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SOUTH AFRICAN JOURNAL OF SOCIAL AND ECONOMIC POLICY

STRUGGLE FOR POWER

PITYANA ON ANC LEADERSHIP

Zalk on Productive Economy

13 Things about Neoliberalism

Why we need feminist economists

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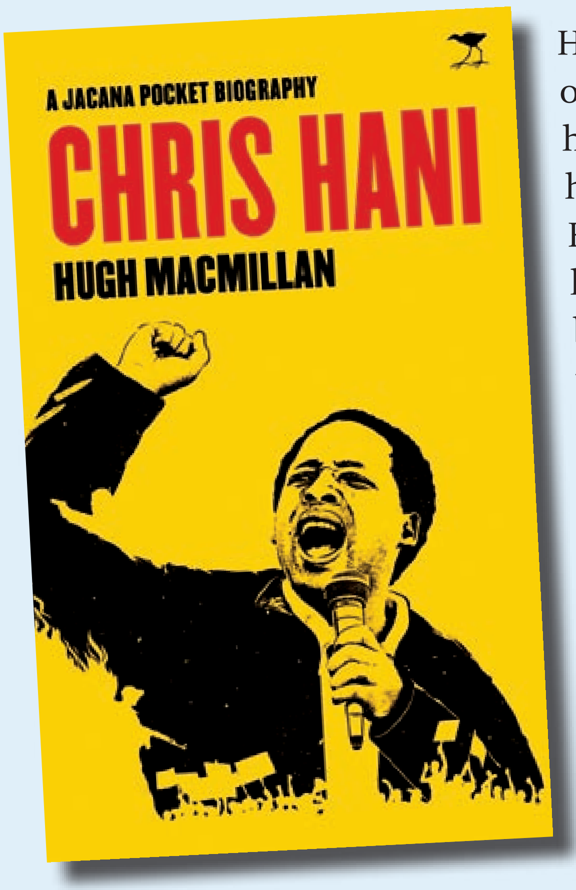
Now is the time for all South Africans to stand together against those who, from any quarter, wish to destroy what Chris Hani gave his life for – the freedom of all of us. ~ Nelson Mandela

GIVE AWAY



How did a man from a remote corner of the Transkei, who had never held high office, come to be held in such high esteem by so many people? Hugh Macmillan's book demonstrates how Hani's conspicuous displays of both physical and moral courage, taken together with compassion and humanity, combined to make him a great leader.

Jacana Media is offering a copy of *Chris Hani* to the first five New Agenda readers who send their full name and the correct answer to this question – *When and where was Chris Hani assassinated?* – to marketing@jacana.co.za.

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NEW AGENDA

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CONTACT US
Email: **newagenda01@gmail.com**
Website: **www.instituteforafricanalternativescapetown.com**
Facebook: **www.facebook.com/newagendaonline**
Twitter: **@IFAA_CT**
Tel: **+27 21 461 2340**
Address: **16th Floor, Pleinpark Building, Plein Street, Cape Town 8001**

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Growth of creative economy necessitates establishment of South African Cultural Observatory

Globally, the cultural and creative industries (CCIs) sector defines the collective contribution of arts, culture and heritage (ACH) institutions and practitioners to the economy. Gathering the CCIs together as an industrial sector gives them the needed gravitas to be taken seriously as a major economic contributor and legitimate industry. It maximises the weight of CCIs in policy discussions on finance, trade and industry, small business and entrepreneurial development in both the public and private sectors, ensuring that its valuable economic role is considered in addition to its 'traditional' social development role.

The South African Cultural Observatory (SACO) is the first nationally-focussed cultural observatory on the African continent. SACO was established by the South African Department of Arts & Culture (DAC) to map both the social and economic impact and contribution of South Africa's CCI and ACH institutions. Based on international best practice, its mandate is essentially to 'count culture' to inform and shape policy and develop a sound case for better support of CCI and ACH institutions in South Africa.

South Africa conducted its first cultural and creative industries mapping study in 2014. Though not publicly available, it showed that CCIs created between 162 809 and 192 410 jobs, about 1.08% to 1.28% of employment in the country, and that they contribute 2.9% to gross domestic product – indicating the importance of the industry and its unleveraged potential.

This significant mapping study is one of the baselines from which the SACO is building research and studies to advance South Africa's cultural information systems, one of the ultimate goals of the SACO. Since its founding in 2015, the SACO has gained significant ground, focusing on

- establishing physical offices and a physical and digital resource centre, including a library;
- development of a growing web presence and social and digital media platforms;
- hosting a number of seminars, statistical training, domain workshops and a national conference to fully introduce the research institute;
- multi-dimensional capacity building across the country;

- awarding scholarships and commissioning research;
- developing a 'living' Research Agenda to inform national research avenues, and to guide the SACO's research activities;
- expansion of a monitoring-and-evaluation framework;
- mapping cultural and creative industries by developing and 'cleaning' existing inherited data and generating few forms of data;
- working towards a cultural statistics (CS) framework; and
- a number of cultural diplomacy activations, country briefs and engagements.

The SACO is now turning its attention to research outputs from commissioned research, sponsored students, enhanced cultural diplomacy efforts – particularly with other Observatories and across the African continent – disseminating the National Research Agenda, working on database development, and expanding the monitoring and evaluation framework.

What is the South African Cultural Observatory?

- The SACO is **DAC's national research centre**, hosted by a Nelson Mandela Metropolitan University (NMMU) and forms part of a consortium with Rhodes University (RU) and University of Fort Hare (UFH).
- In terms of Mzansi Golden Economy strategy, the SACO is the **informative 'nerve centre'** that will provide not only the strategic vision but also the **organising principle to develop cultural indicators appropriate to the South African context** and collection of statistics based on the sector's needs.
- The SACO examines the **nature, trends and impact** of the cultural and creative industries in South Africa.
- Informed initially by the **UNESCO Framework for Cultural Statistics**, the SACO aims to stimulate debate and enhance the exchange of knowledge in the sector through publications and reports, workshops, seminars and conferences, coupled with high impact research outputs pertaining to the industry.
- In essence, the SACO develops and **supports the collection and analysis of data, influences policy, shares insight and builds on the intellectual capacity** gained across the arts, culture and heritage sector.
- It works across the **breadth of all cultural domains**, including the arts, heritage, tourism, museums, libraries, archives and creative industries. It also supports information networks through collaborative research projects.
- The evidence and data collected and analysed will assist in **assessing where the competiveness, job-creating and income-generating potential** of the creative industries lies.

Professor Richard Haines
SA Cultural Observatory CEO
Email: richard.haines@nmmu.ac.za
Tel: 041-504 4930
www.southafricanculturalobservatory.co.za/
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PROFESSOR SUSAN DIPPENAAR OF THE UNIVERSITY OF LIMPOPO'S DEPARTMENT OF BIODIVERSITY SHARES HER PASSION FOR COPEPODA RESEARCH

Prof SM Dippenaar

Copepods are small crustaceans that occur in every possible aquatic habitat. Currently there are about 17 000 known species, which are divided into about 10 different groups. Most copepods are free-living, but some have evolved to form symbiotic relationships with other aquatic animals, ranging from sponges to mammals. These copepods make up about a third of all the known copepods species and display a variety of adaptations that enable them to attach to a host. Information about copepods in South Africa is very sketchy at the moment, with limited number of species being reported. Since copepods are such an important part of any aquatic ecosystem, knowledge about their biodiversity is very important if a biodiversity assessment is to be made or if conservation measures are to be put into place. The study of copepods contributes immensely to the current knowledge of these small invertebrates in South African waters.

Where did it all start for you?

Susan Dippenaar: I discovered marine symbiotic copepods in 1999 when I started doing research on them. Studying these small organisms, which are so perfectly adapted to their habitat and have such complicated detail in their appendages and armature, is just amazing! In the beginning, I focussed on the copepods infecting chondricthyans [a class of fish with cartilage instead of bone, including sharks and rays] and completed my doctoral thesis on them. Additionally, three masters' students studied these copepods for their dissertations. Since then, we have expanded to include the copepods infecting all marine fish.

Where are samples collected from?

The KwaZulu-Natal Sharks Board is responsible for putting out, checking and maintaining the bather nets along the KZN coast. The nets are regularly checked and all dead animals that are not badly decomposed are brought to the Sharks Board headquarters. This is where we had the opportunity of examining the caught elasmobranch [fish] for copepod infection. Additionally, we had the opportunity to accompany the department of agriculture, forestry and fisheries (DAFF)'s research ship Africana during demersal trawls along the coast of South Africa. During these trawls, we had the opportunity to examine many chondrichthyan species that we had not seen in the KZN nets. Specimens were also collected from elasmobranchs caught by Oceans Research in Mossel Bay. We also collaborate with Marine Dynamics in Kleinbaai, who assist in collecting copepods from marine fish caught by commercial fishermen, and we attend fishing competitions in KZN to examine caught fish.

What is included in the studies in your programme?

Our studies focus firstly on morphology and the correct identification of the specimens using microscopes. Also included are techniques such as the dissection and drawing of these small organisms, using a drawing tube, and their description. The distinction between generalist and specialist species, the distribution of species, including the spatial distribution of its host, reporting new host species, and new geographical records are also part of these studies. We use molecular techniques to study the population genetics of different species and to estimate relationships among different taxa.

And in the future?

We have started to study free-living freshwater copepods found in Limpopo province, which can contribute to other studies on our valuable and scarce freshwater resources. In future, we will continue to study marine symbiotic copepods (with possibly two doctoral studies) as well as freshwater free-living copepods.Through this work, we contribute to the limited current knowledge about these organisms, and we train people in the skills of working with small invertebrates.

Contact details:
SM DIPPENAAR
Professor: Biodiversity
Tel: 015 268 3112
Fax: 015 268 2976
Email: susan.dippenaar@ul.ac.za

STRUGGLE FOR POWER

By Ben Turok

It is tempting to be alarmist about the present situation in South Africa. We all know the fundamental structure of the country, with its abundant resources both human and material, is sound in comparison to that of many similar countries. However, our economic growth rate is almost zero (with a population increase of 1.7 percent), which means that our population is getting poorer.

Substantial welfare provision for the poor cannot compensate for the huge level of unemployment which is hitting many families hard. The government seems unable to do much about it. It is no wonder that there are so many voices articulating deep concern about our politics. A range of prominent people from a variety of backgrounds, including veterans and even former government figures, are now speaking out about the lack of leadership and direction from those in authority. They reflect the deep sense of unease in our country.

In this issue, we publish a full transcript of Sipho Pityana's dramatic speech at the memorial for the late Rev. Makhenkesi Stofile. Pityana took the audience by surprise but he received loud applause and was embraced by many leaders.

In an equally remarkable speech, former President Kgalema Motlanthe, who is also the chair of New Agenda's editorial board, warned a regional ANC consultative conference in Port Elizabeth that the ANC would die if it did not change. Gwede Mantashe, the general-secretary of the ANC, has also acknowledged that corruption and factionalism pose a great danger to the ANC.

Prof Ben Turok

Looking back at the last few years of our government, we can see strenuous efforts to introduce a variety of reforms to improve the conditions of our people. But the proposed welfare reforms are clearly not enough to solve our problems. We need major structural reform to deal with unemployment and to address problems in the provision and quality of education, health and other basic services. The time of acceptable piecemeal adjustments seems to have passed and there is now broad agreement that transformation is needed.

Yet the responses of the government and the ANC are inconsistent and unclear. Indeed, some people asking if the ANC is still a liberation movement – or has it become a conventional office-seeking political party in a multi-party parliamentary democracy? This question merits a great deal of debate, and some tough decisions. NA

Zemk' iinkomo magwala ndini! Wake up! The cows are being stolen!

By **Sipho Pityana**

The author is chairperson of the board of AngloGold Ashanti and a former director-general of the departments of labour and foreign affairs

Sipho Pityana

An edited transcript of the speech that stirred South Africa, on the occasion of the late Makhenkesi Stofile's memorial service at Fort Hare on 25 August 2016

U*Comrade Stofile, ngumkhuluwa wam* (my big brother) and a great friend. Christians will tell you that, when you choose somebody to be a godparent to your child, you look for somebody who has certain values, certain character, certain conduct, somebody who represents something. As a family we chose Stofile to be a godfather to our son, Zukisa, because he lived his Christian belief in his everyday life. He was a man of love, he loved his family. He had great humility and simplicity. He had no airs. *Ibingengomntu ugqemfezayo*.

He valued and respected ordinary people, particularly the poor. He was courageous, fearless, daring, principled and scrupulous. He stood for something, *ibingengodludla nazo* (he was not easily swayed). He understood education, sports and culture as tools for empowerment and development. Stofile was a development activist. These are the solid values that made the revolution an attractive project for him. He was destined to become a public servant in leadership, in government. A public servant.

So when I talk here about Stofile, a family friend, I want to reflect on the most recent conversations we had. And I hope, by the time I finish, you will have a sense of urgency.

A MOVEMENT IN DENIAL

Stofile is a revolutionary who died with his boots on, even when some thought they'd demobilised him to the margins. When we all sloganeer and cry "*amandla*", we all look the same. Our commitment and zeal for the revolution seem to be similar. But in our movement, there are different cadres. There are peacetime revolutionaries and there are true cadres who took risks when it was necessary.

> **When the Constitutional Court finds that you broke your oath of office, it means that you are honourable no longer.**

Ikhona indoda eyathi apha, "Zemk' iinkomo magwala ndini." (There was a man here who said, "Wake up, the cows are being stolen while you coward people are sitting doing nothing.") Rubusana said so. In 1906, that was his battle cry. [Walter] Rubusana, by the way, just in case you didn't know, was one of the founding fathers of the African National Congress. An intellectual. I guess in today's lingua: a "clever black". I'm not going to tell you the context in which he said *zemk' iinkomo magwala ndini*, but that book also talks about the wolves that wear sheep's skin. You who are sleeping: there are also wolves here who are wearing sheep's skin.

Reverend Makhenkesi Arnold Stofile

Reverend Makhenkesi Arnold Stofile (1944–2016) was premier of the Eastern Cape from 1997 to 2004, then national minister of sport and recreation from 2004 to 2010. At the time of his death, he was South Africa's ambassador to Germany. Born in Adelaide in the Eastern Cape, Stofile joined the ANC in 1963. In 1986, he was convicted of terrorism under the Ciskeian Security Act and served three years of an 11-year prison sentence. Stofile was an ordained minister of the Uniting Presbyterian Church in Southern Africa. Also a great sportsman, he played for the Border Rugby team and was a loud voice in the campaign towards non-racial sports. (SA History Online)

"May his yearnings for the movement to return to its former glory be taken up by those amongst us who know what it took for us to be a free country." – Sipho Pityana

You must remember Rubusana's words. You must ask yourself whether this great revolutionary movement is going to bite the dust, even when you are here. *That* our movement is in crisis is trite and it is beyond question. If you doubted it, look at what happened in the local government elections. The debate for us today, and the debate that we were having with Stofile, is *why* it is in a crisis. What can we do about it?

The conversations we had at General Gqiba's house at the break of this year, with some of the few of his trusted comrades, were very painful. And soon thereafter, we watched, like all of you, the Constitutional [Court] judgement around the Nkandla saga. On the first of April, the president of the country made a statement in response to that judgement. We all congregated around the television in anticipation. It was like the "Rubicon" speech [of PW Botha]. He failed to rise to the occasion.

> **We must also be cadres with *questioning loyalty*.**

Isingqala neenyembezi zikaThahla, maqabane zezingawi elulwalweni [The cries and tears of Thahla must not fall on the barren land]. Let Stofile's cry for the restoration of our movement to its former glory not be in vain. I know we're a movement in denial, for when we talk about why we are where we are, we say it is because of the negative and hostile media. Maybe it is. We say it is because Western governments are driving an agenda for regime change. Maybe it is. We say it is because of clever blacks who are ill-disciplined and arrogant. We say it is NGOs, who are agents of foreign interests.

But Comrade Stof would have none of it. He reminded me all the time that, remember, OR Tambo encouraged us to be cadres with unquestioned loyalty. But here's an important qualification that Oliver Tambo made: we must also be cadres with *questioning loyalty*. We must be questioning, because answers come from asking difficult questions.

Stofile never failed to ask difficult questions. He went beyond these superficial postures. He was able to do so because he never sought to please. He had already made his credentials during the tough times. Because he didn't join the ANC when it was fashionable to do so. He risked his life, the safety of his family, his career, to associate with the ANC at the time when it was possible to play the most dear price for doing so.

WHICH ANC IS THIS?

His prognosis for our crisis is that *ukufa kusembizeni, maqabane* (our setbacks are self-inflicted, comrades). We have ceded our moral high ground to the opponents. We say we are a party of the Constitution and we have a right to say so. But many doubt it, because we give them reason to do so. No less a person than the president of our movement and our country takes every opportunity to show nothing but disdain and contempt for our Constitution.

From the time I joined the movement as a young boy, the ANC respected and promoted the independence of the judiciary and the separation of powers. Which ANC is this, that – without any conference resolution – makes statements that attack judges as "counter-revolutionaries"? Which ANC is this?

We attack and undermine Chapter 9 institutions. I need to remind you that OR Tambo wrote, as a precursor to this country, a conceptualisation of the Chapter 9 institutions. If you » didn't know that, go and read the Harare Declaration. Who are these leaders of today who don't have a sense of that history?

We are an ANC that can rightly claim that we champion human rights, but not because it's a "Western" concept – we were among the first to adopt the African [Charter of] Human and Peoples' Rights. Nobody asked us to. That's why you have a Bill of Rights in our Constitution. But it must be a great shame, mustn't it, that under our own government, we kill workers – in cold blood, with horrific brutality – for going on strike. We murder, in full glare of international media, Andries Tatane for engaging in service delivery protest.

We say we are a party that is against corruption, and yet at every moment, we seem to be falling over each other to steal from the poor. All these things – *all these things!* – we do with absolute impunity. A movement like this prompts Desmond Tutu to take to the media and say, "You do not represent me". Comrades, we can't have that. We are ceding moral high ground. And then we look for scapegoats outside: there are people who do not like us, who are attacking us, who are reporting negatively about us!

ACCOUNTABILITY, RESPECT, HUMILITY

We must introspect and look at what it is we are doing wrong. That's what Bra Stof was arguing. But look at the example that he leaves us with. Unlike some, Bra Stof showed great respect for public office. He was burdened by the honour and responsibility that came with public office. As you drove here, Ngqele is on your right-hand side. It's a rural village. During his tenure as premier, he didn't give it any special treatment. Look at it again as you go out. You will not find a palace worth over R200 million, an extravaganza amidst a sea of poverty. You won't find it. [His family] homestead is a decent yet humble abode. Bra Stof knew that, as a leader, you start with the people, not with yourself.

> **We have ceded our moral high ground to the opponents.**

But here is a very important chapter in Bra Stof's life: he was accused of corruption. A commission of inquiry was appointed. He submitted himself to public scrutiny. He didn't play avoidance games. He didn't mobilise politically. He didn't abuse state institutions to protect himself. He didn't try to block the inquiry. He didn't destabilise the National Prosecuting Authority, the police, intelligence and other security structures to defend himself. He humbled himself. He showed respect for the law and for the people who put him in a position of responsibility. He followed due process. When the commission of inquiry made an unfavourable finding against him, he didn't cast aspersions against it. He didn't insult the judiciary. He took the matter on judicial review and cleared his name. Anybody who says Stofile was corrupt today will be wrong, because a judge of the High Court found that the Pillay Commission was wrong. Stofile was not corrupt. That's what you do when you respect public office. He had an understanding of public office, respect for the people, and that thing called accountability.

> **It must be a great shame that under our own government, we kill workers – in cold blood, with horrific brutality – for going on strike.**

Accountability is an important measure of respect you have for the people. It is an important measure of respect for public office. You don't, when you're called to account, plunge parliament into chaos. You don't, when you're called to account, call constitutional bodies like the [office of the] public protector "enemies of the people" when they are not. You don't compromise the hope of the downtrodden and the oppressed people with their own movement – mobilise the ANC into a machine to defend in your own transgressions. You don't do that. When the Constitutional Court finds that you broke your oath of office, it means is that you are honourable no longer. It means that you are untrustworthy. *Qhwabani* (Clap your hands), *zemk' iinkomo magwala ndini!*

THIEVES AND FRAUDSTERS

Zemk' iinkomo magwala ndini – because today we all call each other comrade, comrade, comrade, without distinction. Cadres of Stof's ilk were sidelined in favour of a different kind of cadre, a new cadre who sees an opportunity to get the benefit, because it is rewarding to be associated with the ANC these days. And the queue of the people who want to join is long. You don't have to work hard; ANC membership opens up opportunities. So the fight for leadership positions is not about giving but proximity to resources for yourself, for your family and for your cronies. Several secretary-general reports to various congresses and policy conferences of the ANC have commented about this, but nothing is done. And so the reality of the matter is that some of the leaders have been co-opted to be among those who are eating at the trough.

We must ask a question: do we have leaders of a revolution or do we have fulltime thieves and looters? For there can be no doubt today. The balance of forces in the movement has changed in favour of the forces of corruption. *Sigutyungelwe ngamasela nabarhwaphilizi* (We are overrun with thieves and fraudsters). Our movement is captured and consequently the state is captured. Our revolutionary project is under threat. But here are the consequences as we abandon the robes that give us our identity, that define the ANC. There are many others who are prepared to pick them up and wear them with pride. Now when you hear Honorable Trollip[1] speaking, you think, "Is this not what has been said in our organisation?" It is because – *thina* (us) – we have abandoned our great positions, our great policies, in favour of things trivial.

Zemk' iinkomo magwala ndini! In 2004, we had 69 percent of the electorate. In 2016, we are 54 [percent]. Comrades, I will say this to you. Unless drastic steps are taken today, in 2019 we will come down to less than 40 percent. All of us are enjoined to not speak in public but to engage the movement quietly. Many of us have tried. Comrade Stofile himself submitted many letters to the ANC. But guess what? His letters went unanswered.

NEW LEADERSHIP

We must ask ourselves about changing our movement's mission. We have come down from where we were. Under this leadership, what we have experienced is a cataclysmic anti-climax. We are seeing nothing less than grotesque and unmitigated chaos. It's time for new leadership. Comrades, leadership is not fun. Leadership is about responsibility. I am very disappointed that the president is not here, because I prepared this speech in anticipation of him being here. I would have asked him, as my leader, *bendizakumbongoza, ndimngxengxeze, ndithi "Mkhuluwa wam, Msholozi, Nxamala, nikezela iintambo, kunyembelekile"* (I was going to beg and plead with him and say, "My big brother, Msholozi, Nxamala, please release the reins of power, the situation is dire). The next battle cannot be led by a leader that has humiliated our organisation and undermined everything we represent.

> **"Under this leadership, what we have experienced is a cataclysmic anti-climax. We are seeing nothing less than grotesque and unmitigated chaos.**

Comrade SG [Gwede Mantashe], I appreciate your presence, and one of the things that I'm very excited about is the decision of the national executive committee at its last meeting. It said, "With the setback that we have suffered, we take collective responsibility." But you see, Comrade SG, that falls short. That is not good enough. A person who takes responsibility falls on their sword. So the leadership that has got us to this crisis must also accept that it is not capable of launching us in the new battles to make sure the organisation survives. I join others who make the call that an elective conference of the ANC must be held. But that's not enough.

> **"Don't give up, comrades. Please come back. This battle is not over.**

I would also suggest that you please convene a committee or council of stalwarts and veterans of our movement. Comrade Thabo Mbeki, Comrade Kgalema Motlanthe, Comrade [Ahmed] Kathrada, Comrade Winnie Mandela, Comrade Dennis Goldberg, Comrade Sophia de Bruyn. Call all of them in as a special committee that will ensure that we convene a credible elective congress. I want to ask you to ask the leadership to please consider mandating the Integrity Committee of the ANC to ensure that all the delegates subject themselves to a lifestyle audit. We don't want thieves who will elect other thieves to leadership.

I pray, comrades, that we find younger leaders. Those amongst us who are aged must spend time playing with our grandchildren. They need us. To those comrades who left the organisation to join COPE, EFF, United Front, and the disgruntled ones who did not vote: don't give up, comrades. Please come back. This battle is not over.

If we really want Bra Stof *alale ngoxolo* (to sleep in peace), if we want his deathbed cries to not be in vain, we must do exactly these things. *Zemk' iinkomo magwala ndini!*. Rest in peace, *Thahla, Ndayeni*. Thank you very much.

NOTES

Pityana's speech is available at www.youtube.com/watch?v=gWA1R986iOc

1. Athol Trollip, leader of the opposition Democratic Alliance and newly elected mayor of Nelson Mandela Bay Metropolitan Municipality, a traditional ANC stronghold.

NA

SELLING OFF THE SILVER

THE IMPERATIVE FOR PRODUCTIVE AND JOBS-RICH INVESTMENT

By ***Nimrod Zalk***

The author is an industrial development policy and strategy advisor in the department of trade and industry and a PhD candidate at the School of Oriental and African Studies, University of London. He writes in his personal capacity.

Nimrod Zalk

South Africa's failure to mobilise higher levels of investment in productive sectors of the economy has materially contributed to the conditions amenable to clientelism, patronage and corruption.

Capitalist development since the Second World War ushered in unprecedented rates of capital accumulation and structural change in the world economy in the form of rapid industrialisation. Fast and sustained industrialisation has been associated with large increases in wage employment, labour productivity, and health and educational welfare. Countries that have been able to mobilise rapid and sustained late industrialisation, such as South Korea, Taiwan and India, have displayed three characteristics in particular: a high and sustained share of manufacturing in gross domestic product (GDP); a high rate of fixed investment in GDP, and rapid growth in the value and sophistication of manufactured exports.

Over the last two decades of apartheid, South Africa performed increasingly poorly against all three of these benchmarks. While the development of mining and heavy industry had previously driven growth, investment in megaprojects and the electricity and transport infrastructure to support them increasingly dried up. The need to shore up profits in a stagnant economy accelerated a longstanding pattern of conglomerate growth predicated on acquiring existing companies rather than the development of new products and markets (particularly export markets). Thus South Africa saw a profound

> **"The rising influence of institutional investors demanded intensive corporate restructuring in order to unlock larger and more rapid flows of cash to shareholders.**

economic and political crisis escalate over the 1980s.The large private conglomerates, recognising the need for a political settlement to restore prospects for accumulation, began strategic engagements with the African National Congress (ANC). Large public business groups like Iscor and the Industrial Development Corporation (IDC) also positioned themselves for a post-apartheid future, developing much closer relations with their private counterparts even as they secured increasing autonomy from their formal principal, the state.

After a decade of social crisis and declining per capita incomes, South

Africa's transition to democracy in 1994 came with high hopes for economic revival. There was a broad consensus that revitalising the economy required industry to shift from its historical reliance on mining and mineral processing to more diversified and labour-intensive manufacturing sectors.

In the post-apartheid period, growth, fixed investment and export performance have fallen far short of middle-income developing country comparators, along with exceptionally high rates of unemployment. Given this mediocre performance, which has worsened since the global crisis, many influential commentators argue that South Africa's political economy has descended into extremely damaging relationships of patronage and clientelism.

How did we get here? What went wrong? And what can be salvaged? I address these questions based on my own research on the post-apartheid development of the steel and engineering sectors.

THE FREE MARKET NARRATIVE

A beguilingly simple narrative rapidly solidified over the early 1990s: introduce macroeconomic stability through inflation and public expenditure controls and de-emphasise the need for public investment. Remove market distortions such as tariffs, capital controls, excessive labour market protection and requirements to lend to particular sectors. These reforms, it was argued, would result in an autonomous and virtuous restructuring of the economy through disembodied market signals. New entrants,including foreign investors and emerging black businesses, would step in to rapidly raise levels of investment and employment. Particular faith was placed in the unalloyed benefits of foreign direct investment to bring not only net positive capital inflows but also the transfer of the latest technologies and managerial efficiencies.

> **In sector after sector, conglomerates unbundled and then consolidated in sectors where market power could be shored up.**

Critics of this view argued that public investment marshalled rather than displaced private investment, that the predicted benefit of lowering tariffs in the absence of more comprehensive strategies for industry restructuring was not supported by international evidence, that capital account stability was required, and that South Africa should foster a stable and motivated, rather than lowly paid, workforce. The conglomerate structure that had emerged under apartheid, it was argued, required active reorientation.

As is well known, the former narrative won the day, not least due to relentless individual and collective advocacy by the largest business groups. The set of policy reforms ultimately adopted by government reflected virtually all those demanded by the conglomerates. The major exception was a strengthening of worker rights in the labour relations regime. The argument that government needed to play a strong role in steering a process to reorient the massive financial muscle and substantial (although deeply skewed and uneven) industrial capabilities built up by the conglomerate groups was dismissed variously as distortive of market forces, likely to frighten off foreign investors, and more likely to make things worse than better.

The conglomerates alsorecognised very clearly that the implementation of policies that would allow them the freedom to restructure domestically and shift capital abroad required a legitimation mechanismwith the incoming democratically elected government and influential parts of its constituency. Thus they initiated the practice of black economic empowerment (BEE), with its emphasis on ownership transfers to influential individuals, to secure buy-in for orthodox reforms, particularly capital account liberalisation.

In parallel, the deregulation of the financial sector that had been underway since the mid-1980s was rapidly taking form asa shareholder-value movement that emerged in the United States and the United Kingdom and spread to developed and developing economies alike. This movement saw the rising influence of institutional investors demanding intensive corporate restructuring in order to unlock larger and more rapid flows of cash to shareholders.It was within this context –and an uneasy and unstable political settlement – that fundamental corporate and industrial restructuring took place in South Africa.

SELLING OFF THE SILVER

How has this process played itself out both in broad-brush terms across the economy and specifically in the steel and engineering sectors?

South Africa's post-apartheid economic restructuring has seen intense corporate activity in the harvesting of historical investments and the distribution of their proceeds, rather than in raising investment in new products and markets, particularly export markets. Two recent pieces of research are revealing. A 2015 PhD » study by University of Stellenbosch academic Nicolene Wesson enumerates the magnitude of funds transferred from JSE-listed firms to shareholders from 1999 to 2009. Over this period, R384 billion was paid out to shareholders: R247 billion in dividends and R137 billion in share buybacks. Note that this does not include transfers from South African firms listed offshore, such as Anglo American and British American Tobacco (BAT), as well as returns from unlisted investments including rapidly growing private-equity activity. A 2015 Intellidex report on the value of BEE deals estimates that the unencumbered financial value transferred through BEE deals by the 100 largest JSE-listed firms between 2000 and 2014 amounted to R317 billion. Again, this is an underestimate of the value transferred as it excludes unlisted transactions, not to mention surpluses accruing from massive public-sector procurement spend.

Relate these (underestimated) sums to the levels of fixed investment in the economy. The R384 billion in transfers to shareholders is equivalent to 17 percent of total gross fixed investment in the economy over the same period. The R317 billion in surplus transfers through BEE from 2000 to 2014 is equivalent to 8 percent of total gross fixed investment. If even a proportion of these flows had gone into fixed investment, investment rates would have been considerably higher.

The magnitude becomes even starker when compared to fixed investment in the manufacturing sector. Over the respective periods, transfers to shareholders represent 61 percent and BEE transfers 29 percentof manufacturing fixed investment. This is not to naively suggest that shareholders should not receive a healthy return on their investments, nor that there should not be BEE transfers, but that productive fixed investment has not been a primary objective of corporate activity.

> **Developing country plants, such as South Africa's operations, were used to generate as much cash as possible to repatriate to the global parent.**

With tepid overall fixed investment, the largest increase in South Africa's fixed capital stock has been overwhelmingly in finance and related services, despite mediocre private savings and investment rates. It has also been in services sectors linked to large increases in credit-fuelled and import-intensive consumption. In sector after sector, conglomerates unbundled and then consolidated in sectors where market power could be shored up, and exited sectors where it could not. These ranged from banking to heavy industries like petrochemicals and steel, construction, wheat and maize milling, bread, poultry, sugar and telecommunications.

RESTRUCTURING IN STEEL

The negative feedback effects of policy choices adopted or accelerated over the early 1990s rapidly began to appear. The de-emphasis of public investment meant that the surge in demand for light engineering anticipated in the Reconstruction and Development Programme in areas such as housing, public transport and water reticulation did not materialise. Simultaneously, rapid reductions in import tariffs introduced intense competition. Iscor's privatisation as an unregulated monopoly (with Highveld as a second monopoly) allowed domestic steel pricing to be pushed to full import-parity levels. Even as policy rhetoric emphasised the greater play of market forces for downstream industries, extensive public support was given to one final set of megaproject expansions in carbon and stainless steel and a range of other mineral-processing projects.

Faith that a virtuous process of industrial restructuring would be driven by shifts in relative prices introduced through liberalisation saw little, if any, need for serious co-ordinated strategy to reorient the engineering sector. Consequently, no such strategy was mobilised until 2007, when South Africa began to mount its first meaningful post-apartheid industrial policy. Far from restructuring being driven by the envisaged disembodied market forces, it was in practice driven by the same conglomerates that had been unable to render their engineering subsidiaries fully competitive in conjunction with the rising influence of institutional investors.

Iscor had already been privatised in 1989. Its primary strategy for restructuring was a massive slashing of jobs, but whatever costs were cut in the process did not translate into greater efficiencies. In fact, financial performance deteriorated under privatised management, despite Iscor increasingly exercising its market power to price steel domestically at import parity levels. Notwithstanding this, Iscor – as did its other large private counterparts, Anglo and Gencor – embarked on a massive expansion, in the form of an entirely new integrated steel plant at Saldanha predicated almost entirely on exports, despite depressed global steel prices. These expansions were generously supported by cheap Eskom electricity, IDC finance and tax incentives. Simultaneously, China was beginning to suck in increasing amounts of iron ore for its own steel production, which began to drive up global iron ore prices. Iscor management, in conjunction with the IDC, promoted an unbundling as a way out of the morass.

Iscor's increasingly attractive iron ore assets were acquired by Anglo and a foreign investor, LNM, was brought in to salvage the steel business, underpinned by a concessional iron ore supply arrangement with Kumba. LNM was a leading player in a consolidation of the global steel industry that was based initially on the leveraged acquisition of recently privatised steel plants in developing countries and then extended to the acquisition of plants in the United States and Europe. Mittal Steel, LNM's successor, emerged as the largest steel group in the world after a hostile takeover of Arcelor to create ArcelorMittal. This process of growth through leveraged acquisition left ArcelorMittal with high levels of debt to service, which in turn informed a bifurcated strategy. Developing and transition country plants, such as South Africa's operations, were used to generate as much cash as possible to repatriate to the global parent. By contrast, investment and research-and-development expenditure was concentrated in US and European plants to ensure they didn't fall behind technologically, not least because this could result in losing out to aluminium in the valuable automotive market.

Rapidly rising steel prices from 2001 – part of a broader global commodity boom –and a valuable cost-plus iron-ore pricing arrangement with Kumba masked a combination of underinvestment in the maintenance of ArcelorMittal South Africa (AMSA)'s plants and rapidly rising inefficiencies as net investment flowed outwards to AMSA's global parent. However, the subsequent collapse in steel prices following the global financial crisis,in conjunction with the collapse of its concessional arrangement with Kumba, starkly exposed these inefficiencies. The circumstances surrounding the loss of the Kumba supply arrangement, and the three-way contest to secure the valuable rents associated with it, reflected deeper ruptures in the political economy.

> **As one former Anglo director has put it, "The move to London was a disastrous mistake for the company and for the country."**

Steel Wool Spinning
Credit: Wikicommons

Anglo American's shift in domicile and offshore listing on the London Stock Exchange was largely motivated to escape the strictures that might be imposed by a post-apartheid government. However, it rapidly became subject to a different set of strictures: aggressive institutional investors insisted that, in order to unlock shareholder value, Anglo should become an increasingly focussed mining company and shed its non-mining businesses to erode the discount it traded at relative to its peers Rio Tinto and BHP Billiton. This would raise both its share price and payouts to shareholders.

Anglo shed three major steel and engineering assets. Highveld Steel, the country's second largest steel producer was sold to Evraz in 2007. Evraz had also been engaged in the debt-based acquisition race to become a major global steel player, culminating in even higher debt levels than ArcelorMittal. Similarly to Iscor, Highveld – already suffering an investment backlog –was placed within the ownership of a group whose primary imperative was to return cash to the centre to service a massive debt load. The failure to invest was thus even more brutally exposed with the downturn.

While the glut of Chinese steel and associated cheap imports has been the proximate cause of the industry's distress, commodity markets are always subject to periodic downturns and high cost plants are the most vulnerable to large losses (as experienced by AMSA) or closure (as with Highveld). This is not to suggest that foreign ownership is automatically problematic. Columbus Stainless Steel under the Spanish Acerinox group has been a far more sustainable and responsible investor. The point is rather that unconditional transfers to foreign ownership subordinate national industries to the global strategies of the transnational parent, in this case with disastrous consequences for Iscor and Highveld.

Anglo also owned two of the most important engineering companies to emerge out of the apartheid period: Scaw Metals and Boart Longyear. Boart was a unique product of the Anglo group, having developed international competitiveness soon after its establishment in the 1930s. By the 1990s, it was among the largest global manufacturers of mining rockdrills, exploratory drilling and services and abrasion tools. However, these successes masked longstanding managerial weaknesses and technological backlogs, especially the failure to keep pace with the global shift from hand-held pneumatic rock drills to hydraulic drilling rigs. This failure particularly impacted Boart's South African operations due to its longstanding reliance on supplying hand-held drills to a rapidly declining mining industry.

This investment-holding company model has become the favoured structure of emerging large BEE groups.

Anglo split Boart's lagging South African components from the international businesses. It was careful to pre-empt government concerns by ensuring that the two domestic businesses were sold off to empowered consortia and to claim that no South African jobs were lost in the processes. While one of these has survived, the other rapidly went under. In preparation for this sale, Anglo also bought and then closed down Huddy, a smaller but capable rock drill manufacturer. Anglo then sold off Boart's international businesses to a consortium of two large international private equity players who rapidly realised their return by listing Boart Longyear (excised of its South African operations) on the Australian Stock Exchange.


Credit: spilldoctor.co.za

Anglo's disposal of Scaw followed a similar pattern. Scaw's operation straddled primary steel production and value-added engineering. The demise of public investment in rail seriously undermined its rail-related business, pushing it back onto its traditional reliance on mining, in areas such as grinding media and rope and chain. From the early 1990s, Scaw rapidly internationalised in the grinding media sector, acquiring North and South American businesses. By the early 2000s, it was a leading global player, producing around 42 percent of world output.

While Scaw was not fully competitive in all its engineering operations, it was financially sustainable and virtually debt free. Anglo began to indebt Scaw, to the tune of around R6 billion, partly to facilitate the entry of a BEE partner but primarily to extract cash. The economic and commodity downturn flowing from the global economic crisis rendered it increasingly difficult for Scaw to service this debt load. In a gun-to-the-head transaction, the IDC purchased Scaw to avoid the loss of 6 000 jobs and to preserve the industrial capabilities linked to South Africa's large-scale public rail programme. Even on its own narrow financial terms, Anglo's shift to London has been an abject failure, leaving it far smaller than when it listed. As one former Anglo director has put it, "The move to London was a disastrous mistake for the company and for the country".

RESTRUCTURING IN ENGINEERING

A similar pattern unfolded in relation to Rembrandt's engineering interests. By the mid-1980s, Rembrandt had taken over Iscor's investments in the engineering sector. The most significant of these was Dorbyl, the largest engineering group in South Africa's history, which at its height employed around 25 000 people. More than any other engineering firm, Dorbyl supplied the engineering capabilities required by Iscor, Anglo's mines, and other mining and heavy industries to install and maintain plant and equipment, as well as for associated electricity and rail infrastructure. Dorbyl's activity also spanned the rail and automotive sectors. As mining, heavy industry and associated infrastructure megaprojects dried up over the 1980s and public investment faltered, Dorbyl's failure to develop competitive capabilities for export became increasingly evident. For a brief period, management and shareholders tried to make it commercially sustainable but neither was up to the task. Not only was Dorbyl unable to competitively restructure its manufacturing operations, it also failed to run its import-oriented businesses viably when conditions for importation had never been more favourable.

A slew of disposals and acquisitions followed. In the name of "releasing value to shareholders", a "management participation scheme" was established to reward Dorbyl's senior management for *disposing* of its businesses. It subsequently transpired that the former CEO was part of a private equity consortium to purchase one of Dorbyl's major acquisitions: a US roof sheeting business called Alpine. Sold by Dorbyl for $159 million, it was resold within seven months for $250 million.

> "Our priorities as a country need to be recalibrated: productive and jobs-rich investment must sit at the apex of our economic objectives.

Over this period,Remgro – Rembrandt's successor – was extensively restructured as an investment holding company, consolidating itself in banking, insurance and related services, and restricting its manufacturing and agricultural footprint to areas where it could consolidate or otherwise retain strong control of the relevant market. Rembrandt has engaged strategically with the BEE process, actively identifying and cementing relationships and investing one of the leading BEE firms, Kagiso–Tiso Holdings, which in turn has modelled itself on Remgro's company model.

This investment-holding company model has become the favoured structure of emerging large BEE groups, with a preference for engaging in sequential minority BEE deals across multiple sectors, rather than deepening ownership, control and additional net new fixed investment. It has been far less risky and far more lucrative to sequentially secure stakes in existing businesses than engage in net new investment.

Notwithstanding the designation of rail for local production, state-owned companies (SOCs)have placed limited orders with domestic manufacturers. This follows a broader pattern of SOC and mining sector preference for purchasing from "empowered importers", which has reflected a preference for ownership over domestic production and jobs. Furthermore, even as capable manufacturers with significant empowerment credentials, including majority black ownership, have emerged, SOCs have not been giving them meaningful levels of orders.

South Africa's recent turn towards clientelism and patronage is often popularly characterised as a *cause* of low growth and investment, but there are good reasons to consider that the relationship has run in the opposite direction at least as much. South Africa's failure to mobilise higher levels of investment in productive sectors of the economy has materially contributed to the conditions amenable to clientelism, patronage and corruption.

CONCLUSION

What are the implications of this analysis of the restructuring of South Africa's post-apartheid economy? First, it is not intended to be used as a stick with which to beat one or other corporate actor. Nor, to repeat, is it to suggest that shareholders should not receive reasonable returns or that black economic empowerment should not be pursued.

It does, however, argue that our priorities as a country need to be recalibrated: productive and jobs-rich investment must sit at the apex of our economic objectives. South Africa finds itself in a position not dissimilar to that leading up to our first democratic elections. This requires a new and realistic set of bargains between large established corporates, emerging black business, labour and the stateto restore the conditions for patterns of accumulation that prioritise productive and jobs-rich investment. NA

BRIDGING SOUTH AFRICA'S ECONOMIC DIVIDE

By ***David Lipton***

The author is first deputy managing director of the International Monetary Fund (IMF)

David Lipton

Following the release of the IMF's latest World Economic Outlook, Wits Business School and the National Treasury invited Lipton to present this public lecture at the University of the Witwatersrand in Johannesburg on 19 July 2016.

Let me begin with a tribute to South Africa's achievements. This country offers an extraordinary legacy of freedom and reason that is a model to the world. But now it is a generation since the end of apartheid, and regrettably there remains a large and growing gap between South Africa's accomplishments and its concrete economic needs.

South Africa is grappling with growth that is too slow to raise average living standards, which is deeply problematic when one-third of the working population is effectively excluded from the economy. So far, there has been only limited progress on reforms to remedy that situation. What does this mean? It gives the prospect of falling per capita income and increases in a jobless rate already among the world's highest. That would spell tough times ahead, particularly given the difficulties facing the global economy.

I know this is a blunt message. But anyone who admires South Africa's many accomplishments has to worry about what it will mean if these economic problems are not tackled soon. Of course, some of these issues – particularly exclusion and income inequality – are legacies of the apartheid era. But with the passage of time, unaddressed issues can become obstacles.

> **"Inclusion of the excluded one-third of South Africans could and should be a source of growth and dynamism.**

So today I would like to speak about those obstacles facing your economy and what needs to be done. Fortunately, the bottom line is that, as is often the case in economics, the root of your problems contains the seed of their solutions. Inclusion of the excluded one-third of South Africans could and should be a source of growth and dynamism for the generation to come.

Of course, much thought and effort has gone into that challenge, and many good ideas remain untested. But now the cost of insufficient action has reached the critical point. The present trajectory is simply not good enough. What is needed is a fresh and energetic review of South Africa's policies – followed by action. The litmus test must be that the policy response fosters fundamental change that opens doors for the young people who will be the workers, entrepreneurs and innovators of the next generation, those who can power the economy upward.

POSITIVES AND NEGATIVES

Before looking at what might be done, let's begin with South Africa's many positive economic accomplishments. While income inequality is a profoundly difficult problem, it also is true that living standards have improved significantly. An estimated 3.6 million people have been lifted out of poverty

– that is to say, those living on less than US$2.50 a day. The rate of extreme poverty has been more than halved to 16.5 percent of the population. Access to infrastructure and to education and healthcare has improved remarkably, and social grants benefit over 16 million people.

South Africa has a highly diversified economy and world-class companies with a footprint on the African continent and beyond. Your financial sector is deep, sophisticated and resilient. You have a strong corporate governance framework – number two in the World Economic Forum's rankings. South Africa should be proud of its world-class public institutions, including in the realm of economic management. This includes the Treasury and Reserve Bank, who have well-deserved reputations for expertise in formulating and implementing economic policy. Those institutions would be the envy of many emerging-market and developing countries. And we can point to the judiciary, the public protector, the auditor-general and many others. South Africa's institutions should be revered and protected.

However, strong macroeconomic policies and a diversified economy are not enough to generate the growth that can drive sustained gains in living standards and lift all South Africans out of poverty. In the Fund's latest annual report on the South African economy, released earlier this month, we forecast just 0.1 percent growth in 2016 and only about 1 percent next year. This is not enough growth to raise per capita income, given the annual population increase of 1.7 percent. And it implies weak enough job creation that we see unemployment continuing to rise. The implications of this are not good: if our projections for the economy materialise, per capita income in 2017 is set to fall to 2010 levels.

Why is growth so weak? What economists call "external shocks" are part of the problem. Most importantly, the rebalancing of the Chinese economy is reducing demand for exports throughout the world and contributing to the steep fall in commodities prices. This includes South African exports – iron ore, coal and platinum. The fact is that China's growth now matters more to South Africa than growth in the EU and US. On top of this, the normalisation of US monetary policy, generally tighter financial conditions worldwide and, more recently, Brexit have added elements of uncertainty. Keep in mind that a large share of South Africa's bonds and equities is held by foreign investors, which makes the country more vulnerable to rising interest rates and shifting sentiment.

> **"Those included and successful in the advanced economy... maintain entry barriers against their potential competitors.**

But external shocks are only one part of the story – and, in fact, it is the rest of the narrative that has assumed paramount importance. The South African economy is also reeling from the effects of some misfortune as well as some homegrown problems. The recent drought was the worst in decades. The leadership changes at the National Treasury last December and other political developments had an adverse impact. They heightened concerns about governance – a point I will return to in a moment – deepened policy uncertainty, and shook investor confidence.

THE DYNAMICS OF EXCLUSION AND INCLUSION

But something else has developed with the evolution of the economy. This involves issues that I know are very familiar to you: infrastructure bottlenecks, skills mismatches in the workforce, regulations that stifle competition and entrepreneurship and keep that one-third of the labour force unemployed or too discouraged to seek work.

The end result is that a huge part of the labour force is left on the outside looking in, undereducated and with no opportunities for advancement. I'm told, for example, that there are township youth who not only cannot find work, but who grow up without knowing anyone in their circle of family and friends with a job either! The formal economy is not absorbing them, nor are they able to strike out on their own. There is a crucial structural issue at play here. Those included and successful in the advanced economy – large businesses, banks and unionised workers – maintain entry barriers against their potential competitors: small and medium-sized enterprises and the unemployed.

In situations like this, the government should represent the interests of the excluded. However, some policies, regulations or actions only raise higher barriers. And sometimes government services may not meet the needs of the excluded: witness the deficiencies of the educational system. Some government policies may make sense in a truly advanced economy, but in South Africa, they create a situation in which the developed economy is not lifting up and absorbing those excluded from the economy.

There is another, extremely important element to the governance issue: *corruption*. Your National Planning Commission, in the National Development Plan, has said that »

South Africa suffers from high levels of corruption. What is particularly relevant here is the Commission's finding that both the private sector and the public sector are reported to engage in it. This only reinforces the dynamics of exclusion.

The current slowdown exacerbates many of these issues. When the economic pie is not growing, then it is inevitable that too much energy is spent fighting for a larger slice, and not on growing the pie. All of this is damaging to investor confidence, as well as to the trust that must be woven into the fabric of society. And without confidence and trust, it will be very difficult to put in place the reforms needed to make the economy work for all South Africans.

Let's take a moment to examine some of the policy issues in greater depth. One of the issues that keep the one-third on the outside is the impact of wage bargaining practices involving big businesses and big labour. The present approach serves well the interests of both established businesses and employed workers. But wage agreements that use extension to bind entire sectors present a huge obstacle to small- and medium-sized enterprises, which in other countries typically employ the most people, thus suppressing competition for established businesses and employed workers alike. In reality, these agreements keep low-skilled workers out of the workforce and the unemployed have no say. Small- and medium-sized enterprises, which commonly produce with less machinery and equipment and thus may be justified in paying lower wages, have no place at the table, yet they have to live with the deals that are struck.

PRIVILEGED MARKETS

At the same time, the private sector has been supported – by government regulation – in ways that create privileged markets that work against the interests of consumers. They also damage competitiveness by keeping business costs high.

In the finance sector, there are only a few retail banks, and their fees are high. Small enterprises have trouble accessing banking services, though there has been some improvement of late. Barriers to entry into the industry favour existing institutions. It is reasonable to be concerned about a sudden proliferation of new banks: recent experience with the collapse of African Bank is a cautionary tale. But other countries have achieved a balance between oversight and innovation that has resulted in higher rates of financial inclusion. See, for example, the success of mobile banking in Kenya, a development mirrored in many other countries.

Many South African companies enjoy very high profit margins, often 50 percent higher than in other countries. But these margins are often built upon barriers that both hurt consumers and block potential competitors. For example, tariffs on poultry imports – in this case, cheaper Brazilian chicken – were raised a few years ago to protect South African producers. But chicken is the meat most accessible to the poor. So those who are most vulnerable end up paying more. Or look at the transport industry, which provides a service that most South Africans rely on. In other countries, transportation is fiercely competitive and can provide poor people with a leg up in the job market. However, taxi and bus cartels in South Africa are highly organised and deter new entrants, including with violence.

Such extreme measures to deter competition may be the exception. But anticompetitive behaviour is common in other industries, including construction, maize and wheat milling, and telecommunications. Government regulations can reinforce these practices, both by entrenching vested interests and through inefficiencies that limit enforcement of anticompetitive behaviour.

Then there is the matter of state-owned enterprises (SOEs). They play a crucial role in the economy, but they are plagued by inefficiencies, poor management and weak balance sheets. Support for money-losing companies is a growing drain on government coffers. Moreover, the private sector is unable to enter key sectors dominated by SOEs. This only fortifies the bottlenecks in the economy. Even some of the best-performing SOEs pose problems that reverberate through the economy. For example, container-handling costs at South Africa's ports are some 175 percent higher than the global average. Those fees function as import tariffs and raise the cost of South Africa's exports, undermining the country's competitiveness.

A NEW APPROACH

A new approach is needed. It is just not a matter of tax cuts or spending increases. Rather, it is a question of fundamental, transformational reforms that can boost employment – particularly for young people – reduce inequality, and promote economic inclusion. This approach should focus not just on levelling but *opening up* the playing field for individuals and businesses. It will not be easy. Tackling vested interests and promoting a truly inclusive economy will require buy-in from all stakeholders, and require stakeholders to take a long-term view of their interests in a more dynamic South Africa of the future.

It is clear from my conversations with your senior officials that they fully understand the challenge. That was the core purpose of your National Development Plan. And there have been important steps:

- on the infrastructure front, electricity output finally has begun to rebound with new power plants coming online, including independent producers of

renewable energy that are linking to the national grid
- the Employment Tax Incentive Act has brought 270 000 youths into the workforce in its first year, and that is just a beginning
- the Competition Commission's proactive market inquiries are facilitating market entry for smaller businesses
- recent procurement reforms should help increase the efficiency and effectiveness of government spending, reduce the potential for corruption, and give all smaller companies access to public sector contracts. They could reduce government costs dramatically.

However, there also have been counterproductive measures, such as recent restrictions on temporary employment and stricter visa requirements. While some of these restrictions have been partly scaled back, general uncertainty about South Africa's regulatory environment remains – particularly in the mining sector. Some well-intended policies have unintended consequences: take the proposed national minimum wage. It could help reduce inequality – but if the wage is set too high, or with no sub-minimum for young people and small enterprises, it risks creating more unemployment.

So we see blueprints for change and some steps in the right direction. But South Africa's core economic problems have not been tackled in a comprehensive fashion. There are several specific policies and measures that can help build confidence and lift growth, even in the short run:

- the first and foremost priority must be job creation. With public finances already stretched, the priority must be on private sector jobs, including temporary and informal jobs
- in this regard, the dialogue between government, labour and business is encouraging, but the talks need to produce substantive action. One solution to the employment problem may lie in a social bargain: build on the ongoing government-business-labour negotiations to agree on wage restraints in exchange for job retention and hiring commitments. And, as I mentioned earlier, it is important to exempt small and medium enterprises from collective bargaining agreements to create space for hiring
- the introduction of a single employment contract also could help open up jobs. The main features would be the elimination of a distinction between fixed-term and open-ended jobs, along with gradual, continuous increases of rights and benefits that would accrue with tenure. These reforms would be important to allow young people to get that first job that gives them a foothold in the economy. In the absence of quality education, on-the-job learning is crucial
- a committed "do no harm" approach in government policies would be very important. It could help to reduce business uncertainty and make policies more consistent. This might begin with centralised evaluations of all policy proposals to ensure that they do not undermine job creation
- improved SOE governance and operations would send an important signal about accountability, including greater transparency in board appointments and the remuneration of executives and board members. It would also enhance the efficiency of South Africa's public investment in infrastructure. This could reduce costs in key areas: for example, by ensuring reliable electricity supply and lowering port tariffs. Similarly, action to open up the telecommunications spectrum would increase broadband speed and reduce business costs. Taken together, these actions could increase competitiveness
- product market reforms and allocation of more resources to the competition authority to detect cartel behaviour and excessive market power would be another important step to level the playing field for businesses
- and then there is crime, which the World Bank has found is the single biggest obstacle to economic activity in the townships. It is every government's responsibility to ensure the daily security of its citizens.

CONCLUSION

Many of these policy ideas fly in the face of established interests that sometimes strive for privilege as much as principle. The challenges facing South Africa call for reforms that create opportunities and enable all people to successfully pursue them – particularly the excluded third.

The primary goal must be to re-energise growth by seeking inclusion and job creation. As I have outlined, that will require filling infrastructure gaps, encouraging more competition, reaching agreement on sensible labour market policies and industrial relations, improving education and training, and insisting on better governance.

These reforms must be undertaken with the same commitment that this nation brought to democratic change. This is how South Africa can build stronger, inclusive growth with jobs for its young people. This is how South Africa can serve as a beacon of economic change, just as it once emerged as a model for political change. While the politics of the moment may favour the status quo over sweeping change, it is helpful to recall Nelson Mandela's wise reminder: "After climbing a great hill, one only finds that there are many more hills to climb". NA

REVOLUTION, RECONCILIATION AND TRANSFORMATION

THE LEGACY OF MANDELA

By *Joel Netshitenzhe*

The author is the executive director of the Mapungubwe Institute for Strategic Reflection (Mistra) and former head of the policy and coordination advisory unit in the Presidency.

Joel Netshitenzhe

An address to the Nelson Mandela Annual Seminar hosted by the Unisa History Department and the National Institute for Humanities and Social Sciences on 18 July 2016.

It is appropriate that we should, on this day of Nelson Mandela's birthday, interrogate questions about reconciliation and transformation in the context of his legacy. In a sense, Mandela was a representation of our being as a nation, an embodiment of what we stand for and aspire to. But it should also be acknowledged that, repeated as ritual, the words of praise can become the stuff of folklore, they can lose their meaning, they can become tiresome and annoying, and they can evoke dissent. This would be more so when elements of Madiba's legacy are selectively cited out of context, or extracted and presented for opportunistic gain.

> **The popular mythology can overlook the fact that Mandela and his peers mobilised for intensified mass action and the initiation of armed struggle.**

I proceed from the premise that today's seminar seeks to encourage us to learn from history, to interrogate and challenge its varied interpretations, and to draw appropriate lessons for the long walk that is not yet ended.

REVOLUTIONARY RECONCILIATION

The notion of reconciliation has become intimately associated with the Mandela name, both in South African and global discourse. This is often done by selecting a particular moment in history – the 1990s – and elevating that moment as representative of the totality of Mandela's leadership attributes. Important and defining as the transition was, the popular mythology about Mandela and reconciliation can overlook the fact that, during the long years of struggle, when it became apparent that fundamental change could not be extracted from the powers-that-were, Mandela and his peers mobilised for intensified mass action and the initiation of armed struggle.

When they were released from prison, some two-and-a-half decades later, the apartheid regime had come to the realisation that it could not defeat the popular revolt that had engulfed the country. However, the liberation movement had, in that period, not mustered the capacity to forcefully defeat the apartheid regime. As a consequence, the leadership of the contending forces came to the conclusion that continued conflict would result in a wasteland, with none of the constituencies benefitting much from such an outcome.

Regarding such moments of intense social conflict, we can take a leaf from Marx and Engels, from a little-noticed phrase in the very first paragraphs of the first chapter of *The Communist Manifesto*:

> The history of all hitherto existing society is the history of class struggles.
>
> Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, in a word, oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary reconstitution of society at large, *or in the common ruin of the contending classes*.

In other words, a moment that contains the potential for revolutionary change can, depending on the balance of forces, or through adventurist mishandling, result in a destructive meltdown from which neither of the contending forces benefit. Those are the trade-offs that the leadership then had to weigh and the choices they had to make. The question of course is whether, having averted "the common ruin" of the contending forces, South African society has been able to attain the ultimate purpose, which is the revolutionary reconstitution of society, or at least significant progress towards that goal. We'll come back to this question later.

What is critical, from a conceptual point of view, is that the theory and praxis of reconciliation in the South African setting need to be understood as more than the cuddly embrace of Mandela and the Rivonia grandfathers. Reconciliation was, in fact, an instrument of revolutionary change.

> **Reconciliation was, in fact, an instrument of revolutionary change.**

What do we mean by this? Firstly, given the global and domestic balance of forces then, it became necessary to use negotiations as a means to capture a beachhead – a springboard – from which to attain the long-term objective of consistent racial and gender equality in political, social and economic relations within South African society.

Secondly, with South Africa's reality of "colonialism of a special type", characterised by a large settler community that has developed deep roots in the country, the responsibility of transformative leadership was to lead that settler community as well – through persuasion, incentive and disincentive – to make them realise that their long-term interests could only be served by the liberation of the majority of the people, which in turn would also constitute their own liberation.

Thirdly, the zigzags in the long walk – the compromises – were means to an end, and not an end in themselves. The end is articulated in the basic law of the land. On the fundamental principles defining constitutional democracy, as the negotiators of the time will tell you, Nelson Mandela more than anyone else was not prepared to compromise. As a consequence, we emerged from negotiations with a constitution that not only guarantees political freedoms, but also encompasses economic, social, environmental, gender and informational dimensions. This is consistent with what the liberation movement had stood for, historically, as illustrated in documents such as the African Claims of 1943 and the Freedom Charter a dozen years later.

And so we had, nestling together in splendid combination, tactical acumen to navigate a delicate transition without compromising on the content of the ultimate objective of a humane society. In the midst of that transition, a constitution that enshrines the framework for the "revolutionary reconstitution" of South African society was fashioned by a democratically elected constitutional assembly in the wake of mass popular consultations.

DON'T BLAME THE CONSTITUTION

Mandela fully appreciated that reconciliation and restoration were conjoined. It is in this context that, over and over again, he consistently coupled "nation-building and reconciliation" with "reconstruction and development". It is critical to emphasise this, because the impression is sometimes created that the Constitution is to blame for the woes that persist in our society, particularly the high rates of unemployment, poverty and inequality.

The land issue illustrates this even more starkly. We are all aware that the target to ensure that 30 percent of the land is owned by black people by 2014 – through the restitution and redistribution process – has not been attained, and will take many more years. Now, some have laid this deficit at the door of the constitutional settlement. Is this in fact true? To quote former Deputy Chief Justice Dikgang Moseneke, in his keynote address at the 2014 MISTRA Conference on Twenty Years of Democracy: »

> The Constitution does not protect property. It merely protects an owner against arbitrary deprivation. Deprivation that is not arbitrary is permissible. The property clause does not carry the phrase "willing buyer, willing seller", which is often blamed for an inadequate resolution of the land question. The state's power to expropriate does not depend on the willingness of the landowner. The compensation may be agreed; but if not, a court must fix it. The compensation must be just and equitable and not necessarily the market value of the land. Market price is but one of five criteria the Constitution lists for a court to set fair compensation. The property clause is emphatic that the state must take reasonable measures, within available resources, to enable citizens to gain access to land on an equitable basis …
>
> In twenty years our Court has not resolved even one case of land expropriation under the property clause by government for a public purpose. Similarly, in the same time the courts have never been called upon to give meaning to the property clause in the context of land expropriation or to decide on what is a just and equitable compensation. One would have expected that a matter so pressing as land use, occupation or ownership would predominate the list of disputes in the post-conflict contestation.

In other words, the political settlement of the 1990s created a framework for thoroughgoing socio-economic transformation. That framework, as enshrined in the Constitution, enjoys the support and allegiance of the overwhelming majority of our society.

One assumes that we are all familiar with the recent community survey released by Statistics South Africa, registering the macro-social changes since Census 2011. From these and other data, we are able to confirm that, building on the constitutional framework, we have together changed the social profile of our nation in terms of, among others, educational attainment, access to water, electricity and other basic services, people living below the poverty datum line, life expectancy, and absolute number of people in employment.

However, to each achievement, there is a qualification. More people may be employed, but their proportion of the economically active is much lower today. More people may have access to basic services, but the quality of these services leaves much to be desired. Fewer people may be living below the poverty datum line, but the intensity of poverty has increased. Income inequality between black and white may have declined, but inequality within the black community has increased – and slightly over 50 percent of national income accrues to the richest 10 percent of households while the poorest 40 percent of households receive just above 5 percent of income.

What is the relevance of this to reconciliation and transformation? If, as Mandela argued, these objectives need to be coupled – if one element is conditional on the other – then we should accept the reality that reconciliation of the South African nation is nothing more than work-in-progress. The belief that we reconciled under the first democratic national administration and that this reconciliation unravelled after Mandela is misplaced.

With the advantage of hindsight, it can be argued that we could have moved much faster on a number of fronts. But we should not exaggerate that possibility. The policy choices made had to take into account objective realities such as the availability of resources, the inherited macroeconomic environment and the global macroeconomic paradigm. There are also subjective factors that inhibited faster movement. To the extent that some of them may still prevail, or that new inhibiting factors have emerged, we need to critically interrogate whence they originate, so we can address them and move onto a higher trajectory of growth and development.

> **The leadership leaves much to be desired, with some showing the middle finger to state legality and legitimacy.**

IGNITION POINT

The social tinder that is South African society – reflected in the levels of poverty, unemployment and social exclusion – is today threatening to catch fire on a grand scale. This is in part because the historically privileged continue to rationalise entitlement; greed continues to manifest in income differentials that defy description; and workers and the poor are not embraced as kindred spirits but seen as irritants.

The social tinder that is South African society is becoming more flammable because the hope that has sustained the poor is starting to dissipate. Expectations rise with progress: those who do not have access to basic services can no longer live on promises, and those with access expect better quality. The decline in the sense of hope also derives from poor state capacity, one element of which is a result of poor employment decisions in government, instability in senior management structures, and irrational approaches that encourage mediocrity and venality in state-owned enterprises.

The social tinder that is South African society is showing signs of greater combustibility because the experience of the business community in a number of areas does not inspire confidence, such as the irrationality of some policy decisions; the intercession of those who have captured elements of the state to block programmes from which they cannot extract rents; and the gap between lofty pronouncement and practical action –for instance, in relation to treatment of the leadership of the National Treasury.

The social tinder that is South African society threatens to ignite because the conduct of elements of the leadership leaves much to be desired, with some showing the middle finger to state legality and legitimacy. In so doing, they create an opening for those who have all along sought to undermine transformation to crawl out of the woodwork and act out their racist ideas. Through arrogance, some leaders seem so taken up by the power they temporarily wield that they can, by commission or omission, sabotage the cause of social transformation.

All this boils down to quality of leadership, across all sectors of society. In steering South Africa out of possible conflagration, Mandela and the corps of leaders who led the negotiations process understood that each sector of society had a role to play.

In my view, it is in part because of a weakness of leadership – especially in the white community – that elements of the founding political pact were sullied. While the liberation movement under Mandela's leadership continued to counsel caution and patience within its constituency, the National Party withdrew from the Government of National Unity and the Democratic Party adopted a "fight back" approach

> **"All sectors have to embrace the discomfort of making compromises without abandoning the ultimate objective.**

that encouraged resistance to change. Both parties played to the base instincts of a white community that was apprehensive about social transformation. This had the effect of hardening attitudes.

But that is about history! Today, South Africa has an appropriate frame of reference for a new level of partnership: to translate the political pact of the 1990s into a social compact as envisaged in Vision 2030 and the National Development Plan. If each sector of society – including government and each individual department and state entity, the business community, economic sectors and individual enterprises, workers' federations and individual unions, civil society entities across the board, political parties, and indeed all of society – were to identify and implement actions required of them to realise objectives set out in the National Development Plan, we will be able to move South Africa onto a higher growth and development trajectory.

As with Mandela's generation, this will require an appreciation of the imperatives of the commons, and how sectoral interests can be pursued while taking these imperatives into account. In the same manner that they steered the transition, all sectors today will have to embrace the discomfort of making compromises without abandoning the ultimate objective, appreciating that the path to a better life is protracted. In Mandela's own words: "with freedom come responsibilities, and I dare not linger, for my long walk is not yet ended". NA

13 THINGS YOU NEED TO KNOW ABOUT NEOLIBERALISM

*By **Kate Bayliss, Ben Fine, Mary Robertson and Alfredo Saad-Filho**[1]*

This is an edited abridgement from Financialisation, Economy, Society and Sustainable Development (FESSUD), an extensive EU-funded research programme. Its findings are based on case studies that examined the systems of provision (SoPs) for water and housing in five selected locations: UK, Poland, Portugal, South Africa and Turkey. This paper focuses on the nature and impact of neoliberalism in these sectors and more broadly.

INTRODUCTION

The current "age of neoliberalism" has already lasted beyond one generation – exceeding the lifetime of the preceding Keynesian "golden age" – and there are no signs that it is about to give way. The solidity of neoliberalism, its continuing ability to renew itself and intensify its hold on governments and societies despite economic volatility and the depth of the current crisis warrants recognition and detailed investigation.

While what follows is a stocktaking exercise, delivered to some degree in popular and stark form, it gains depth from three sources. One is longstanding scholarship on neoliberalism itself. Another is being able to view, and to present, neoliberalism in light of the global crisis. The third is to have illustrated the nature of neoliberalism through comparative case studies around the provision of housing and water, themselves situated in the broader context of study of the impact of financialisation on economic and socialfunctioning.

> "The role of the state has been transformed in ways that cannot be easily reversed.

The case studies used the *systems of provision* (SoP) approach to sectoral research, which is based on the understanding that *sector outcomes emerge from relations between agents which are themselves embedded in historically evolved social and economic structures and processes*. This is in contrast to orthodox economic approaches that view the world in terms of deviations from an idealised, market-like condition, subject to correction through regulation or otherwise.

This examination ranges across 13 aspects of neoliberalism. They include the argument that neoliberalism is not reducible to a cogent ideology or a change in economic or social policies, nor is it primarily about a shift in the relationship between the state and the market or between workers and capital in general, or finance in particular. Instead, neoliberalism is a stage in the development of capitalism underpinned by financialisation.

Neoliberalism is highly diversified in its features, impact and outcomes, reflecting specific combinations of scholarship, ideology, policy and practice. In turn, these are attached to distinctive material cultures giving rise to the "neoliberalisation" of everyday life and, at a further remove, to specific modalities of economic growth, volatility and crisis. Finally, this paper argues that there are alternatives, both within and beyond neoliberalism itself.

THE 13 THINGS YOU NEED TO KNOW

1. Neoliberalism represents a new stage in the development of capitalism emerging in the wake of the post-war boom.

Neoliberalism has generally been understood in four closely related and not always easily separable ways: (a) as a set of economic and political ideas; (b) as a set of policies, institutions and practices; c) as a class offensive against the workers and the poor; (d) as a material structure of social, economic and political reproduction underpinned by financialisation – in which case, neoliberalism is the current stage of capitalism.

Our own starting point is approach (d), which raises three questions about how we see "stages of capitalism". Firstly, we define a stage of capitalism through the distinctive ways in which economic reproduction (the accumulation and exchange of value) is organised and reorganisedand its implications for social reproduction (non-economic structures and processes, including the political and the ideological). As Dardot and Laval (2013: 14) rightly put it, in their 2013 *The New Way of the World: On Neoliberal Society*, "the originality of neoliberalism is precisely its creation of a new set of rules defining not only a different 'regime of accumulation', but, more broadly, a different society".

Secondly, we note the general agreement about previous stages that some sort of laissez-faire period in the nineteenth century gives way to a more monopolistic stage in the first half of the twentieth century, which then passes to a Keynesian or Fordist stage with significant state intervention.

Thirdly, stages of capitalism are distinguished by global and not merely national conditions. Different countries exist within, and influence, the dominant stages of global capitalism in different ways.This has implications for the variegated outcomes in different arenas.

> **The creation of financial assets is an intrinsically speculative activity that tends to become unmoored from production.**

2.Neoliberalism is not reducible to a coherent ideology, but is attached to a spectrum of ideas that help to rationalise current conditions, sway state policy and help to steer political and other contestations.

The fraught relationship between neoliberal policy and ideology, and the often-incoherent nature of the latter, is evident in the way that homeownership has been promoted and pursued. For example, privately owned houses are portrayed as both an investment asset and as more "homely" places of comfort and security. These conceptions occupy an uneasy coexistence in neoliberal rhetoric. The common element, such as it is,would be a preference for self-reliance through the market, and a presumption against collective forms of provision, particularly via the state.

Here, housing dovetails with the pro-market, anti-state interventionist stance that pervades neoliberal ideology more generally. In practice, housing policy has been much more pragmatic. The rhetoric of non-intervention has provided a smokescreen behind which states have intervened, often heavy-handedly, to abet the transformation of housing into private assets.

Another feature of neoliberal housing policy has been the decentralisation of responsibilities to local government units. In South Africa, the post-apartheid constitutional right to decent housing was developed at the national level, but the onus for fulfilling this right has been progressively transferred to municipal governments. The delivery model has favoured sprawling and peripheral developments, which by nature have high infrastructure costs and low tax intakes that, in turn, increase the burden and reduce the proceeds of delivery.

Consequently, municipalities have been denied a say over the shape of housing policy even as their ability to meet their responsibilities has been undermined. The national government eventually realised these limitations and sought to rectify them by shifting policy away from mass unit production and towards "sustainable human settlements". This served to increase drastically the demands placed on municipal authorities that had neither the resources, the capacities nor, on occasion, the political will to deliver them.

Neoliberal ideology has also taken root in all of the water case-studies, with each country adopting remarkably similar policies in the early 1990s, including commercialisation, corporatisation, decentralisation and privatisation. These are underpinned by a neoliberal logic purporting to turn policymaking into a technocraticprocess removed from political influence. Hence, water is increasingly reduced to the status of an "economic" rather than a "public" good, with the increasing presumption that prices need to reflect costs, and billing should relate to individualised consumption. This has led to widespread pricing practices based on "cost recovery" and "user pays", intended to lead to more efficient price signals. More specifically, water consumption has increasingly been metered so that individuals are responsible for managing their own consumption. The neoliberal package has become the only available option with policy debates increasingly narrowing around details such as "willingness to pay" and "value for money".

As is occasionally acknowledged, there are unavoidable ambiguities in calculating a cost-recovery price for a natural resource with network effects and extensive externalities in provision. In practice, water prices are contested and subject to bias. In Portugal and Poland, local authorities try to keep costs down to garner political support, while in England and Wales, private water companies are trying to increase the prices to end users.

Decentralisation, one of the more problematic neoliberal water policies, is particularly significant in South Africa with its entrenched regional inequalities. The provinces with the higher levels of poverty are the ones with the lowest rates of water access. More generally, decentralisation has created fragmented structures. In Poland, 2 479 local authorities are responsible for water provision.

> **The weakening power of labour has led to its systematic exclusion from policymaking.**

3. Neoliberalism is not the mirror image of, or a reaction against, Keynesianism (itself often inadequately seen as the explanation for the post-war boom).

A simplistic dualism fails to acknowledge the broad and deep economic and social transformations that have been wrought by neoliberalism, and their reflection in scholarship, ideology and policy in practice. The one-dimensional description of neoliberalism's promotion of market economy tends induce a shallow opposition between neoliberalism and Keynesianism, as if the former could be reduced to the rollback of the latter. In turn, Keynesianism is often specified in terms of state intervention and collectivised forms of provision that might progress to socialism through incremental reform.

Even acknowledging that Keynesianism is associated with progressive state intervention, the post-war boom was not driven by incremental socialism but by economic and social restructuring. The internationalisation of all forms of capital – especially productive capital – came to the fore, with the state playing a big role through both national and international corporate champions. In turn, Keynesianism collapsed because of the transformations it supported and contradictions within its own policies.

It follows that neoliberalism and the potential for overcoming it cannot be encapsulated in conventional debates about manipulating demand and other macroeconomic variables in order to deliver rapid and stable accumulation. This bypasses the problems of economic and social restructuring and reproduction. Even if alternative policies are identified, the means to secure them against neoliberal imperatives of the market and globalisation remain unaddressed.

Neoliberal policies have brought about profound changes in social structures. The Thatcher government's privatisation programme of the 1980s specifically and effectively set out to dismantle the power of trade unions in the UK. Water institutions have been restructured, underpinned by a neoliberal ethos that is difficult to reverse. Sophisticated financial practices are deeply embedded: even public companies engage in hedging and use derivatives while issuing international bonds, and public utilities are ranked by global credit ratings agencies.

Furthermore, water privatisation in the context of globalisation has led to a fundamental shift in the locus of sector control. Ownership stakes in water utilities are sold around the world, and national boundaries may have little significance. Both of the remaining water privatisations in South Africa have now been bought by Singapore-based Sembcorp, which also owns an English water company. The neoliberal model of a) large numbers of small companies; b) competitively engaged with one another; c) at a local level; and d) subject to some combination of market and decentralised democratic accountability is a myth of massive proportions in every respect!

By the same token, understanding neoliberalism as a reaction against Keynesianism means overlooking the increasing subordination of national infrastructure to global provision

> The operation of key neoliberal macroeconomic policies requires potentially unlimited state guarantees to the financial system.

in the context of financialisation. Governments need to maintain an attractive climate for investors, and this affects the regulatory process.

Housing has similarly undergone major restructuring that cannot be understood as the mirror image of Keynesianism. First, most of the case study countries never experienced a welfare state and had no Keynesian-style social housing provision to react against. Second, the shift towards treating housing as an asset meant that state support for housing provision was residualised. Third, housing has been subject to heightened international investment in mortgages and their derivatives, and in real estate directly, embroiling housing and housing-related debt in global financial networks.

4. Neoliberalism is not primarily a shift in the relationship between the state and the market.

Analytically, the market-state dualism is insufficient because neoliberalism is not defined by the withdrawal of the state from social and economic reproduction. As Wacquant (2009: 307) suggests:

> [a] central ideological tenet of neoliberalism is that it entails the coming of "small government": the shrinking of the allegedly flaccid and overgrown Keynesian welfare state and its makeover into a lean and nimble workfare state ... stressing self-reliance, commitment to paid work, and managerialism ... [But] the neoliberal state turns out to be quite different in actuality.

Under neoliberalism, state institutions intervene in specific ways that tend to extend and/or reproduce neoliberalism itself. Exactly the same is true of other systems of accumulation. In all these cases, the roles of "the state" and "the market" cannot be usefully identified through simplistic opposition. Instead, the relevant patterns of accumulation, restructuring and social and economic reproduction can be understood only through concrete and historically specific analyses. These must include the interaction, contestation and cooperation among specific institutions within and beyond that putative divide, and the underlying economic, political and ideological interests that act upon and through them.

In practice, state provision achieved much in the past, and this has become the basis for privatisation, for example, in the availability of productive facilities. In both the UK and Poland, a substantial share of the total housing stock is state-built, including some of the better quality stock. Yet these successes are rarely recognised, and public provision is deemed to be inferior to private provision, often on the basis of casual or flawed studies.

Second, state intervention has been transformed rather than simply reduced under neoliberalism. While the overall logic remains to promote economic and social reproduction and the restructuring of capital, the interests of finance have increasingly come to the fore. Systems of provision for housing and water illustrate both the diversity of developments under the post-war boom and how they have been transformed underneoliberalism.

The deficiencies of market-state dualism are exposed by observing the multiple ways in which the state intervenes in provisioning. In housing, the state shapes land use, development and house-purchase finance, private production and other alternatives, and the tax, subsidy and benefit regimes that underpin consumption decisions. The character of state intervention has changed under neoliberalism, but seldom in ways that can be characterised as a withdrawal. Even in the UK and Poland, the state has continued to intervene on the demand side in the form of mortgage subsidies. Another example in housing policy is a distinct reluctance to allow land to be diverted from its highest value commercial use. Turkey provides a stark illustration of this, where authoritarian, and at times violent, measures have been taken to make high-value urban land available to private developers.

Neoliberal housing policy is best characterised in terms of its restructuring in the interests of private capital. Notwithstanding important national and regional diversities, it has tended to promote owner-occupation; apply a commercial rationality to land use; generally rely on the private sector for provision of new build and repair and maintenance; and allow a minimal, often dysfunctional, safety net, in which the private sector again plays a central role in delivery. States have intervened to support all aspects of this neoliberal housing agenda, though in wildly different ways depending on context. In South Africa, the spread of homeownership among the poor, black population has been pursued through supply-side subsidies, with the explicit aim of equipping them with an asset that would allow them to move up the property ladder. This is made no less true by having proved largely unsuccessful. »

5. Neoliberalism is underpinned by, although not reducible to, financialisation.

Financialisation has often been imprecisely used as a buzzword to reflect the greater significance of finance in economic and social reproduction in recent decades, and the growth and proliferation of financial assets. Our more specific view focuses on the role of finance as (interest-bearing) capital. Financialisation marks a departure from the past precisely in this aspect, and the heightened pursuit of financial returns at the expense of production. With this extension of money-capital embodied in an array of (more or less esoteric) financial assets, so grows the influence of finance over resource allocation – including the flows of money, credit and foreign exchange and, correspondingly, the level and composition of output, employment, investment and trade, and the financing of the state.

The creation of financial assets is an intrinsically speculative activity that tends to become unmoored from the constraints of production. The ensuing tensions lead to a number of characteristic outcomes: the diffusion of "short-termism" in economic decisions, through purely speculative activities and also securitisable long-term investment in pursuit of immediate profitability at the expense of productivity growth; the imperative for appropriating surplus out of finance; and the explosive growth of rewards to high-ranking executives in every sector, especially finance itself, fuelling the concentration of income under neoliberalism. These financialised forms of accumulation are mutually reinforcing, but they can also dysfunctionally diverge (see *the twelfth thing.*).

This view has four significant implications. First, financialisation underpins neoliberalism analytically, economically, politically and ideologically, and it has been one of the main drivers of the restructuring of the global economy since the 1970s and is the defining feature of accumulation today. Second, institutional transformations have expanded the influence of finance over the economy, ideology, politics and the state. Third, contemporary financialisation derives from both the post-war boom and its collapse intothe stagflation of the 1970s. Fourth, it has been closely associated with the increasing role of speculative finance in economic and social reproduction. However, financialisation, like neoliberalism, is uneven in incidence and outcomes, contingent upon whether and how its imperatives are realised, or not.

6. Neoliberalism does not merely involve a change in policies that could, in principle, be readily reversed.

The neoliberal "policy reforms" implemented through Reaganism, Thatcherism and the Washington Consensus are supported by five theoretical planks:

- a dichotomy between markets and the state as rival and mutually exclusive institutions
- the assumption that state intervention wastefully distorts prices and misallocates resources (in comparison with an idealised market), induces rent-seeking and fosters technological backwardness
- the belief that technological progress, the liberalisation of finance and capital, and the systematic pursuit of "shareholder value" have created a "global economy" characterised by rapid capital mobility within and between countries, in which rapid growth comes through the prosperity of local enterprise and the attraction of foreign capital
- the presumption that efficiency, stability and growth are conditional upon low inflation, which is best secured by monetary policy at the expense of fiscal, exchange rate and industrial policy tools
- the realisation that the operation of key neoliberal macroeconomic policies (e.g. liberalised trade, financial and labour markets; inflation targeting; central bank independence; floating exchange rates) requires potentially unlimited state guarantees to the financial system, which remains structurally unable to support itself despite its escalating control of social resources under neoliberalism.

> **Neoliberalism's attachment to classical liberalism and political democracy is hedged and conditional.**

Crucially, and more fundamentally, neoliberalism has also changed the conditions within which policy is conceived, formulated and implemented–which, in turn, constrain the reversal of such policy and ideology and the emergence of alternatives in principle and practice.

As was seen (*the third thing*), changes to housing provision under neoliberalism restructured the agents, processes and relations that underpin supply and demand. The role of the state has been transformed in ways that cannot be easily reversed. This is true even in countries such as South Africa, where the state continues to play an active role in financing and overseeing development, because actual delivery is carried out by the private sector. Planning processes have been reconstituted around commercialised land use, growth partnerships with business interests, and inter-regional competition. The difficulty is compounded by the emergence of new groups with vested interests in current forms of provision, such as mortgage lenders and homeowners themselves, who have acquired wealth through credit-inflated capital gains. The scope for reversibility is further narrowed by the marginalisation of some groups in policy-making processes. Most notable for housing is an increasingly casualised labour force and the relegation of social-housing safety nets to a residual role within a narrative of "self-responsibility".

The neoliberalisation of water has led to profound changes in attitudes that have gained traction through a discourse of "scarcity". Neoliberal water pricing, also known as "demand management", is based on the idea that consumption will be more appropriate if the price of water reflects its true cost. The financial crisis has also been used to promote a context of financial scarcity. Neoliberalism is now deeply attached to environmentalism and fiscal restraint, such that a reversal could be construed as leading to environmental and financial profligacy.

> **"The ideology of "self-responsibility" deprives citizens of their collective capacities, agency and culture.**

The micro-level policies of pricing and commercialisation are enmeshed in macro and global concerns.

The harnessing of the market to non-market objectives such as environmental sustainability (e.g. the creation of carbon trading) is not merely a shift in ideology. It also reflects profound shifts in the neoliberal institutionalisation of policymaking in which private provision takes priority and other objectives are made residual in ways that are themselves marked by diverse neoliberal imperatives and conditions.

7. Neoliberalism represents more than a balance-of-power shift against labour and in favour of capital in general and of finance in particular.

Neoliberalism invariably has a significant impact on class relations and the distributional balance between them. This includes labour becoming more "flexible" and intensified, the limitation of wage growth, rollbacks of collective bargaining, adverse changes in welfare provision, and how each of these has affected workers, women, minorities, immigrants and others. Neoliberalism has also affected social relations through privatisation and the appropriation of the "commons" (i.e. areas where property rights were either absent or vested in the state). Finally, it has triggered macroeconomic crises that penalise the poor disproportionately.

The weakening power of labour has led to its systematic exclusion from policymaking. Irrespective of the extent to which differential performance across countries can be explained primarily by industrial relations, the dismantling of social compacting in the neoliberal period is striking. Where it has survived, it has shrivelled into tokenistic legitimation of neoliberal policies – addressing the implications of faltering growth, rather than negotiating the distribution of gains due to productivity, output and income growth.

Such considerations are well illustrated in South Africa where, after the collapse of apartheid in the 1990s, neoliberalism arrived late and sought to make up for lost time. Social corporatism existed in the form of a triple alliance of the African National Congress (ANC), the South African Communist Party and COSATU, the confederation of trade unions. The ANC government took a neoliberal turn in the mid-1990s, not least with the Growth, Employment and Redistribution (GEAR) policy framework. The main forum for tripartite policymaking, the National Economic Development and Labour Council (NEDLAC), became increasingly ineffective because of the non-participation of powerful businesses and its lack of influence over major policies and issues, especially those involving finance. In short, social compacting under neoliberalism actually undermines the labour movement, and is liable to do the same to new social movements in the absence of strong and supportive left movements and organisations.

In the provision of water, the case studies show that neoliberalism has weakened the power of labour. Trade unions in England became fragmented with the break-up of the national water framework. In Portugal, "individual labour contracts" that are not covered by collective agreements have proliferated through corporatisation.

This is much more than erstwhile public sectors becoming more like the private sector, with commercial criteria coming to the fore and widening relative remuneration, etc. It reflects a shift in the balance of forces in the way policy is drafted, implemented and monitored, as is most apparent in what is known as "new public management". »

> **Neoliberalism fuels unsustainable patterns of production, employment, distribution, consumption, state finance and global integration.**

8. *Neoliberalism involves varied and shifting combinations of scholarship, ideology, policy and practice, with connections – if not necessarily coherence – across and within these elements.*

These tensions can be illustrated at three levels. First, the meanings and significance of neoliberal scholarship have shifted across time, place and issue, and there can be inconsistencies across their components, often due to tensions between policy rhetoric and the realities of social and economic reproduction. For example, as discussed under *the fifth thing*, support for homeownership has been couched in pro-market, anti-state rhetoric, but states have been proactive in creating mortgage markets and facilitating owner-occupation, including through subsidies. Another striking example is the shift from straight privatisation to public-private partnerships, especially where large-scale state support is required for private provision of infrastructure.

Second, even the most ardent supporter of freedom for the individual and the market concedes that these are guaranteed only through core state functions and institutions, ranging from fiscal and monetary policy to law and order and property rights, right through to military intervention to secure the "market economy". Neoliberalism's attachment to classical liberalism and political democracy is hedged and conditional and, in practice, it can be closely associated with authoritarianism.

Third, the tensions across scholarship, ideology, policy and practice were sharply revealed by the current crisis, with the ideology of free markets smoothly giving way to heavy intervention on its behalf, followed by a bewildered response from the discipline of economics. Paradoxically, while unlimited resources have been made available to salvage finance, no concession has been offered at the level of ideology or scholarship, where mainstream economics remains virtually hegemonic.

Some contradictions between neoliberal rhetoric and policy are highlighted in the provision of water. For example, cost recovery pricing is supposed to be equitable and to ensure that services are financially and environmentally sustainable. However, it is potentially inequitable in two main respects. First, low-income consumers are likely to be the most costly to serve. Second, poorer households pay a larger proportion of their incomes towards the infrastructure costs of water where these are financed from user fees. In South Africa, a lack of affordability has led to high household debt. In Portugal, households can afford their water bills because municipalities have kept tariffs below cost-recovery levels – but municipalities are not collecting sufficient revenue to pay their bulk water providers, so debts are amassing at this level. Such debt levels threaten the financial sustainability that cost recovery was meant toprotect.

The neoliberal response is to provide means-tested financial support for low-income households. This creates significant administrative challenges and often fails to reach the most marginalised. The contradictions arising between cost recovery and affordability are particularly prominent in South Africa. The state has financed infrastructure to increase access to water while, at the same time, the forced installation of prepayment meters for low-income households effectively forces those that cannot manage within the free basic water amount to self-disconnect.Privatisation also highlights neoliberal contradictions when private water companies face the dual imperatives of meeting the demands of both shareholders and local consumers. Clearly, these are conflicting priorities: investors want profits and consumers want lower prices. The case studies show that private water providers who suffer a loss due to reductions in consumption (i.e. successful "demand management") recover it by increasing consumer prices.

The ease with which the fundamentals of theory are ignored when they contradict practical policy implementation highlights the lack of coherence across neoliberal ideology, scholarship and policy in practice.

9. *Neoliberalism has been subject to two phases, loosely divided by the early 1990s.*

The first phase is aptly characterised as the "shock"or transition phase, in which the promotion of private capital proceeded in country after country without regard to the consequences. This requires forceful state intervention to contain labour, disorganise the left, promote the transnational integration of domestic capital and finance, and put in place new institutional frameworks.

The second (mature) phase has been, in part, a reaction to the adverse consequences of the first phase, not least in social welfare provision. This ("third wayist") phase focuses on the stabilisation of social relations, continued financial sector interventions in economic and social reproduction, state management of new modalities of international economic integration, and the introduction of specifically neoliberal social policies.

Both phases require extensive regulation, despite the rhetorical insistence on the need to "roll back" the state, interpreted in the first phase of neoliberalism as "hollowing out", and followed by the "rolling out" of new and occasionally more explicit forms of intervention in the second phase. Inevitably, the logical sequencing of neoliberalism into two phases is not always followed chronologically by sector and place for various contingent reasons, such as the transitions in Eastern Europe and South Africa.

10. *Neoliberalism is highly variegated in its features, impact and outcomes.*

Although neoliberalism has an identifiable material and ideational core (see *first, second and fifth things*), and neoliberal policies share readily recognisable features, neoliberal experiences take a wide variety of forms in different countries and over time (see *ninth thing*).

There are three reasons for this. First, neoliberalism can be associated with significant differences in financialisation; in the internationalisation of production and dependence on external trade; and in societal changes, ideology, political structures, etc.Second, these relationships interact in historically contingent ways. For example, the universal expansion of mortgage markets has interacted with pre-existing housing systems in different ways across countries.Third, financialisation remains uneven and confined in its direct hold over economic and social reproduction. Thus many public services are not commercialised, let alone financialised – which is not to say that financialisation exerts no influence on them. The result is to create space for deviation, not only from financial imperatives where they do apply (e.g. user charges) but also, inevitably, where they do not. In the context of chronic inequality and the impact of crisis and recession, there are inevitable pressures both to reduce individual and overall benefits and to protect the most vulnerable. How these and other tensions within neoliberalism are resolved is not predetermined.

> **"Accumulation tends to take the form of bubbles that eventually burst, with devastating implications, and require expensive state-sponsored bailouts.**

> **"However we interpret the differences between the post-war boom and the neoliberal period, economic performance for the latter has been generally worse.**

Somewhat different considerations apply where competing fractions of capital have a direct interest in neoliberal forms of reproduction. The state has long intervened to promote the interests of particular capitals against the interests of others, or capital as a whole against potentially destructive competition. That this remains the case under neoliberalism implies that the state does not privatise everything, does not rely exclusively on private finance, and can even exclude it in order to pursue other interests – not least, those of productive capital.

To take the example of housing, the growth of mortgage markets has been a defining feature of neoliberal housing provision. But they differ markedly in the causes of their growth and the processes of financialisation and increased international capital flows, not to mention the forms of state support. Two crucial factors in the UK were the end of segmentation in lending markets and the decimation of social housing. The former allowed banks to enter mortgage markets that had previously been the preserve of mutual building societies, increasing competition and boosting mortgage supply and demand. In Portugal, accession to the euro played a key role in expanding mortgage markets by improving lending rates.In Turkey, the state is a large mortgage lender, but in South Africa a major section of the population continues to be excluded from mortgage markets.

Different countries also differ markedly in the impact that the growth of mortgage credit had on the provision system for housing. In both Portugal and Turkey, a boom in mortgage lending was accompanied by a construction boom. In the UK, credit has fed far more into house prices. Again, the difference arises from the historically developed institutional contexts. To put it more starkly: while Turkish state power was mobilised to clear low-income groups from central urban land in order to make way for large-scale luxury developments, state power in the UK has been in thrall to a NIMBY ("not in my backyard") attitude that stifled development.

These examples indicate that the logic of neoliberalism is not neutral but is open to manipulation to serve powerful segments of the economy. In the UK, it takes the form of extensive financialisation, and shareholders have made substantial returns. A kind of cream-skimming has been more significant in South Africa, where "economically viable" consumers, including mining and industry, are prioritised forwater provision.

11. Its economic and social reproduction is attached to particular material cultures that give rise to the "neoliberalisation of everyday life".

Neoliberalism has redefined the relationship between the economy, the state, society and individuals. It has constrained the latter to give their lives an entrepreneurial form, subordinated social intercourse to economic criteria, and neutered previous structures of political representation. The ideology of "self-responsibility" deprives citizens of their collective capacities, agency and culture, prizes consumption above all else, places the merit of success and the burden of failure on isolated individuals, and proposes to resolve every social problem with further individualisation and marketisation of social intercourse.

The scholarly literature has pinpointed these features of neoliberalism in different ways – for example, through the idea that the financialisation of everyday life is primarily characterised by exploitative indebtedness. A more promising approach, rooted in the work of Michel Foucault, sees the neoliberalisation

> **In short, progressive collectivism is not on the agenda.**

of everyday life as the subjective internalisation of neoliberal norms. For Dardot and Laval (2013:8), this enjoins everyone to live in a world

> of generalised competition; it calls upon wage-earning classes and populations to engage in economic struggle against one another; it aligns social relations with the model of the market; it promotes the justification of ever greater inequalities; it even transforms the individual, now called on to conceive and conduct him- or herself as an enterprise.

Homeownership – neoliberalism's favoured form of housing tenure – is heavily implicated in reshaping subjectivities and social norms. By providing individuals with an asset, it is perceived to play a crucial role in creating entrepreneurial and self-reliant saver-investors. In practice, this is constrained by a number of factors. First, there remains a substantial population that has no housing assets and is relatively insulated from this kind of neoliberal socialisation. Second, among those who do own a house, the mentality needed to see it as an economic and financial asset exists in tension with their attachment to it as home. This illustrates that social norms under neoliberalism emerge from the interaction of financial calculation with pre-existing social meanings related to particular items of consumption.

12. Neoliberalism is associated with specific modalities of economic growth, volatility and crisis.

The neoliberal restructuring of economic reproduction introduces mutually reinforcing policies that:

- dismantle previous systems of provision (retrospectively described as "inefficient")
- reduce the coordination of economic activity
- create socially undesirable employment patterns
- feed the concentration of wealth
- preclude the use of industrial policy instruments for the implementation of socially determined priorities
- make the balance of payments structurally dependent on international capital flows.

In doing this – and despite ideological claims to the contrary – neoliberalism fuels unsustainable patterns of production, employment, distribution, consumption, state finance and global integration, and increases economic uncertainty, volatility and vulnerability to crisis.

In particular, financial sector control of economic resources and the main sources of capital allow it to drain capital from production. At the same time, neoliberalism systematically, if unevenly, favours large capital at the expense of small capital and workers, belying its claims to foster competition and "level the playing field". As a result, accumulation tends to take the form of bubbles that eventually burst, with devastating implications, and require expensive state-sponsored bailouts. These cycles include the international debt crisis of the early 1980s, the US savings-and-loan crisis of the 1980s, the stock market crashes of the 1980s and 1990s, the Japanese crisis dragging on since the late 1980s, the crises in several middle-income countries at the end of the twentieth century, and the dotcom, financial and housing bubbles of the 2000s, culminating in the global meltdown starting in 2007.

In turn, neoliberal policies are justified ideologically through the imperatives of "business confidence" and "competitiveness". This is misleading because confidence is elusive, materially ungrounded, self-referential and volatile, and it systematically leads to an overestimation of the investment that will ensue from finance-friendly policies. Moreover, those policies are not self-correcting. Instead of leading to a change of course, failure to achieve their stated aims normally leads to an extension of "reforms" and the promise of imminent success.

However we interpret the differences between the post-war boom (including Keynesianism, developmentalism, Soviet regimes) and the neoliberal period, economic performance for the latter has been generally worse in terms of growth and volatility and, ultimately, led to a global crisis driven by finance and financialisation, despite unambiguously and unprecedentedly favourable conditions for capitalism worldwide (see the *first thing*).

13. *There are alternatives, both within and beyond neoliberalism itself.*

To conclude, it was shown in *the sixth thing* that neoliberalism couldn't be reduced to a collection of policies, such that alternative policy initiatives could reverse and even transcend neoliberalism. Policy changes are certainly essential, but the scope for such changes can be questioned in the light of the political means available to the opposition, the strength of the coalitions committed to them, and the scope to drive the required distributional, regulatory and policy reforms, given the neoliberal transformation of production, international integration, the state, ideology and society itself. None of these can be adequately assessed without a prior understanding of the systemic features of neoliberalism and the transformations that it has wrought on class relations and institutions and the processes of economic and social reproduction.

It was also shown in *the seventh thing* that neoliberalism is not a "capitalist conspiracy" against the workers, in which case there would be nothing systemic or historically specific about it, since capitalists and the state have always readily conspired against the workers. In that case, neoliberalism could be dislocated through a counter-conspiracy or even by changes in the law. Alternatively, this approach could imply that "things were much better" under previous systems of accumulation (Keynesian, developmentalist, and so on), which, in principle, should be restored.

These goals are laudable but implausible. While neoliberalism is incompatible with economic democracy, it simultaneously hollows out political democracy. On the one hand, the TINA ("there is no alternative") credo blocks even moderate expressions of dissent and feeds apathy, populism and the far right – courting destabilisation for neoliberalism itself. On the other hand, the institutional shifts in political representation and the social and economic transformations wrought by neoliberalism systematically reduce the scope for collective interests, transformative programmes, or even the aspiration for social change. For example, the options for water policy have severely narrowed in the past three decades under the neoliberal policies of international funding institutions. EU member states are prevented from using any approach to water pricing outside the 2000 Water Framework Directive, which includes the principles of cost recovery. In short, progressive collectivism, whether in the form of (Keynesian) reformism or socialist revolution, is not on the agenda – not least because the dominant form of economic and social reproduction has been appropriated by finance.

Nevertheless, the economic contradictions of neoliberalism, the incremental sclerosis of the political institutions regulating its metabolism, and the cumulative corrosion of its ideological foundations make this system of accumulation resistant to economic change, but also vulnerable to political challenges. Hence, community resistance to gentrification and relocation was observed in Turkey, South Africa and the UK. Some local struggles have linked to broader demands for inclusive and collective forms of housing provision. However, these movements have yet to develop beyond defensive struggles into a more comprehensive challenge to neoliberalism.

Neoliberalism has repeatedly demonstrated its resilience both in practice and in the realm of ideas. This implies that electoral strategies or changes in social, industrial, financial or monetary policies are insufficient to fulfil radical expectations. However, demands for the expansion and radicalisation of political and economic democracy can integrate widely different struggles, delegitimise neoliberalism, and support the emergence of alternatives. These are now urgently needed. NA

NOTE

1. Kate Bayliss and Ben Fine are at the economics department of the School of Oriental and African Studies (SOAS) at the University of London. Mary Robertson is at the Leeds University Business School. Alfredo Saad-Filho is at the department of development studies at SOAS. The full paper is available at *www.networkideas.org/focus/2016/01/thirteen-things-you-need-to-know-about-neoliberalism*.

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THE ECONOMICS OF POLITICAL CHANGE IN THE GLOBAL NORTH

By Jayati Ghosh

The author is a leading development economist. She is a professor of economics at Jawaharlal Nehru University in New Delhi.

Jayati Ghosh

The future looks increasingly fragile in the developed countries of the world.

Across the world, people have been watching recent political changes in developed countries with a mixture of bemusement and shock. From the anointment of Donald Trump as the Republican candidate for US president to the rise and spread of blatantly racist anti-immigration political parties and movements in Europe, it is clear that there are tectonic shifts under way in the political discourse and practice in these countries. As these changes have gone from the unthinkable to the depressingly predictable, there are increasingly desperate attempts to understand what is driving them. This is especially the case because – despite all the talk of a shift in global power to some large "emerging nations" – what happens in the developed countries still matters hugely in international relations and to all of us in the rest of the world.

It is now obvious that increasing inequality, stagnant real incomes of working people, and the increasing material fragility of daily life have all played roles in creating a strong sense of dissatisfaction among ordinary people in the rich countries. While even the poor amongst them still continue to be hugely better off than the vast majority of people in the developing world, their own perceptions are quite different, and they increasingly see themselves as the victims of globalisation.

> **Between 2005 and 2014, 65 to 70 percent of households in 25 advanced economies – 540 to 580 million people – experienced flat or falling incomes.**

POORER THAN THEIR PARENTS

But while this is increasingly recognised, the full extent of recent economic trends is probably less well known. A July 2016 report from the McKinsey Global Institute ("Poorer than their parents? Flat or falling incomes in advanced economies"), brings out in detail how the past decade in particular has been significantly worse for many people in the developed world.

The report is based on three sources: a study of income distribution data from 25 developed countries; a detailed dataset with more information on 350 000 people from France, Italy, the United States and the United Kingdom; and a survey of 6 000 people from France, the UK and the US that also checked for perceptions about the evolution of their incomes.

The results are probably not surprising in terms of the basic trends identified, but the sheer extent of the change and the deterioration in incomes still comes as a surprise. In 25 advanced economies, between 65 and 70 percent of households (amounting to around 540-580 million people) were in segments of the income that

> **The unpleasant and even terrifying political fallout of such outcomes is now only too evident.**

experienced flat or falling incomes between 2005 and 2014. By contrast, in the previous period between 1993 and 2005, less than 2 percent (fewer than ten million people) faced flat or falling incomes.

The situation was much worse in particular countries. In Italy, a whopping 97 percent of the population had stagnant or declining real incomes between 2005 and 2014, while the ratios were 81 percent for the United States and 70 percent in the United Kingdom. This refers to market incomes, and it is true that government tax and transfer policies can change the final disposable income of households – in some cases, improving it. Indeed, for the 25 countries taken together, only 20–25 percent experienced flat or falling disposable incomes. In the US, government taxes and transfers turned a decline in market incomes for 81 percent of households into an increase in disposable income for nearly all of them.

Similarly, government policies to intervene in labour markets also made a difference. In Sweden, the government intervened with measures designed to preserve jobs, so market incomes fell or were flat for only 20 percent, while tax and transfer policies ensured that disposable income advanced for almost everyone. But in most of the countries examined in the study, government policies were not sufficient to prevent stagnant or declining incomes for a significant proportion of the population, and labour market trends contributed to feelings of insecurity among workers everywhere.

While these changes were evident across the board, the worst affected were less educated workers, and particularly the younger ones among them, as well as women, especially single mothers. The report notes that today's younger generation in the advanced countries is at real risk of ending up poorer than their parents, and in any case already faces much more insecure working conditions.

This material reality is actually quite accurately reflected in popular perceptions. A survey conducted in 2015 of British, French and US citizens confirmed this, as approximately 40 percent of those surveyed felt that their economic positions had deteriorated. It was also such people, as well as those who did not expect the situation to improve for the next generation, who felt most negatively about both trade and migration. More than half of this group agreed with the statement, "The influx of foreign goods and services is leading to domestic job losses," compared with 29 percent of those who were advancing or neutral. They were also twice as likely to agree with the statement, "Legal immigrants are ruining the culture and cohesiveness in our society," compared to those advancing or neutral. The survey also found that those whose incomes were not improving and who were not hopeful about the future were more likely in France to support political parties such as Front National and in Britain to support Brexit.

DECLINE IN WAGE SHARES

One major driver of stagnant worker income has been the combination of labour market developments and public policies that have resulted in declining wage shares of national income. The report notes that from 1970 to 2014 – with the brief exception of a spike during the 1973–1974 oil crisis – the average wage share across the six countries studied in depth (United States, United Kingdom, France, Italy, Netherlands and Sweden) fell by 5 percentage points. In the most extreme case of the United Kingdom, it declined by 13 percentage points. These declines in wage shares occurred despite increases in labour productivity, as the productivity gains were either grabbed by employers or passed on in the form of lower prices to maintain external competitiveness.

Such declining wage shares are commonly seen to be the result of globalisation and technological changes that have led to changing patterns of demand for low-skill and medium-skill workers. But even here, it is evident that state policies and institutional relations in the labour market matter. In Sweden, where 68 percent of workers are union members and the government has in place policies that enforce contracts that protect both wage rates and hours worked, the median household received a greater share of output that went to wages, and even got more of the gains from aggregate income growth than households in the top and bottom income deciles over the 2005–2014 period.

By contrast, countries that have encouraged the growth of part-time and temporary contracts experienced bigger declines in wage shares. Once again, this is especially adverse for the young. According to European Union official data, more than 40 percent of workers aged between 15 and 25 years in the 28 countries of the EU have such insecure and low-paying contracts, while the proportion is more than half for the 18 countries in the Eurozone, 58 percent in France and 65 percent

NeoNazi group in California (credit: photoshelter.com)

in Spain. This is obviously a concern for the young people who have to experience this, but it is as much a source of unhappiness and anger for their parents who worry for the future of their children.

RISE OF THE PLUTOCRATS

In the meantime, they can all observe the counterpart in terms of rising profit shares in many of these rich countries. Economic processes and government policies increasingly appear to favour plutocratic tendencies. In the United States, for example, post-tax profits of firms in the period 2010–2014 reached more than 10.1 percent of GDP, a level last reached in 1929, just before the Great Depression. Ironically, in the US this is apparently favouring the political rise of one of the biggest beneficiaries of this process, Donald Trump, who is himself emblematic of such plutocracy.

> **State policies and institutional relations in the labour market matter.**

If economic policies do not change dramatically to favour more good quality employment and better labour market outcomes through co-ordinated fiscal expansions in order to lift growth in more inclusive ways, things are likely to get even worse. The report projects that even if the previous high-growth trajectory is resumed (an unlikely prospect) at least 30 to 40 percent of households would not get income gains over the next decade, especially if technological changes like more automation accelerate. And if the slow growth conditions of 2005–2012 persist, the proportion of households experiencing flat or falling incomes could go to as much as 70–80 percent by 2025.

The unpleasant and even terrifying political fallout of such outcomes is now only too evident. How much more will it take for political leaders to recognise the need for a move away from business as usual to radical change in economic policies? NA

NOTE

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WHY WE NEED FEMINIST ECONOMISTS

FOUR REASONS

By ***Naila Kabeer***

The author is a professor of gender and international development at the Gender Institute, London School of Economics.

Naila Kabeer

> It is the pattern, rather than the pace, of growth that determines its impact on gender equality.

A brief look at the history of feminist economics and why it matters today for the future

1. *Male voices and perspectives tend to dominate economics, but feminist economists are challenging this.*

Throughout history, women have been subject to systems and structures that privilege male perspectives at their expense. As in many other areas of life, male voices have tended to dominate economics. Feminist economics challenges this version of reality.

Emerging out of the women's movement in the 1960s, feminist economics has played a crucial role in exploring gender relations within the different social and economic situations in which we find ourselves. Feminist economists dispute the gender-based assumptions that underpin the way our economies work – especially the many policies and programmes established to help improve the lives of people in less well-off regions of the world.

Take Ester Boserup. In 1970, the Danish economist's *Woman's Role in Economic Development* questioned the way the typical household was represented by development policymakers. Based on stereotypical assumptions about an idealised Western "nuclear family" made up of the male "breadwinner", female "homemaker" and their dependent children, this model informed the way data was collected and determined how resources were allocated. The problem was that this picture was a myth.

In fact, the division of labour within families and communities varies considerably, with women putting more hours than men into agriculture and trade in much of the world. This failure to recognise women's productive roles had led Western (and Western-trained) policymakers to »

> More recently, economists' attention has shifted to the relationship between gender equality and economic growth.

channel financial resources like credit to male "heads of household" and welfare programmes, like maternal and child healthcare, family planning and nutrition, to women.

Boserup's work sparked a series of studies that challenged the notion that households worked this way, replacing it with a model that acknowledged the different preferences and priorities of household members, and paid greater attention to conditions for co-operation and conflict among them.

2. Mainstream economic policies can disproportionately affect women.

Feminist economists offered further challenges to the mainstream in the 1980s. As neoliberal economics became the new normal, policymakers began shifting away from development projects to focus on macroeconomic policy, reducing the role of the state, cutting back on public expenditure and liberalising markets and trade. It was believed that this would encourage people to allocate the resources at their disposal via the free market, maximising economic growth.

Feminist economists criticised these policies in a number of ways. They pointed out that the uneven division of roles, resources and responsibilities within the household made it difficult for women to respond to market prices on the same terms as men. Not only did women generally have fewer resources at their disposal, they also had primary responsibility for unpaid care of family members. Gender discrimination within the wider economy further disadvantaged women in their ability to respond to changing market forces. State interventions that had helped to make their efforts easier had been shelved.

3. Feminist economists are interrogating mainstream economists' simplistic linking of gender equality and economic growth.

More recently, economists' attention has shifted to the relationship between gender equality and economic growth. Policymakers say the "business case" for gender equality is proven by findings that gender equality in education and participation in the labour force contributes to the pace of growth.

However, feminist economists are digging deeper to discover under what circumstances this is so, and whether economic growth brings gender equality. Presenting a more complicated picture, studies show that the apparent relationship is strongly influenced by which measures of gender equality are actually used. If increasing equality in *productivity* is not matched by an increased equality in *wages*, growth rates may indeed be increased, but only by exploiting women's weaker position in the market.

In addition, feminist economists have pointed out that, whether or not women's contributions increase economic growth, there is very little evidence that economic growth necessarily promotes their wellbeing or rights. The most recent World Economic Forum report looked at the gender equality index of 149 countries. It found that 6 of the 49 countries in the highest income group were ranked below 100, while 7 of the 19 countries classified as lowest income countries were ranked above.

It is the pattern, rather than the pace, of growth that determines its impact on gender equality, together with efforts on the part of both the public and private sectors to distribute the gains from growth more equally between men and women.

4. Feminist economists are rethinking economics and bringing questions of power back into the conversation.

Feminist economists play a key role in rethinking the way we do economics and building a discipline that can better reflect the various contexts in which men and women participate in the global economy, and the often unequal terms on which they do so. They stress that power is a factor in economic life and want an approach that takes account of how our behaviour shapes, and is shaped by, relations of power that operate in everyday life and at the societal level.

Finally, they want to see an economics that operates with a total rather than a truncated understanding of the economy, that recognises the interdependent relationship between the productive and reproductive spheres, between paid and unpaid work, and between earning a living and caring for the family. This would make it easier for economists to realise that getting it wrong in the productive sphere of the economy can have disastrous consequences in the reproductive sphere – and vice versa. NA

NOTE

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RWANDA'S SCIENTIFIC REVOLUTION

AN INTERVIEW WITH NEIL TUROK

Neil Turok

NEIL TUROK is a South African physicist and director of the Perimeter Institute for Theoretical Physics in Canada. In 2003, he founded the African Institute for Mathematical Sciences (AIMS) in Muizenberg, Cape Town. AIMS now has centres in six African countries, with the latest opening in Rwanda this year, where the AIMS Secretariat is also newly based. He was interviewed by ***New Agenda*** *editor (and his father) BEN TUROK*

Ben Turok: Rwanda has decided to put science at the heart of its development and to position itself as a hub of scientific development in Africa. Isn't that a bit surprising?

Neil Turok: We picture Rwanda as a very poor country in the middle of Africa, isolated, overwhelmed with colonialism, in the midst of turbulent conflict in the Congo and Burundi, with almost no natural resources to speak of. It should be the last place to find a technological hub for Africa.

Clearly, the country was galvanised by the horrors of the genocide 22 years ago and the new government had a remarkable vision – forced on them by necessity to some extent.They saw the information age coming with the internet. The only way the country would survive and succeed would be through promotion of knowledge and knowledge-based industries.

Lacking almost everything at the beginning, the new government was extremely successful at drawing back the diaspora: Rwandans who had left and gained positions like head of academic departments, head of ministries in western governments, top civil servants, people in industry. The government seems to have leaned on them to come back and contribute, and over the last twenty years, they have put together a remarkable collection of people, very committed, very dynamic. And they have made the most of

> **"Universities don't see themselves as part of a global effort to educate and create opportunities. Or they don't enough.**

the fact that there were almost no constraints.The good side of starting from nothing is that there is nothing to block you, and if you make the right choices, you can make progress very quickly.

In almost no time, they created universal primary and secondary education. They have tens of thousands of graduates now, each year, where before they had almost none. They have the best broadband internet in Africa, including South Africa or Nigeria or Egypt. They have done it by strategic partnerships. For example, going to Tanzania and negotiating for an optic fibre cable coming ashore at Dar es Salaam and going all the way across to Kigali.Through convincing Western donors to support aid projects and delivering results with superb efficiency, they have managed to make quite remarkable progress. Today, Rwanda is on the verge of becoming the Switzerland or Hong Kong or Singapore of Africa, attracting business, attracting young entrepreneurs, creating a very simple, unbureaucratic environment within which people can launch knowledge-based industries.

AIMS: PAN-AFRICAN AND ANTICOLONIAL

BT: You founded the African Institute for Mathematical Sciences (AIMS)in Cape Town and from there you moved out into other African countries.How did that happen?

NT: After five years in Muizenberg, it became clear that we had to expand. Either we were going to create a centre for a thousand students here or we were going to go across Africa. Because we were already training students from all over Africa, there was a great demand from our advisors and alumni that we deliver high-quality education across the continent. In 2008, we decided to aim for 15 centres over the next decade and began to raise large amounts of money to enable this to happen.The second centre opened in Senegal in 2011, the third in Ghana in 2012, the fourth in Cameroon in 2013, and then Tanzania in 2014.We had a break for a year, and now Rwanda brings us to six centres, with a total student number between 250 and 300. The basic offering is a one-year masters programme in mathematical science.

BT: And what is mathematical science?

NT: Mathematical science comprises all the basic skills you need to become a researcher in any area of science, broadly defined, that is based on analytical or quantitative reasoning. Our particular strength is in mathematical modelling, data analysis, computer skills.

> **The scarcity of African astrophysicists means that this huge investment will be largely of benefit to Western and outside researchers.**

We typically take students who have come through a traditional curriculum in mathematics or applied mathematics or computer science or even engineering. When they come to AIMS, they are exposed to a field like epidemiology for the first time and they realise that, with the skills they have, they can have a great impact – especially on advising governments which interventions will be most effective. We encourage students to get into these new, very relevant disciplines using the latest IT techniques.

Another field is financial mathematics, which is relatively new and sorely needed in Africa, where governments do not have local expertise to, for example, run the stock exchange or international trade. Those skills rely very heavily on mathematics and mathematical modelling. Another field is energy. Most African countries have energy shortages, power cuts, failures of long-term planning. Mathematical projections, modelling and analysis are very much needed. At some level, every single aspect of development relies upon mathematical thinking, projections, planning and so on. African has a terrible shortage of people with the necessary training.

BT: You are not a university or department.

NT: No. I would say that AIMS is a university of a new type: we are firmly focused on our objective, which is to create a highly skilled community of people working in Africa to transform the continent. We are far less interested in paper certification, in the reproduction of academic disciplines, in "ivory tower" academia, if you like. We want academics who are – even when doing very pure research – clearly focused on breakthrough discovery rather than the perpetuation of a profession.

BT: AIMS has also created a large research centre in South Africa.

NT: Yes, now with around five professors, about 25 PhD students, post-doctoral fellows and a number of special chairs. Its theme is mathematical modelling in interdisciplinary contexts, such as finance, biomathematics and epidemiology – and even cosmology and astrophysics.

South Africa will be the base for the largest telescope in the world, starting in 2020. The scarcity of African astrophysicists means that this huge investment will be largely of benefit to Western and outside researchers.We are trying to do our part to rapidly prepare a school of astrophysicists in Africa capable of exploiting this wonderful new device.

BT: Are there universities that sponsor AIMS?

NT: I wouldn't say "sponsor". In every country we operate, we form partnerships with as many universities as we can.We try to complement what they do by bringing students from the whole of Africa together to learn mathematical science in a very non-standard 24/7 learning environment. They live in a purpose-designed residential facility with the lecturers who visit for 3 weeks each. It is a sort of boot camp, where they can go about three times faster than they could in a typical university environment. Many of our students then go on to be lecturers or researchers at the local universities, spinning off into more specialised areas or helping with teaching methods. Our graduates have a very intensive preparation in the latest computer skills, which is very valuable in universities.

Through our name, reputation and educational model, we are able to attract some of the very highest quality lecturers in the world.They only have to teach for three weeks at AIMS and many of them are willing to do that, but they would not likely teach a regular course at an African university. So they come and teach – basically around the clock – and try to excite the top African students in cutting-edge disciplines.We encourage these outstanding lecturers to visit local universities and give seminars or raise awareness about leading-edge research globally.

BT: But you did have support from some European and South African universities when AIMS was founded.

NT: We had certain principles when we started, one of which was that we would be pan-African, that the student body would be representative of the continent. AIMS is an anti-colonial institution. It believes in the future of Africa, that Africa can be equal or better than the West inintellectual pursuits. We need Western scientists to share their skills and knowledge, and nevertheless we need the centre to be locally owned and run.Everything at AIMS is a delicate balance of international, African and national involvement.So our governing council involved three top universities in Europe – Oxford and Cambridge in the UK and Orsay in France –and the three universities near Cape Town: Cape Town, Stellenbosch and Western Cape. They all wanted to contribute, and they allowed AIMS the freedom to govern itself and set its own strategy, in consultation with them, in the belief that there would be mutual benefits in the partnership.

CATALYST FOR THE FUTURE

BT: Now the Rwandan government wants you to act as a scientific catalyst for their whole education system.

“We had certain principles when we started, one of which was that we would be pan-African, that the student body would be representative of the continent.

NT: Rwanda is pursuing in a very single-minded way something that I believe every African government increasingly aspires to, which is to make science, technology, engineering and mathematics the key part of their development.

In Rwanda,there is growing awareness that the fastest growing industries are knowledge intensive, and the extreme example is artificial intelligence.Industries may be entirely robotic in the future, and you will be very badly left behind and extremely disadvantaged unless you have smart people who understand these technologies and can invent with them and exploit them. Rwanda is just unusually single-minded. They look at AIMS, they see an unusual approach to graduate training that is highly interdisciplinary and highly opportunistic – in that we are always looking for the latest, the most relevant, the most interesting fields – and they resonate very strongly with our pan-African mission, basically because they want to attract Africa’s top people, intellectuals, to come and get involved in Rwanda’s development. They are all about collecting the best talent they can and they see AIMS as a means to doing that.

Rwanda has succeeded in creating universal primary and secondary education of reasonable quality in a very short space of time.They are greatly expanding higher education. But they are well aware of all the problems of traditional approaches to primary, secondary and tertiary education: an over-reliance on rote learning; fixed,usually out-of-date curricula; compartmentalisation of knowledge.

I can give you a little example of a scientist or a technologist today. When they sit in their office or discuss with colleagues, what they actually do is not what they were examined on at university. They were taught to study textbooks, to answer questions of the same type that students have been answering for the last fifty years in those fields.What they *actually* do is use the internet to look at the latest idea. They make a mathematical model of some sort and they test it against the data.They need to be very *au fait* with data analysis, model building, projection, logical analysis and computing.

Now the irony is that none of these skills are ever taught at university. I experienced this thirty years ago when I went to postgraduate studies. It was quite a shock because I discovered that none of my undergraduate courses »

> **None of my undergraduate courses were remotely relevant to what I was supposed to be doing.**

were remotely relevant to what I was supposed to be doing. I had to learn whole new areas of mathematics. I wasn't taught mathematics, but leading-edge physics often requires new areas of maths that haven't previously been used in physics. You have to be able to jump in and learn quickly. So it is all about being agile intellectually, looking for connections that have been missed by previous scientists.It is not the mechanical application of systems that have already been developed, because largely the applications have already been worked out.

INSTITUTIONAL DRAG

BT: Are African universities producing good quality graduates in these areas?

NT: I would have to say that the quality is emerging *in spite of* the universities – and there is no blame attached to that at all. African universities have operated under very difficult conditions for the last three decades, as governments have increasingly been unable to provide the necessary support to sustain world-class learning. African academics have had to survive with very limited support, low salaries, unable to stay in touch with their international colleagues, overwhelmed by student numbers.

The quality is there. People have the ability to think everywhere in the world. And there are large numbers of young people in Africa, many of them highly aspirant. They want the same things that everyone else in the world wants. They want to be successful, they want to understand the universe, they want to become quantum engineers, you name it. Access to the internet is only increasing these aspirations.

I think the students are very good at swimming against this ocean of difficulties, negotiating academic systems, getting what they can and battling their way through to find AIMS. When they do come to AIMS, they suddenly feel that, at last, somebody is there to support them and provide an environment in which they can study seriously. At each centre, there is a maximum of one-quarter local students from that country. So generally, they are leaving their homes, living in a 24/7 learning environment, with good internet, library, excellent lecturers flying in – and of course all their colleagues, from whom they learn the most of all. These are young people who will be the future leaders of Africa, so they learn a huge amount from each other. They learn to understand each other's cultures, they learn that many of their problems are common across Africa, and they start brainstorming about what is needed to rescue the continent. So many of them reorient themselves when they come to AIMS. They start out as pure mathematicians and end up interested in bioscience or agriculture or energy or something much more applied.

> **I think all the universities in the world are insufficiently outward looking. Often it is a question of survival.They focus on their own budget, their own success.**

BT: Is South Africa helping this development of science on the continent?

NT: The South African government provides more funding to AIMS than any other government– but it has been rather slow to appreciate the ocean of talent that lies untapped in Africa. South Africa tends to be rather nationalistic. For example, the Square Kilometre Array will be based in South Africa with telescopes all over southern Africa – it is a marvellous opportunity for a collective African scientific endeavour. I would say that the South African government hasn't a clear appreciation of how important it is to execute a systematic plan for the skilling of young people all over Africa. It can start in the very highest abstract disciples like astrophysics, but it is even more urgent in applied fields.

BT: Are you saying that South African universities are not outward looking?

NT: I think all the universities in the world are insufficiently outward looking. Often it is a question of survival.They focus on their own budget, their own success. Their own place in the international league table. They don't see themselves as part of a global effort to educate and create opportunities. Or they don't enough. In many ways, they are assets to their countries, but they are often as much a drag on the pace of development. Like any large institution, universities move very slowly and they become focused on their own interests rather than those of the country or the continent. NA

ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS: TRANSFORMING PUBLIC HEALTH EDUCATION AND PRACTICE

Report from a national conference

E Seekoe, DT Goon, N Nkutu, B Mayeye, S Tshabalala, S Mabaso & N Jinabhai

ABSTRACT

A national conference titled "Achieving the sustainable development goals: Transforming public health education and practice" was held at the International Conference Centre in East London, South Africa, September 18_22, 2016. The event was jointly organised by the University of Fort Hare and the Public Health Association of South Africa. There were 300 registrants. They included policy-makers, public health academics, students, health professionals, health service managers, non-governmental and community-based health organisations. The conference included 8 workshops, 4 satellite sessions, 4 panel discussions, 106 oral and 58 poster presentations and site visits. The conference focused on transforming public health education and practice in the context of South Africa. It enabled new networks to be established and existing ones consolidated.

INTRODUCTION

South Africa is facing a quadruple disease burden. This includes 1) the HIV/AIDS pandemic; 2) personal and domestic violence, and road injury; 3) infectious diseases, such as tuberculosis, diarrhoea and pneumonia; and 4) the growing epidemic of lifestyle diseases related to relative affluence, such as type 2 diabetes, asthma, coronary heart disease, cerebrovascular disease, peripheral vascular disease, obesity, hypertension, cancer, alcoholism and gout.

Trying to tackle these many challenges and to ensure a good health system that caters for all, the South African government has adopted several health initiatives. "*A long and healthy life for all South Africans*" is one of the twelve key outcomes that have been recently adopted by the government and which transcend the UN Sustainable Development Goals (SDG) matrix of sustainability. Also, the newly crafted National Health Insurance (NHI) policy to transform the South African health system, both public and private, as it derives its mandate from the National Development Plan (NDP). Universal health coverage is fronted as the most sustainable approach to improving the health status of the population. This innovative system of healthcare financing would entail far-reaching consequences for the health of South Africans, in terms of administration, human resources, financing, service delivery, orientation of infrastructure and affordability.

Drawing on international evidence, countries such as Turkey, Brazil, Costa Rica, Thailand and South Korea have strengthened and transformed their health system through NHI, which has resulted in significant and sustainable economic and social benefits. The implementation of NHI will provide an opportunity to yield significant and widespread economic and social benefits to the South African population. The benefits of NHI include improved financial risk protection through prepayment funding; reduced fragmentation in funding and provision of health services in both the public and private health sectors; reduced inequities; improved access to quality healthcare; improved efficiency and cost containment through streamlined strategic purchasing; improved accountability of the use of public funds through appropriate governance mechanisms and transparency in performance reporting; and better health outcomes across all socio-economic groups through improved coverage (NDoH, 2015). A functional health system in South Africa is critical to the country's strength, stability and prosperity, particularly for the most marginalised communities. The functionality or workability of the envisioned healthcare system entails building and strengthening the leadership capacity of doctors, nurses, midwives, community health workers and other health staff who promote health and deliver healthcare services in their communities. Improved healthcare for the people could feasibly be achieved through a multi-sectoral approach at all levels of the governance structure.

In September 2015, the United Nations General Assembly adopted the Global Charter on Sustainable Development Goals (SDGs) and Public Health. Thus, the timing was right for a forum that brought together South Africans and national policymakers, administrators, clinicians, practitioners, community partners, researchers, students, and private industry to synthesise the dynamics of health transformation, sustainability and practice unique to South Africa, taking into account the complexity of issues on all fronts; to x-ray national health-target programmes that treat TB, HIV/AIDS-related death, child mortality, immunisation, environmental health, and other communicable and non- communicable disease, and disseminate the results; and to plan and explore continuing future collaborations for a holistic health transformation in South Africa.

The Conference allowed a more in-depth discussion and debate in terms of the SDGs and the transformation that needs to take place in public health and health sciences education. It stressed the need for young people in key policy-making platforms; addressing a wide-range of participants from policymakers to students.

CONFERENCE OBJECTIVES

The conference addressed several key questions:

- What public health education and practice transformation options are feasible in order to achieve the Sustainable Development Goals?
- What can we do to address the challenges of health equity posed by the social determinants of health, racism, gender and universal health coverage?
- How can we do to improve health system and care of all South Africans?

PLENARY ADDRESSES

Fran Baum, Distinguished Professor of Public Health and Foundation Director of the Southgate Institute for Health, Society and Equity at Flinders University, Adelaide, Australia, discussed health issues related to achievement of global health equity and social justice.

Plenary addresses by the following distinguished invited guests discussed different aspects of public health transformation, education and practice in South Africa for

achieving health SDGs, and the NHI was teased out as a unique recipe for the transformation paradigm:

- Leslie London, Professor of Public Health and the Head of the School of Public Health, University of Cape Town, South Africa
- Laetitia Rispel, Professor of Public Health and the Head of the School of Public Health at the University of the Witwatersrand, Johannesburg, South Africa
- Eunice Seekoe, Professor of Nursing Education, Faculty of Health Sciences, University of Fort Hare, East London, South Africa
- Kebongile Mokwena, Professor and HOD: Public Health, at Sefako Makgatho Health Sciences University, South Africa
- Eric Buch, Dean of Health Sciences, University of Pretoria, Pretoria, South Africa.

Another panel discussion highlighted challenges to health equity posed by the social determinants of health, racism, gender and universal health coverage. Dr Percy Mahlathi, Director of Selizwe Leadership Academy, highlighted the obstinate challenge of social change, while Dr T. Mbengashe, the Superintendent-General for the Department of Health in the Eastern Cape Province discussed the role of the discipline of public health medicine in addressing key challenges in the Eastern Cape. It was stressed that public health is key to a functional district health system in order to achieve a better life for all South Africans. Thus, public-health studies must be introduced to students from undergraduate level, and student learning, in-service training, conferences, networking, rewards and research publications must be strengthened.

PRESENTATION THEMES AND TOPICS

The Conference was organised around several themes: public health transformation; adolescent sexual health; sexual health and family planning; youth sexual risk behaviours; HIV/AIDS; maternal and child health; communicable diseases (tuberculosis (TB)); non-communicable diseases and risk factors; health education; leadership and governance; patient care and support; healthcare seeking behaviour and utilisation; and geographic information system (GIS). In addition to the plenary addresses, there were 8 workshops, 4 satellite sessions, 106 oral and 58 poster presentations and site visits. The content of papers presented in parallel sessions at the Conference is discussed under the relevant themes.

PUBLIC HEALTH TRANSFORMATION

This track highlights the Global Charter as a useful tool for health management and public health. One presentation concerned management in NHI era, which includes decentralisation, public healthcare re-engineering, international benchmarking, leadership development and proper curriculum development. Loren Gower discussed the use of therapeutic communication with children and its relevance for NHI, highlighting the emotional link between care workers, child and family as well as the need for training being very important to the nurses and teachers.

Elliot discussed the use of information technology (IT) in public health measurements and delivery, and stressed the need for more integration of IT into public health. The rollout of the National Health Insurance was a key point of discussion. The accomplishment of universal healthcare is fundamental to health transformation in South Africa. This approach has many benefits for services such as primary healthcare, allied health services, human resources, IT, accountability, standardisation, price regulation and gatekeeping, quality, equity, efficiency and single fund. It was stressed that Thailand took forty years to implement NHI, which makes one question the utility of South Africa's 14-year target for implementing NHI. It also pointed to a lack of community engagement on NHI.

ADOLESCENT SEXUAL HEALTH

Adolescents' health is important for ensuring a healthy, strong, vibrant population and workforce. As such, issues of teenage pregnancy, sexual health and family planning in HIV-positive adolescents, HIV status disclosure amongst adolescents, youth sexual risk behaviour and teenage pregnancy need to be addressed. Health professionals need adequate training to deal with sexuality and reproductive issues of adolescents. Community structures, community members and family members must be involved in issues affecting / challenging adolescents' sexual health. The unanswered and puzzling question is that sexual health messages are reaching adolescents: why are they still practising unsafe sex? Further discussion on this topical issue revealed that increased teenage pregnancy in families without a father figure is associated with mothers in relationship with multiple partners, sex before marriage, lower parental control, and lack of communication between the single mother and the daughter. It was recommended that single mothers should be educated to take the role of the father, and research is warranted on the elements of functionally absent fathers.

SEXUAL HEALTH AND FAMILY PLANNING

Generally, teenagers are more scared about getting pregnant than contracting HIV-related disease. From this presentation, it was discovered that HIV-positive girls are more prone to engage in unprotected sex than boys of the same age; and non-adherence to antiretroviral therapy (ART) is very high amongst adolescents. The discussion of HIV status disclosure amongst adolescents highlighted a need for more assertiveness capacitation for women to be able to negotiate protective sexual practices. Morongoa Rasesemola highlighted the power of men to influence the reproductive health choices of their partners and the reasons they do not want to use contraceptives.

YOUTH SEXUAL RISK BEHAVIOUR

It was indicated that disclosure to partner does not result in practising protected sex, and that disclosure is a complex phenomenon which may lead to alienation by peers, friends and family. HIV-positive girls' negotiation for safe sex is difficult because of fear of rejection. It was highlighted that adolescents need more support from healthcare professionals and community members than merely instructing them to disclose their HIV status to their family and partners.

Young people are surrounded by layers of relationships, in micro-systems, exo-systems and macro-systems. The attitude of clinic nurses (micro-system) was mentioned as a reason why adolescents are not accessing contraceptives in primary health settings. Exo-system is related to socio economic status of the family and community, and macro-system to cultural customs, laws and values. The sessions demonstrated that the prevention of youth sexual risk behaviours is a primary challenge for public health practitioners that needs an aggressive approach.

A paper on educational outcomes of HIV-positive adolescents in the Eastern Cape noted that they struggled to remain at school: some are not enrolled at school, others are repeating grades, bullied by peers, often sick and absent from school, and discriminated against by peers and friends. Yet, after 12 months of initiation of ART an increase in viral load unsuppressed was observed amongst certain individuals. Transition of adolescents from paediatric to adult ART facilities resulted in viral load suppressed. It was stated that the contextual adherence related to predictors of virological failure are: social instability, inaccessibility of clinics, negative experiences with ART, transport problems, social instability, missed 10% of treatment, depression, alcohol consumption, etc.

MATERNAL AND CHILD HEALTH

It was emphasised that oral health must be started early when the baby is cutting the first two teeth and consumption of sweet foodstuffs like sweets must be reduced. Constance Mongwenyana identified self-induced late abortion as a threat for achieving SDG 3 in a presentation on the Implementation of the Prevention of Mother-to-Child Transmission (PMTCT) Option B+ and Midwife Obstetrics Units. It was stated that health professionals should be vigilant in the investigating of the cause of late abortion in all cases presenting themselves in maternity units: it was discovered six months of investigation and observation that the actual cause of the abortion was self-induced abortion. A presentation on the lessons learned from healthcare referral system for under-5 children, showed flaw in the referral pathways policy and recommended the inclusion of the community healthcare workers in the policy.

COMMUNICABLE DISEASES

A review of food-borne illness outbreaks in South Africa reported to National Institute of Communicable Diseases from January to December 2015 indicated that diarrhoeal diseases are responsible for 70% of the burden of diseases; and there is under reporting of food-borne diarrhoeal diseases outbreaks. Therefore, food-borne illnesses should be thoroughly investigated and the necessary surveillance instituted. Hassina Ismail's presentation on a diarrhoeal outbreak in a correctional facility explored the circumstances and the health outcomes of this case, while France Ncube explored the health risks of those who live around landfills. A presentation on the suspected typhoid fever outbreak in the city of Johannesburg in January–February 2016 indicated that most cases of typhoid fever were related to travellers returning to South Africa from outside the country. Another paper on a suspected outbreak of ESBL- producing Klebsiella pnuemoniae among infants admitted to a public sector hospital in April–May 2016 stressed the need for proper hand hygiene practices, and the availability of hand-washing materials. Regarding Listeria monocytogenes cases in the Western Cape, there is a paucity of data on listeriosis in South Africa and it is recommended that members of the community above the age of 50 years should be educated about this disease.

TUBERCULOSIS (TB)

A Quality Improvement Project came up with the idea of centralised TB screening in one area. More clients were captured and TB screening tools were done using one tool. There was no under-reporting, the facilities progressed to 10% baseline, and performance was sustained. Centralising TB screening dramatically improves TB screening rates in primary healthcare facilities. The outcomes for patient diagnosed with Rifampicin Drug Resistant by GeneXpert but negative culture and DST presentation shows that patients came with 28% positive result. There was a delay getting specimens to the laboratory, and no clear guidelines to assess clients, no record of sputum and clinical condition of clients.

A retrospective study on predictors of time to sputum conversion in MDR & XDR TB patients from 2012 to 2015 revealed that patients with a 68% weight converted faster than underweight patients. This raises the question: what are the critical interventions that could improve management of XDR & MDR TB? There was recommendation for further study on nutritional support for all TB XDR & MDR TB patients.

Perspectives of hospital staff on barriers to the implementation of smoking cessation services for hospitalised drug-resistant TB patients in South Africa was fraught with conflicting views on the effects of smoking on these TB patients. The paper highlights the need for cessation support integration with existing counselling services and methods.

NON-COMMUNICABLE DISEASES AND RISK FACTORS

The prevalence of high blood pressure in 5 urban poor settlements in Johannesburg using secondary data from 2006–2012 indicated a very low prevalence. Age, gender, race were significantly associated with high blood pressure in the urban poor. The prevalence of high blood pressure was reported even among the children

A study examining whether allergic rhinitis, rhino-conjunctivitis and hay-fever symptoms among children are associated with frequency of truck traffic near residences, shows that there is high prevalence of allergic rhinitis symptoms amongst children 13–14 years of age that is associated with frequency of truck traffic near residences. The presentation stressed the need to examine high traffic volumes, and as well conduct more exposure assessments because allergies could be caused by anything else.

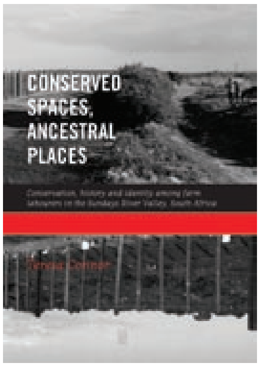
A paper on factors contributing to women's poor uptake of cervical cancer screening in Ephraim Mogale Subdistrict indicated that cervical cancer screening procedure seems uncomfortable, embarrassing and lacked privacy. The nurses who were interviewed reported that they had a fear of both the procedure and results. The outcome was poor uptake of screening, worsened by work commitments, staff shortage, myths, poor education and lack of awareness. These results were an eye-opener to health professionals dealing with clients seeking screening for cervical cancer.

GEOGRAPHIC INFORMATION SYSTEMS

Geographic information systems (GIS) were discussed in terms of their ability to provide spatial distribution of diseases. The advantages and problems associated with the use of the mHealth SMS system by community health workers to monitor pregnant mothers, and the need for health professionals to use various mobile communication methods in assisting clients' adherence to treatment were advocated.

OUTCOMES ACHIEVED

This Conference has shown that there are enough mechanisms and enough approaches to ensure the achievement of sustainable development goals through the transformation of public health education. All the speakers highlighted the nature of the healthcare system in South Africa. Issues of health-related social determinants and equity shape the lives of South Africans. In order to achieve NHI, it is important to mobilise and equalise resources between private and public healthcare. The production and promotion of technology is being integrated into healthcare. The strengthening of programmes such as the Albertina Sisulu Executive Leadership Programme in Health (ASELPH) is very important in transforming public health education. Overall, this was a successful contribution to the discourse and realisation of the sustainable development goals. It was recommended that the 2017 PHASA Conference continue these discussions and further expand the role and contributions of public health to improve and expand the public health sector in South Africa.



Conserved Spaces, Ancestral Places

Conservation, History and Identity among Farm Labourers in the Sundays River Valley, South Africa

Teresa Connor

University of KwaZulu-Natal Press: Pietermaritzburg, 2014. 212 pp

Reviewed by ***Wendy Annecke (Cape Research Centre, South African National Parks)***

Teresa Connor's commendable examination of land rights and identities forged in relation to the Sundays River Valley shows how changes in land use and ownership have resulted in deep scars on individuals, families and the land in what is now the Addo Elephant National Park.

Conserved Spaces, Ancestral Places addresses four themes: the political ecology of conservation and protected areas; the agrarian history of South Africa and the Eastern Cape; the geography and anthropology of space, place and identity; and applied anthropology and population displacement. Connor asks searching questions about whether local residents have benefitted from "co-management" models that include their continued displacement and exclusion from reserves, arguing that they have been obliterated from the history, memory and representation of conserved landscapes. Through the application of ethnographic principles to a series of interviews and careful scrutiny of documents (some of which were retrieved, dishevelled, from an abandoned house), Conner develops nuanced pictures of the families who have lived longest in the area.

An interesting aspect of fluidity in this "hybrid space" is the co-existence from the mid-1700s and early 1800s of Khoikhoi, Gqunukwebe (Xhosa) and trekboers of Dutch, French and German descent. Known then as the Zuurveld, the region was largely peaceful and fruitful, a place of "assimilation, where occupants lived with a certain degree of tolerance and inclusion" across various tracts of land.

This agrarian lifestyle, characterised by codependence on each other and the land, deteriorated with the breakup of the land into farms, the fencing of those farms, the diverse simultaneous uses of and claims to the land, and the development of categories of race and class. These complex relations produced a particular kind of subservience imbued with mutual dependence and marked by exploitation and violence. Such relations continued up to 1970 (indeed may still), when forced removals brutally divorced old families from their land and homes. Connor argues that the extraordinary pain and confusion of this time, too recent to be forgotten, has been inadequately acknowledged and addressed.

Connors is particularly critical of the politics of conservation, the World Bank's neo-liberal influence and SANParks' expansion of the Addo Elephant National Park. Connors shows how broken promises and brutality from whites left farmworkers behind in unfamiliar and poverty-stricken townships while the authorities used consultants and their reports to justify the neglect. The forced removals that had occurred particularly between 1970 and 1994 continued with the expansion of the park. How ludicrous it seems to remove poor people with a small footprint from their ancestral land to make way for rich people with a significant footprint and call this "conservation", especially since these wealthy tourists require new concrete buildings, use significant resources including energy and water, and produce excessive waste in return.

Three intriguing chapters are concerned with the old families remaining in the area, including Nellie Lambani, Alec Nombula, and the April, Biggs, Scritch and Landman families. Connors is careful to show both continuity and rupture between individuals and the land, but the link between these families and the park management could have been better shown. For example, it would have been interesting to hear the experiences of those who got jobs in the park as rangers, and I would have liked to hear more about what SANParks should do to address the wounds of removals in Kabouga, Enon and Colchester. Far from separating people from the land, forced removals appear to generate nostalgia and a longing for the past that could be crippling.

Fans of *Jock of the Bushveld* might be interested to know that Sir Percy Fitzpatrick owned extensive land on the Sundays River. Through his and others' connections with the government, Fitzpatrick and company were granted permission to build Lake Menz (now Darlington Dam) and the irrigation scheme that led to the farms around Kirkwood and Addo producing over 40 percent of South African citrus exports. North of the Zuurberg, the land is now desolate and abandoned. NA

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Interested reviewers should contact mwnewagenda@mweb.co.za

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"I remain an African, I think as an African, I act as an African, and as an African I worship the God whose children we all are."
- Chief Albert Luthuli

3233 Nokukhanya Luthuli Street,
Groutville, KwaDukuza 4450
Tel.: +27 32 559 6822
Fax.: +27 32 559 6806
www.luthulimuseum.org.za

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