMBERSHIP

5 000 members – concentrated in the merchandising, building, transport, agricultural, services, manufacturing and informal sectors of the economy.

STRUCTURE

Provincial Chambers

NAFCOC is a federation of nine provincial Chambers of Commerce and Industry consisting of 218 regional, municipal and township chambers which represent black businesses across the country.

Sectoral Chambers

NAFCOC is made up of the following sectoral chambers:

ACHIB African Council of Hawkers and Informal Business
NAFU National African Farmer's Union
NAFTO National African Federated Transport Organisation
NIC National Industrial Chamber
SALTA South African Leisure & Tourism Association
NAFSEC Nafcoc Security & Cleaning Association
NAFCOC Construction
NAFCOC Women
NAFCOC Youth

How to contact NAFCOC
Telephone: (011) 783-2125 | Fax: (011) 883-3468


ENTREPRENEURSHIP
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"If there is one thing on which all South Africans agree, it is that the creation of jobs is the foremost challenge facing our country today. It is critical not only for the achievement of a better life for all our people, but it is central to our notion of human dignity, equality and justice." – Cyril Ramaphosa
Shanduka is contributing to job creation through Shanduka Black Umbrellas, a non-profit enterprise development incubation service provider with operations in Johannesburg, Cape Town, Pretoria and Durban. Qualifying 100% black owned emerging enterprises are assisted in becoming sustainable through the provision of office space and support services, mentorship, training and access to markets, finance and networks. If you are a 100% black owned small business that wants to grow, Shanduka Black Umbrellas can help you.
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Clips from the crisis

No celebration in London as EU caps bankers' bonuses

…Even supporters of the deal had not predicted that the European Parliament would succeed in setting the basic cap at the same level as the base salary paid to bankers… "With the rules on banker bonuses, we will change the culture in management boards and on the trading floor, putting an end to short-sightedness for the mere sake of high pay," said Udo Bullman, a German MEP… The new rules, finalised at a chaotic and at times heated meeting of roughly 50 legislators and officials, will not apply to the majority of bank staff. It will instead target senior management and so-called "risk takers", such as traders, whose bonuses are many times their base salary. *Reuters*, 4 March 2013

UK banks fined record sums by US authorities

The two biggest UK banks by market value have agreed to pay about $2.6bn in fines as part of a record settlement with US authorities over money laundering allegations. HSBC announced yesterday that it would pay $1.92bn and enter a deferred prosecution agreement to settle accusations that it allowed itself to be used by money launderers in Mexico and terrorist financiers in the Middle East… Standard Chartered was accused in August of defrauding regulators, falsifying records and obstructing government inquiries… The bank was accused of stripping identifying information from hundreds of billions of dollars of transactions involving Iran. *Business Day*, 12 December 2012

Swiss back executive pay limits

Swiss citizens voted to impose some of the world's strictest controls on executive pay. The limits include a binding annual shareholder vote on executive compensation for listed companies and a ban on big payouts for new hires and for managers when they leave. Executives who violate the terms can be punished with as long as three years in jail… Swiss voters, still smarting after the country's biggest bank, UBS, had to take state aid during the financial crisis, approved a proposal by a margin of 67.9%. Justice Minister Simonetta Somarunga said. "The people have expressed their resentment and government understands this resentment," she said… Foreign heads of corporations receive as much as Sf13 million (R125 million) in annual pay, while blue-collar wage earners complain immigration is pressuring their wages. *Business Report*, 5 March 2013

SA bankers' huge payouts

ABSA chief executive Maria Ramos, who earlier gave up her cash bonus for last year, may be entitled to about R19 million of other payouts by the end of March… Ramos was paid R20.7 million for 2011, including deferred awards of R14 million. Standard Bank chief executive Jacko Maree received total pay of R27.2 million, while FirstRand chief executive Sizwe Nxasana was paid R22.5 million.

Ramos, who joined ABSA in 2009, last got a cash bonus in 2010 when she was paid R2.28m as part of her R19.6m compensation. She would not be taking any annual performance incentive either in cash or a deferred award this year as a consequence of the 2012 financial results, the spokesman said.

Investors wanted to see pay match performance, Cadiz Asset Management equity analyst Adrian Cloete said. "That's a core principle."

ABSA closed 0.06 percent higher at R162.15 on Friday, giving it a gain of 8 percent over the past 12 months. Standard Bank has risen 8.2 percent over that period, while FirstRand rose 34 percent in the past year, making it the best performer among the big four local banks. *Business Report*, 25 February 2013

IMF cuts global growth forecasts

The failure of US and eurozone policy makers to tackle their fiscal woes is threatening an already "slow and bumpy" recovery, the International Monetary Fund has warned… The fund points to new analysis showing that governments' assumptions about the trade-off between fiscal consolidation and growth had been too favourable, and cutbacks would do more damage to output than their economic forecasts predicted. *Financial Times*, 9 October 2012

Dividend bonanza for shareholders

Last year, 51 percent of the JSE-listed companies paid dividends, handing over R305bn to their shareholders. This was 2.3 percent higher than in 2011, but lower than the 12.5 percent growth in dividends the previous year. Absa declared a R6.84 per share full-year dividend payout, which was on top of the special dividend payout. Old Mutual, which has set aside R5bn so that it can expand its business throughout the African continent, paid R1.7bn in dividends last year and it is likely to increase its payout this year. Sanlam awarded shareholders R2.7bn last year and FirstRand paid R2.4bn in interim dividends. Shoprite paid a final dividend of R940m, while Walmart's local arm Massmart declared a R268m dividend. Pick n Pay's dividend payment to shareholders came in at R92m and Woolworths declared an R876m dividend. *Business Day*, 10 March 2013

SA's richest 0.1% worth $188bn, hold 27% of individual wealth. *Business Report*, 11 December 2012

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The Professional Educators' Union (PEU) was founded in 1906 by the legend and stalwart, Sefako Mapogo Makgato, on the following core values: professionalism, diligence, commitment, loyalty and transparency. PEU had, since her inception to date, put the interest of the learner at the fore front of her business, thus industrial actions are painstakingly used as the very last resorts, and prefer our activities after hours, weekends and school holidays, continuously capacitating members on professional ethics and code of good conduct.

PEU operated in the former Transvaal as TUATA, and went National in 1998 when she changed her name and waged different campaigns to protect the rights and interests of African teachers. The Union currently plies her trade nationally at 79 De Korte Street in Braamfontein, Johannesburg, and had established offices in Gauteng, Limpopo, Mpumalanga and North West. PEU has a membership of fifteen thousand, and holds Annual General Meetings and tri-annual Congresses in all of her operational structures, namely: National, Provincial, Districts and Branches.

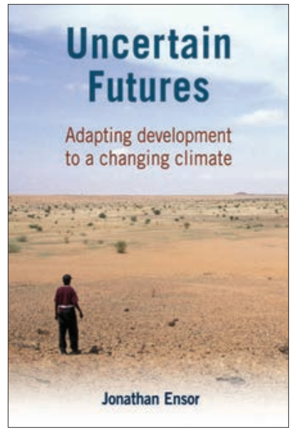
PEU is currently a signatory to the Quality of Learning and Teaching Campaign to ensure that our schools are turned into centres of excellence, and has also signed a Memorandum of Understanding for Teacher Union Collaboration with the Department of Basic Education to ensure Continuing Professional Teacher Development and Capacity building to all the teachers across Union affiliates. PEU is a member of the South African Council of Educators(SACE) and has an acting together with the Autonomous Teachers Union (ATU) in the Education Labour Relations Council (ELRC) and with SAPU in the Public Service Co-ordinating Bargaining Council (PSCBC).

PEU is affiliated to the National Council of Trade Unions (NACTU), which make her to represent members at NEDLAC, and drives all Programmes related to education in the federation. The Union has four National Office Bearers who are seconded full time and five Shop Stewards in Education

For more information on the Union kindly visit: www.peu.org.za or contact the General Secretary, Ben Machipi at 011 403 2990 or email: generalsecretary@peuoffice.com

Uncertain Futures:
Adapting Development to a Changing Climate

Reviewed by **Webster Whande**
(OneWorld Sustainable Investments)



Jonathan Ensor
Practical Action Publishing: Warwickshire, 2012. 108 pp
Wits University Press: Johannesburg; Zed books: London and New York, 2012

Climate change, as is now widely accepted, is a development issue. Developing countries have varying degrees of adaptive capacity, making them vulnerable to the impacts of climate change. However, their contribution to greenhouse gas emissions (GHGs) is minute compared to other countries, which provides them an opportunity to keep GHGs low by taking up low-carbon technologies. At the same time, they must adapt to considerable changes in the climate system due to emissions that are already in the atmosphere.

Uncertain Futures does not delve into development discourse from a low-carbon-trajectory perspective but offers a suite of considerations for community development, as understood in the field of international aid. It is focussed on the most vulnerable sectors of society, particularly in rural areas, and how their adaptive capacity can be strengthened through interventions that are tailored to support change or transform livelihoods.

Because of this focus, Ensor misses the opportunity to interrogate how increased agricultural production and improved natural resources management can be achieved without contributing to emissions. He discusses increasing the adaptive capacity of highly vulnerable sectors but does not offer options for development to spread to those that are less vulnerable. Such development approaches, which have characterised many decades but failed to substantially improve the lives of many in poverty, need to be rethought.

Having said that, *Uncertain Futures* brings something new to the development discourse: a focus on adaptive capacity in the face of change and uncertainty. Offering a set of analytical and practical tools, it appeals to development practitioners to move beyond the challenges of today and prepare societies for future uncertainty.

The book opens with an analysis of how development can be adapted to climate change in order to contribute to the “transformation of livelihoods to capitalise on changing circumstances” (17). This perspective allows Ensor to offer a dynamic definition of community-based adaptation as a “balance between actions that support the ongoing ability to change, and those that respond to current challenges” (2). This idea runs through the book: change creates uncertain futures and it is the capacity to deal with uncertainty that adapts development to change.

The book’s first section compares the concepts of “adaptive capacity” and “resilience”. Resilience can describe a system’s ability to withstand or recover from stressors, while adaptive capacity has to do with human responses to the changes in the system. Adaptive capacity “determines how people can make changes to their system”, enabling them to “change their livelihoods to make them more resilient” (13).

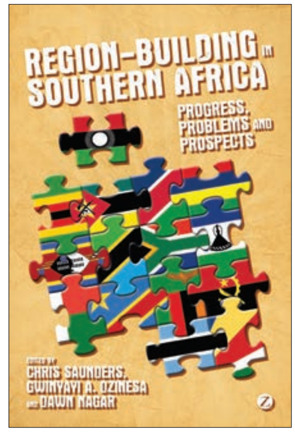
Adaptive cycles, which can be self-reinforcing and -regulating, provide a basis for understanding adaptive capacity. Ensor notes that the concept’s purpose “is not to be a predictive model for the lifecycle of complex systems, but to help break down and understand their dynamic nature” (20). Four elements of the cycle – rapid growth, conservation, release and reorganisation – are discussed. They are associated with changes in capital and connectedness, where “capital refers to the accumulated usable knowledge, innovations and skills, or the quality of networks and relationships” (21). Approached in terms of situated and collective engagement, adaptive capacity emphasises the need for social learning.

The second section offers tools for development actors to support adaptive capacity. They include *knowledge and information*, to improve local actors’ adaptive capacity; governance dimensions of *power sharing*, to create conditions where inclusive or participatory development can be planned and implemented; and *experimenting and testing*, to offer platforms for learning by doing.

Overall, Ensor has provided a good basis for reconfiguring development in the face of uncertainties such as climate change.

Region-building in Southern Africa:
Progress, Problems and Prospects

Reviewed by **Mills Soko**
(Graduate School of Business, UCT)



Chris Saunders, Gwinyayi A Dzinesa and Dawn Nagar (Eds)
Zed Books: London and New York, 2012. 350 pp

The contemporary state of regionalism in southern Africa is elucidated here through a multi-faceted analysis of region-building attempts, charting their history and development and highlighting the many challenges (and the region's responses) that have blighted the region-building project. In this way, *Region-building in Southern Africa: Progress, Problems and Prospects* seeks to provide lessons relevant to region-building in other regions of Africa and elsewhere in the world.

Contributions from a range of primarily African-based scholars and scholar-practitioners are structured into five main parts. The first provides historical context, focusing on the genesis and evolution of a regional integration agenda in southern Africa and its legacies. This forms the basis for recommendations for a new phase of regionalism in the Southern African Development Community (SADC), which, it is argued, should include a strong focus on market and economic integration, security and conflict resolution, and a lessening of the region's dependence on external donor support.

Governance and military security issues are examined in the second section. The inadequacies of SADC's existing institutional architecture and the need to enhance the role of civil society and promote gender equality are highlighted as key issues that need to be addressed. The third part considers economic integration. One key area of contention is South Africa's hegemonic position and asymmetric power in the region. Another is the role of powerful multinational corporations and development finance institutions (DFIs).

Part four is devoted to issues of human security, and highlights the threats posed to regionalism by chronic food and nutrition insecurity, the HIV/AIDS pandemic, the prevalence of xenophobia and the challenges of climate change. The core message in each of these cases is that there is significant scope to improve policy and institutional responses to these challenges in the SADC region. The final part of the book examines the role and influence of external actors: the impact of the economic hegemony enjoyed by the European Union on regionalism in southern Africa is highlighted, together with a focus of the influence of the United States and China.

A number of important insights can be gained through the book. First, it is clear from the available evidence that trade and market integration efforts in southern Africa have achieved only limited success, and that the spill-over effects of regional co-operation have been limited by inadequate economic and political government structures, institutions and policies. Furthermore, the book contends that the plethora of African regional economic groupings has actually hindered the implementation of much needed regional integration policies and agreements. The book also highlights the range of capacity related challenges and threats to sub-regional peace and security that continue to plague African states and hamper regional integration efforts.

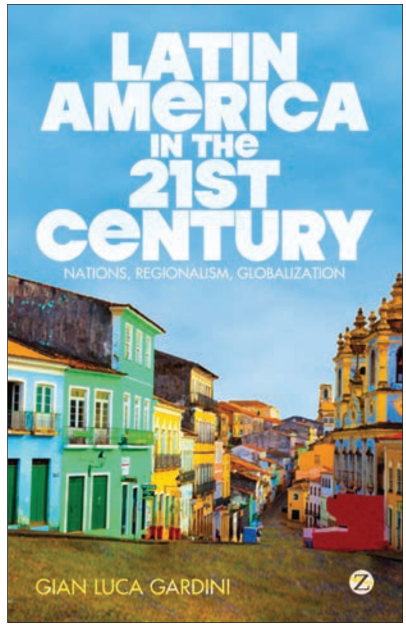
While acknowledging the manifold challenges to regional integration in southern Africa, the book openly cautions against being too pessimistic about its prospects, arguing that South Africa – as the regional hegemon – should provide leadership in any future region-building efforts. More generally, it emphasises the importance of democratic governance, political will and visionary leadership. Over and above the role of governments and non-governmental organisations, effective region-building will require stronger and more influential involvement from the private sector and DFIs.

While this book is not the first to examine the issue of region-building in southern Africa, as the editors acknowledge, it does provide an updated perspective, while also addressing a wide range of relevant and previously unexamined issues. Moreover, the book's strength lies in its incorporation of a diverse mix of pan-African perspectives on contemporary region-building challenges in the post-apartheid setting of southern Africa.

Latin America in the 21st Century:

Nations, regionalism, globalization

Reviewed by **Wolfgang H Thomas** (University of Stellenbosch Business School)



Gian Luca Gardini
Zed Books: London and New York, 2012. 146 pp

With its catchy title and attractive cover, this slim paperback should easily capture the attention of (South) Africans looking for national and regional reviews of comparable development processes elsewhere. *Latin America in the 21st Century* will not disappoint them. It shows the great diversity of socio-political and economic performance in that region, both historically and currently.

The first part covers the political and ideological dynamics of Latin America over the past decades, with due focus on the alternative "pink tide" path of Venezuela and others. It also shows quite clearly how democratisation has increased and how several of the countries have progressed very significantly in their development transformation.

The second part looks at another topic generally felt to be important across Africa: regional and sub-continental integration and co-operation efforts, models and strategies. If there is often confusion about these initiatives in Africa, the complex history of Latin American regionalism can easily beat that!

The last third of the text looks at "Latin America in the world", which is a rather ambitious title for Gardini's discussions of Latin America's relations with the United States, the European Union and – in a mere four pages – China.

For the African reader depressed by all the reports of inefficient developments and structural problems across their continent, this Latin American overview suggests parallels for most of these problems, and yet long-term transformations in more or less positive directions. This applies to issues like government corruption, weak or absent infrastructure, poor education and skills development, high crime rates and an incompetent public service. The parallels are even stronger if we look at ideological debates about the nationalisation of mines or other conglomerates on the one side and the call for the privatisation of poorly run public enterprises on the other.

The author is careful to refrain from clear conclusions or predictions about such alternatives, rather stressing the complexity of the underlying issues – something serious observers of the African development scene would probably like to echo.

Leaving aside the useful parallels that can be drawn between Africa of the 21st century and Latin America of the last century, the book's deficiencies relate to its didactic aims. Although obviously aimed at a wider non-academic audience, it does not contain a single map to show how the different countries relate geographically (and geopolitically) to each other, or the main cities and rivers, resource hubs, harbours and climatic zones. Nor are there any tables with basic comparative statistics. In fact, with an overdose of references to national and regional organisations throughout the text, there is not even a systematic list of abbreviations.

Through all its strengths and weaknesses, *Latin America in the 21st Century* illustrates very well what is also needed for Africa at the start of the 21st century: a readable paperback with basic facts and brief overviews of the continent's 54 countries, combined with comparative reviews of their divergent and evolutionary socio-economic and political developments. The goal should be clear: to acquaint both insiders and outside observers with the complexities and contradictions of trends, developments and transformations across the continent. Ideally, it would make both Afro-pessimists and the new brand of Afro-optimists less assured of their glib conclusions and more willing to rethink their positions.

Books available for review

The following books have recently been received

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

Abbott, John. *Green Infrastructure for Sustainable Urban Development in Africa*. Earthscan: Oxon, 2012. 487 pp

Bowles, Samuel. *The New Economics of Inequality and Redistribution*. Cambridge University Press: Cambridge, 2012. 188 pp

BRICS (Ministry of Finance, India). *The BRICS Report: A Study of Brazil, Russia, India, China and South Africa with Special Focus on Synergies and Complementarities*. Oxford University Press: New Delhi, 2012. 180 pp

Cartwright, Anton, Susan Parnell, Gregg Oelefse and Sarah Ward (eds). *Climate Change at the City Scale: Impacts, Mitigation and Adaptation in Cape Town*. Earthscan: Oxon, 2012. 277 pp

Chabal, Patrick. *The End of Conceit: Western Rationalism after Postcolonialism*. Zed: London and New York, 2012. 369 pp

Daniels, Glenda. *Fight for Democracy: The ANC and the Media in South Africa*. Wits University Press: Johannesburg, 2012. 250 pp

Dietz, Rob and Dan O'Neill. *Enough is Enough: Building a Sustainable Economy in a World of Finite Resources*. Routledge: Oxon, 2013. 256 pp

Dikeni, Leslie. *South African Development Perspectives in Question: The Conflicting Nature of People, Environment and Development*. Real Africa Publishers: Johannesburg, 2012. 155 pp

Dubin, Steven V. *Spear-heading Debate: Culture Wars and Uneasy Truces*. Jacana Media: Auckland Park, 2012. 329 pp

Hansen, Thomas Blom. *Melancholia of Freedom: Social Life in an Indian Township*. Princeton University Press: Princeton and Oxford, 2012. 354 pp

Mangcu, Xolela. *Biko: A Biography*. Tafelberg: Cape Town, 2012. 348 pp

Matondi, Prosper B. *Zimbabwe's Fast Track Land Reform*. Nordic Africa Institute: Uppsala; Zed Books: London and New York, 2012. 286 pp

Ramphele, Mamphela. *Conversations with My Sons and Daughters*. Penguin: Johannesburg, 2012. 224 pp

Stephan, Harry and Michael Power (eds). *The Scramble for Africa in the 21st Century: From the Old World to the New*. Renaissance Press: Cape Town, 2012. 454 pp

Taylor, Scott D. *Globalization and the Cultures of Business in Africa*. Indiana University Press: Bloomington, 2012. 247 pp

UNU-IHDP and UNEP. *Inclusive Wealth Report 2012: Measuring Progress toward Sustainability*. Cambridge University Press: Cambridge, 2012. 336 pp

Villa-Vincenzio, Charles and Mills Soko. *Conversations in Transition: Leading South African Voices*. David Philip: Cape Town, 2012. 299 pp

25 YEARS OF THE EXTRAORDINARY

TCTA

A new word for water

TCTA is a state-owned liability management entity responsible for bulk raw water infrastructure development

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From an initial single project, TCTA now manages a portfolio of nine. These are the Lesotho Highlands Water Project Phase 1; the Berg Water Project (Western Cape); the Vaal River Eastern Subsystem Augmentation Project (Mpumalanga); the Mooi-Mgeni Transfer Scheme Phase 2 (KZN Midlands); the Olifants River Water Resource Development Project Phase 2 (Limpopo); the Mokolo-Crocodile (West) Water Augmentation Project (Limpopo); the Komati Water Scheme Augmentation Project (Mpumalanga) and, more recently, the Acid Mine Drainage Project (Gauteng) and the Metsi Bophelo Borehole Project (across six provinces).

TCTA is also expected to play a key role in the funding of the Lesotho Highlands Water Project Phase 2, the implementation of which was announced in a joint statement issued in August 2011 by the Governments of Lesotho and the Republic of South Africa.

The provision of water serves as a catalyst for sustainable economic development. The manner in which TCTA implements and manages its projects is governed by principles of transformation and sustainable development. We consider ourselves an instrument of social purpose, formed within society to accomplish social objectives. Consequetly, we are obliged to create new patterns, processes and strategies to tackle complex socio-ecological issues.

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All the above services are in support of government's development agenda to make a better life for all. TCTA is committed to assisting government to achieve its socio-economic objectives.

water affairs
Department:
Water Affairs
REPUBLIC OF SOUTH AFRICA

For more information on TCTA visit: www.tcta.co.za or call +2712 6831200