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NEW AGENDA

SOUTH AFRICAN JOURNAL OF SOCIAL AND ECONOMIC POLICY

Voting and Power

Also inside: Letter to Finance Minister
State Capture / Progressive Internationalism

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IFAA'S STUDENT AND YOUTH DEPARTMENT

The Student & Youth Department aims to establish a community and network for progressive students and youth in South Africa.

The IFAA Forum

The IFAA Forum provides a platform for young progressives to share academic work and debate topical issues. The IFAA forum has the following objectives:

- Facilitate peer-to-peer learning among graduate students in South Africa
- Encourage interdisciplinary thinking
- Foster collaboration and communication between students and young academics
- Deepen intellectual networks between universities in South Africa
- Provide a platform for discussing progressive political/economic/social theory
- Democratise academic knowledge by opening up participation in the forum to social activists and engaged members of the public

The IFAA Reading Circle

IFAA's Student and Youth department runs regular reading circles throughout the year. This is part of our aim to deepen the youth's intellectual engagement with progressive social theory.

In 2019 IFAA will be conducting fortnightly reading groups on core concepts in political economy.

Reading Circles are convened by IFAA at the request of members of the IFAA Student and Youth Network. To become a part of our reading circle please contact Alex at studentandyouth@ifaaza.org.

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The IFAA Student and Youth department prepares and delivers courses on political history and theory, with a particular focus on South African and African issues at large.

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The Progressive Corner provides a platform for the dissemination of progressive theories and perspectives in a non-sectarian way. We publish essays and produce podcasts on current affairs, social theory, and political and economic history. This is a public forum for students by students.

We encourage the free and open exchange of ideas with the intention to promote critical analysis of economic and social problems confronting South Africa, the rest of the African continent, and the globe at large.

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NEW AGENDA

SOUTH AFRICAN JOURNAL OF SOCIAL AND ECONOMIC POLICY

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Exciting postgraduate programmes in the Faculty of Science and Agriculture, University of Limpopo

Prof Hlengani Siweya, Pr. Sci. Nat: Executive Dean (Science and Agriculture)

The Faculty of Science and Agriculture at the University of Limpopo is one of the four Faculties of the University. It offers Department of Higher Education & Training (DHET) fully accredited programmes across its constituent Schools: Agricultural and Environmental Sciences (SAES), Mathematical and Computer Sciences (SMCS), Molecular and Life Sciences (SMLS), and Physical and Mineral Sciences (SPMS). The Faculty boasts over 300 Master's and Doctoral postgraduate students who focus on the following:

- Indigenous poultry breeding development, genetic variance and breeding value estimation in livestock, and poverty, gender issues, welfare analysis and livelihood issues among households.
- Risk and vulnerability analysis.
- Applications of Geographic Information System (GIS) and Remote Sensing in Monitoring the Impact of Climate Change.
- Green technologies, with emphasis on plant protection.
- Vegetable crops production, cropping systems, African indigenous crops production.
- Plant breeding, host plant resistance and germplasm development, pest management of agricultural crops.
- Post-harvest management of vegetables.
- Cancer, obesity and diabetes research.
- Protease inhibition and hepatoprotective effects.
- Screening, isolation and characterisation of antimicrobial compounds from selected plants.
- MicroRNAs and apoptosis
- The use of trace elements in the treatment of HIV/AIDS-related cervical cancer in South Africa.
- Isolation of fungi from dung of wild herbivores for application on bioethanol production.
- Chronic non-communicable diseases.
- Reproduction and sexual health.
- Occupational hygiene and environmental health.
- General and pointfree topology.
- Groups and rings.
- Mathematical modelling.
- Cognitive wireless technology.
- Automatic speech recognition.
- Computer networks.
- Computer security.
- Artificial and computational intelligence.
- Correlated time-to-event data modelling.
- Extreme value statistics.
- Crime data modelling.
- Frailty models.
- Survival analysis.
- Linear and dynamic programming.
- Operations research methods.
- Solid state physics.
- Computational modelling of materials.
- Nanotechnology.

In addition, the Faculty is home to the following research centres that are managed by highly competent and respected scientists:

- Chair in Computational Modelling of Materials headed by Senior Prof Phuti Ngoepe.
- Telkom Centre of Excellence in Speech Technology headed by Mr Motlaloga Manamela.
- Green Technologies Centre of Research Excellence headed by Land Bank Chair Senior Prof Phatu Mashela.
- Aquaculture Research Unit headed by Mr Johan Theron.
- Limpopo Agro-Food Technology Station headed by Dr Maboko Mphosi.
- UNESCO Biotechnology Research Chair headed by Prof Ignatious Ncube.
- Centre for Rural Community Empowerment headed by Prof Elliot Zwane.
- Ecosystem Health Chair headed by Prof Wilmien Luus-Powell.

Whilst there are resources to support many of our senior postgraduate students, prospective students are also urged to seek study support from research institutions such as the National Research Foundation, Water Research Commission, Council for Scientific and Industrial Research, Agricultural Research Council and AgriSETA.

Undoubtedly, the Faculty is a hub for development of future academics: identify and nurture talent.

One of the exciting highlights in postgraduate training is the annual Faculty Postgraduate Research Day that takes place during the 3rd week of September and runs over two days. The Research Day is a conference setting for Master's and Doctoral students, especially those whose proposals have already been approved, to showcase their research activities. As they present their work, students are evaluated by a judging panel comprising internal academics as well as other colleagues from other universities. The Best Presenter and 2nd Best Presenter are handsomely rewarded by monetary prizes. Sometimes 3rd and 4th Best Presenters also receive prizes.

Participation of Honours students is limited to poster displays and answering questions from panel members. For this category, there is only one prize: Best Honours Presenter who usually walks away with a monetary reward.

Prospective postgraduate students and researchers looking for collaborative research are encouraged and invited to contact the Faculty at the following numbers:

FOR MORE INFORMATION, PLEASE DO NOT HESITATE TO CONTACT THE EXECUTIVE DEAN,:

Contact: Prof Hlengani Siweya
Telephone: Tel: 015 268 2142 / 3788 / 3282 / 2875 / 4807
Email: hlengani.siweya@ul.ac.za

Contents

Issue 72

Your vote is just the beginning

By Ben Turok, Editor, and Zunaid Moolla, Deputy Editor

New Agenda publishes a special extended editorial to acknowledge the crucial 2019 election, where the outcome can be affected by the important youth vote, and yet six million young people under the age of 30 have not registered as voters.

"Democracy is not meant to produce perfect leaders; it is meant to give citizens the tools to control those who are imperfect." Steven Friedman

Some 285 parties have registered for the 2019 National Elections. That in itself may appear overwhelming, discouraging citizens to make their cross. If you add to that the widespread disillusionment that has set in over the poor performance of the economy, corruption, crime, and the state of our hospitals and schools it is understandable to ask: Can voters make a difference?

In 2019, demographics show that for the first time much will depend on the number of youth who vote. Their vote is crucial if the configuration of political power is to be changed and we take this opportunity to warn against the dangers of the youth abstaining. We are deeply concerned about the prospect that a large number of young people may abstain from the coming elections. If they do, they will be giving up an opportunity to make a difference.

There are no doubt plenty of reasons for their disappointment with party politics and the performance of government. Top among these is the dismal state of our economy, which means few opportunities for decent jobs and few prospects for advancement.

There are also abundant reasons for disenchantment in the political life of our country, which is riddled with careerism and opportunism, empty posturing, and primacy for political party functionaries. Our elected politicians expect special privileges at every turn, even though they may only serve for a few years.

Yet, we have to remember that the very same electoral politics were only attained in 1994 after many long years of intense struggle and much sacrifice. We must also recall that the same process of elections removed the apartheid state and brought to power majority rule.

We should not squander that achievement by staying away now. That way we will open the road to power for mischievous politicians who do not have the public interest at heart. Let us learn from recent events in Brazil where a 40% abstention led to the victory of an obnoxious former army man whose values are a disgrace to that country.

Instead of abstaining, let us call on those seeking to be elected to promise to renew efforts at building an independent non-racial, non-sexist democratic society.

We say independent, so that they pursue economic policies that are good for all our people. Independent in the sense that we are not quite so sensitive to the pronouncements of the rating agencies, which seem to have acquired the authority to dictate economic policy. Independent in the sense that we don't hang onto every word uttered about South Africa by the likes of the International Monetary Fund. Independent in the sense that we place all our hopes on foreign investors as if their interests are the same as ours.

Let us rather concentrate on vastly improving our own understanding of how our economy works, or rather how it should work. Let us begin an analysis of the various fractions of capital, drawing clear distinctions between those whose interests lie outside the country, those who depend primarily on the domestic economy, those who contribute positively to producing our wealth and those who are merely parasites living off others.

We also need to be absolutely clear on the need for a suitable accommodation with labour without which our economy cannot flourish.

So, rather than be wrapped up in a cloud of pessimism, let us recover some self-confidence as a people responsible for our own destiny. That includes judging our political parties on how they propose to provide leadership to the whole country rather than to special interest groups.

An election is about more than making your mark. It is about making your voice heard to express society's needs, and your demands of those who hold political office.

What has become of the proud and active civil society that once made the country ungovernable? South Africa has demonstrated what it can do when citizens are mobilised, at the work place, schools and universities, places of religion, in the communities, on the streets. Citizens cannot expect change; they must create change. For an election to make a difference takes more than a vote, but it is the starting point and we must all be ready from right at the start.

The banners will be hung, the posters will dot every street. The walkabouts and rallies will be joined by throngs and the local halls will hum with slogans and songs. Then there will be the interviews on TV and radio and in newspapers. For those who voted in 1994, you will have been through all of this five times now and it will be perfectly understandable if you were to say: oh, another election, *ho-hum*.

Many voters will share this sentiment. There isn't much to be proud of when we think about what has been achieved since we started our democratic journey. Yes, more children are enrolled in schools, there are more clinics and hospitals, and we are "represented" at three levels of government regardless of race, religion, gender or ethnicity. The quality of the education and health care, however, leaves many of us disappointed. The provision of services, the actions of some of our politicians and the levels of poverty, unemployment and inequality fuel our despair.

Amid such deep disillusionment, it may be foolish to expect you to vote. Yet it is precisely in such circumstances that voters can become the architects of change. To abstain now would be to surrender to the very people who have created the mess in which we find ourselves.

So how can we become the game-changers?

VOTING STRATEGICALLY

Our *political* system doesn't lend itself to direct engagement with our political representatives because we cast our vote for a party and not an individual who belongs to a party. One of the demands we can make during this election is for a system that requires political representatives to earn their vote from communities by making sure that relevant issues are addressed.

Until that happens, though, we should think about voting strategically, in a way that brings more balance into the legislative system or introduces a counterweight to parties that dominate through sheer numbers. This increases the prospect of a check on the power of any one party that might easily perpetuate the squandering of our precious resources and the self-enrichment schemes that have been hatched over the past 25 years.

THE STATE AND ITS CONSTITUTIONAL RESPONSIBILITY FOR DEVELOPMENT

The party that wins an election generally interprets its victory as a mandate from "the people." The mandate, however, is rarely carried out and the quid pro quo is rendered void after the party's members are sworn in. Promises are made during the election campaigns but no one is held to account when the promises are broken. We have to think about ways to change this.

It is strategic voting that may be one way to do this. Another would be to consider the legal options available to voters for enforcing the constitutional responsibility of governments and political parties to deliver programmes to improve communities' living conditions. This could include the provision of health and educational services, transport, energy, food, adequate safety and security and the creation of employment opportunities.

During the election campaign, voters should consider demanding of each political party that they sign a pledge to provide some or all of these services, as determined by the communities. Those parties who refuse to sign would forfeit the community's vote and those who do would have to accept that they will be held legally responsible if they fail to deliver on the agreement.

RACE AND CLASS DIVISIONS

In the 25 years since the transition to political democracy, South African society is still divided along race, class and ethnic lines. Some parties find these divisions politically useful and do not care about the consequences for social and political stability. We see how these divisions have been used in the US and several countries in Europe to practice the politics of exclusion.

Voters should take the initiative in this election to compel political parties to offer practical solutions to heal the divisions that have been festering for two decades. Interventions must cover the full spectrum of human development – health, education, housing, media, places of work and recreation. This would be a way for voters to say that they reject the politics of division, which was the hallmark of apartheid.

INEQUALITY

South Africa is considered to be the most unequal society in the world. Over the past 20 years inequality has become worse and there are no policies in place to address the maldistribution of income and wealth and the structural forces that perpetuate it. With the exception of the introduction of the minimum wage that was introduced this year no party has made this a pillar of its election campaign.

Since 2017, the Institute for African Alternatives (IFAA) has, through conferences, seminars and publications, raised the issue of inequality and the danger it poses for social and political stability if not remedied.

Among the proposals we have put on the table is that we introduce policies that cap executive pay and lower the differential between the highest- and the lowest-paid earners to no more than five. In South Africa's » large corporations, the highest paid employees earn 17-20 times that of the lowest-paid employees. Political parties should be asked to state what their position is on reducing inequality.

THE LAND QUESTION

Land reform has been the most talked about issue in the country for the past years. Hundreds of ideas have been floated about the best possible government policy to satisfy land hunger, maintain food security and improve the productive use of land. In the last issue of *New Agenda*, in an article on land reform by Pallo Jordan *New Agenda* 71, Fourth Quarter 2018) he made the point that how we approach the land question has as much to do about our history as it does with the present.

Mr Jordan counsels us to be prudent and to take into account how land reform was undertaken in other countries. He also says there is a need to strike a balance between justice and economic realities as we wade through this emotive and potentially divisive issue. Political parties should be questioned about their approach to land reform: is it practical and viable or is it merely couched in general terms, pandering to popular expectations of how land could be transferred? Will the respective land reform proposals merely transfer land from one group of owners to another, leaving the conditions of the large majority of people unchanged?

CORRUPTION

The deepening rot of corruption is robbing our youth, children and future generations of a better life. The scale of wasteful and fruitless expenditure will put paid to our plans for growth and national development. How is it that so many millions can be stolen and no one is prosecuted? It tells us that not only are those at the centres of political power benefitting themselves, but the institutions that are supposed to prevent such fraud are being used to shield the culprits. If citizens do not act to claim back these institutions, the thieves will continue to steal with impunity.

We have to demand that those who seek public office (politicians and civil servants) consent to complete transparency about their financial affairs. A lifestyle audit has been proposed before and political parties should be asked to support this for all of their members. They must also be asked to consent to the creation of a database that contains the names of their members and the assets they own (houses, cars, shares in listed companies, business interests). Every eligible voter should have access to this database to check whether the politician's assets match his/her income, or reveal any conflicts of interest. It is also time for the next government to consider setting up a central procurement department that would function independently from politicians and the rest of the civil service.

CRIME

Finally, the issue that plagues South Africans of all backgrounds and from all geographical locations is crime. Township residents suffer the most from violent crimes and it is women and children, in particular, who suffer more than any other group. We often associate crime with poverty and yes, this is valid to some extent. There are, however, many other countries with the same or higher levels of poverty as South Africa which have much lower levels of violent crime. What are the social, economic and psychological roots of crime in South Africa? Are political parties asking this question and have any of them proposed alternative solutions other than uttering the standard response of more policing, more effective judicial processes and expanding prisons, which they have failed to deliver?

CONCLUSION

South African voters have been passive participants in the past five elections. This is understandable for a country that has made the transition to a procedural democracy only 25 years ago. But participation levels were moderately high in every election since '94, even though there is a declining trend.

Now, however, demographic changes over this period mean that more young people are eligible to vote than in previous elections. That some four million of them have said that they will not vote, as some recent polls have reported, should alarm all of us. Again, this is understandable given the high levels of dissatisfaction with political parties and disillusionment with the prevailing political system, yet abstention is a much more dangerous position to adopt. It opens the space for populist ideologies to gain ground with slim electoral victories.

As history shows, that is how some countries began their journey into the dark abyss of totalitarian rule. Some political schools see elections as a useful game that the ruling class plays according to rules that it makes. Whether you agree with this view or not, until an alternative system is introduced, active voter participation is our effective voice for the kind of society in which we want to live. NA

Economic policy substance and process: letter to Finance Minister

18 January 2019
ATT:
Mr Tito Mboweni
Minister of Finance
Government of the Republic of South Africa

CC:
Mr Cyril Ramaphosa
President of the Republic of South Africa

Mr Rob Davies
Minister of Trade and Industry

Mr Ebrahim Patel
Minister of Economic Development

The invitees to the 21 December 2018 Colloquium

RE: Economy Colloquia

Dear Minister Mboweni,

As economists and/or economic and social policy specialists, we are writing to express our concern regarding the Economy Colloquium held on 21 December 2018 at the South African Reserve Bank, to be followed by a further Colloquium this Saturday 19 January 2019.

We concur with your stated opinion that "out of the box" thinking is required in order to rejuvenate the South African economy. We are in favour of inclusive, robust debate and exchange on our economic and social policy future, based on the best available evidence and policy-oriented scholarship, across a range of scholarly and other views. However, the profiled inputs, international invited economists, and local participants are disappointingly skewed towards economic orthodoxy. This means the entire process, important exceptions notwithstanding, sits squarely "inside the box".

In a wider political context and tone set by the President, where we are attempting to reach social consensus through meaningful, deliberative engagement across stakeholders, the list of local attendees is worryingly unbalanced. Almost no economists associated with the labour movement or civil society were invited. By contrast, economists associated with, or employed by, business, primarily from the financial sector, or business-linked consultancies make up a large contingent. From those within academia or research institutes, while a handful of prominent and respected progressive and development economists have been included, there is an under representation of views that fall outside the prevailing economic orthodoxy, e.g. not one macro-economist who takes a policy position within a Keynesian/post-Keynesian framework appears on the list of invitees, nor do any self-defining/specialist feminist/gender economists. Within government, officials from National Treasury dominate, making up approximately one-third of all invitees.

We welcome the exchange and contribution of ideas from all quarters, including international scholars who are committed to the social transformation of our society. There is a lack of diversity however in the international contributions, privileging international scholars and policymakers (from Harvard and the World Bank) whose previous inputs into economic policy processes chime with the policy status quo, not only sitting squarely "within the box" but having helped to define the box. The policies with which we sit as a result of previous processes are unsuitable to providing the sort of economic stimulus that South Africa requires. The spectrum of ideas is wider than those included thus far, however respected they may be in some circles.

It is important to note that economic policy orthodoxy has come under severe criticism since the 2007/8 Global Financial Crisis and South African economic policy engagements need to move beyond an adherence to the policy status quo.

The intellectual and policy debate over macroeconomic and developmental options since the Global Financial Crisis has been profoundly and deeply enriched – a recognition that appears to have escaped some South African government policy-makers still stuck in "low GEAR" as it were.

We are also concerned by the status of the Colloquia and how they relate to other processes underway. We view with caution "parallel" policy processes that take place behind closed-doors and exclude representation from a range of constituencies. This was the manner in which the Growth, Employment and Redistribution (GEAR) programme was developed to the great detriment of transparent and consultative governance and appropriate economic policy formulation.

If we wish not to repeat that sad 1996 exercise we request that:

1. There be greater transparency and coherence in relation to government economic policy formulation, and that government ensures that processes include proper representation of key role players both inside and outside government.
2. The list of invitees be entirely reconsidered in order to take the above into account.
3. The above should include a reconsideration of the balance of international invited guests and their role within the colloquia.
4. Progressive economists be given a meaningful platform to present alternative policy proposals at the Colloquia.
5. That documentation prepared for the Colloquia be made public.

We look forward to your response.

Yours Sincerely,

Professor Ben Turok – Director, Institute for African Alternatives
Dr Gilad Isaacs – Co-director, Institute for Economic Justice
Professor Vishnu Padayachee – Distinguished Professor and Derek Schrier and Cecily Cameron Chair in Development Economics, School of Economic and Business Sciences, University of the Witwatersrand
Lumkile Mondi – Senior Lecturer, School of Economics and Business Sciences, University of the Witwatersrand
Professor Imraan Valodia – Dean of Faculty of Commerce, Law and Management, University of the Witwatersrand
Dr Basani Baloyi – Oxfam South Africa
Duma Gqubule – Director, Centre for Economic Development and Transformation
Dr Nic Spaull – Economics Department, Stellenbosch University
Ayabonga Cawe – Managing Director, Xesibe Holdings
Saul Levin – Executive Director, Trade and Industrial Policy Strategies
Professor Rasigan Maharajh – Chief Director, Institute for Economic Research on Innovation, Tshwane University of Technology, RSA
Professor Matthew Ocran – Professor of Economics and Deputy Dean, Academic Affairs, Faculty of Economics and Management Sciences faculty, University of the Western Cape
Thando Vilakazi – Director, Centre for Competition, Regulation and Economic Development, University of Johannesburg
Professor Robert van Niekerk – School of Governance, University of the Witwatersrand
Professor Bill Freund – School of Social Sciences, University of Kwazulu-Natal
Professor Erika Kraemer-Mbula – Associate Professor, College of Business and Economics, University of Johannesburg
Dr Zavareh Rustomjee – Independent Consultant
Dr Vishwas Satgar – Associate Professor, International Relations, University of the Witwatersrand
Ronnie Kasrils – ex-Minister, Government of the Republic of South Africa
Professor Michael Rogan – Associate Professor, Neil Aggett Labour Studies Unit, Institute of Social and Economic Research, Rhodes University
Dr Ismail Lagardien – Visiting Professor Wits School of Governance
Bradley Bordiss – Adjuct Lecturer, Department of Economics, University of Cape Town
Redge Nkosi – Executive Director, Firstsource Money
Professor Simon Roberts – Department of Economics, University of Johannesburg
Dr Dick Forslund – Senior Economist, Alternative Information and Development Centre
Zunaid Moolla – Deputy Editor New Agenda Journal, Institute for African Alternatives
David Fryer – Senior Lecturer, Economics and Economic History, Rhodes University.
Professor Mziwoxolo Sirayi – UNESCO Chair in Cultural Policy and Sustainable Development, Institute for Economic Research on Innovation, Tshwane University of Technology
Dr Seeraj Mohamed – Parliamentary Budget Office (personal capacity)
Enver Motala – Senior Research Associate, Centre for Integrated Post School Education and Training, Nelson Mandela Metropolitan University
Professor Patrick Bond – School of Governance, University of the Witwatersrand
Dr Firoz Khan – Senior Lecturer, School of Public Leadership, University of Stellenbosch
Michael Nassen Smith – Deputy Director, Institute for African Alternatives
Riaz Tayob – Researcher, Southern and East African Trade Institute (SEATINI - RSA)
Dr Nicolas Pons-Vignon – Senior Lecturer, School of Economics and Business Sciences, University of the Witwatersrand
Dr Dale T. McKinley – Research & Education, International Labour Research and Information Group (ILRIG)
Dr John Reynolds – Head: Neil Aggett Labour Studies Unit, Rhodes University
Dr Jeff Rudin – Economist, Alternative Information and Development Centre
Jesse Harber – SOAS, University of London
Carilee Osborne – Researcher, Institute for African Alternatives
Mike Ward – Director, Creating Sustainable Value
Professor Salim Vally – Director, Centre for Education Rights and Transformation, University of Johannesburg
Professor Mario Scerri – Senior Research Fellow, Institute for Economic Research on Innovation, Tshwane University of Technology
Neil Coleman – Co-director, Institute for Economic Justice

Notes:

- A number of individuals indicated a desire to sign but could not secure institutional approval within the 24-hour time frame.
- The authors acknowledge that this list is not balanced, particularly in relation to gender.

Cry, the bedeviled economy

By Zunaid Moolla

The writer is Deputy Editor of *New Agenda: South African Journal on Social and Economic Policy*.

The Growth, Employment and Redistribution (GEAR) policy introduced in 1996 did little to break the mould into which the apartheid economy was cast. Moderate growth in the first few years after the political transition gave way to a decade of stagnant performance. We should then question why a similar policy is being considered in 2019? And why is it being done in such a closed and restricted forum? The media reported that Finance Minister Tito Mboweni convened a discussion on how to grow the economy led by two Harvard-based economists.

On 20 December 2018 a meeting was held at the Conference Centre of the South African Reserve Bank. The meeting was convened by the Minister of Finance to discuss ways to boost the growth of the economy, which has performed poorly for more than a decade on several fronts, in particular investment and employment. The minister invited academics from local universities and business leaders. The two high profile guests were Ricardo Hausmann and Robert Lawrence, both Harvard University economists.

We are dismayed that many others were not invited to a conference where issues so crucial to the lives of millions in this country were discussed. None of the labour federations were asked to attend. Nor were the many civil society organisations who deal with economic issues daily in their work. These are the people who regularly hold forums on ways to build our economy. They should have been among those participating. As to why such a select few were invited is a question that should be put to the Minister. We are inclined to suggest that it was because the views held by Hausmann and Lawrence are consonant with those of the main decision-makers in National Treasury. That this approach has been tried for the better part of our transition to a democratic system, with dismal results, gives us reason to question why it is being considered again.

We are concerned that this is very much a replay of what happened in 1994-95. At that time, a number of structures in the democratic movement formulated what was considered a new macro-economic policy for South Africa to address the dire conditions of life of the majority of citizens and the shameful inequalities wrought by the apartheid system. These economic plans (the most prominent were *Making Democracy Work* by the MERG group and COSATU's *Growth for All*) necessarily gave priority to social development. They were all abruptly dismissed and replaced by GEAR. What stunned many in the democratic movement, though, was the closing of the space to debate and negotiate the GEAR policy.

GEAR was South Africa's homegrown neoliberal policy. Its policy prescripts should never be entertained again. And neither can the non-consultative way in which it was foisted upon our infant democracy by the government at the time. We need only read the World Bank's own admission on the worldwide failures of this one-size-fits-all intellectual chicanery.

We are also troubled by what seems to be a pattern since our democratic transition to call on economists of a particular ideological persuasion to articulate our policy goals and strategies for growth and development. Economists who teach in the most prestigious universities around the world are, understandably, in high demand but do they really understand our country's needs better than we do? We have several distinguished economists who have devoted their careers to building a just economic order. To ignore their contributions is inimical to our national pride.

South Africa's economy bears all the hallmarks of an approaching collapse. Yet any serious economist will tell you that its problems are not as intractable as may appear. A superficial analysis will show that what we suffer is the result of low investment but high profits; ballooning financialisation concurrent with de-industrialisation; rich mineral endowments but no beneficiation; townships that still lack appropriate infrastructure while State Owned Enterprises squander billions. You don't have to ask world famous economists to help you think out of the box to come up with solutions to our economic problems. A new, all inclusive economic Convention for a Democratic South Africa (Codesa) would be more than capable of putting together a clear, practical rescue plan for our ailing economy. NA

Mapping a path for South Africa's economic renewal

By staff of the Institute for African Alternatives

The Institute for African Alternatives (IFAA) brought together some of South Africa's leading economists to discuss South Africa's seriously weakening economy. This emerged out of concern in the sector that the President's strategy of an intensive international investment drive is not the answer to the country's urgent need for reform in economic policy and practice. A total of 22 people attended the Netherlands Embassy-sponsored event.

President Ramaphosa's call to South Africans to get behind the New Dawn and Thuma Mina campaigns may have lifted some of the pessimism that has engulfed the country over the past few years. However, the real work of transforming the economy has yet to begin. The President's investment drive may be bearing some fruit but that is not the panacea to the country's economic woes. This seminar came up with ideas on what we need to stimulate the economy?

The two major causes of South Africa's economic decline were identified from the start by the very first speaker: gradual de-industrialisation over a 25-year period and the emergence of financialisation as a magnet for investment which has had a serious negative effect on the capital flow into the production of goods and services.

This explains the low levels of fixed investment, limited structural transformation, weak export performance and the low contribution of manufacturing to GDP. As a consequence, employment levels have declined with very few new entrants being absorbed into the labour market. The effect, in turn, is a fall in aggregate demand and, with the high levels of unemployment, households have been unable to afford municipal services.

It is commonly said that overcoming these conditions requires dealing with state capture, re-structuring State Owned Enterprises (SOEs), lowering the budget deficit, reducing inflation and social expenditure and some minor micro-economic reforms. This, it is argued, will improve investor confidence and growth will rise.

An economist at the seminar challenged this view, arguing that while some of these prescriptions may be necessary, they are similar to the Growth, Employment and Redistribution (GEAR) policy adopted in 1996 which did not generate an increase in fixed investment. A result of this policy is that the country remains a net importer of goods and a net exporter of capital. Bleak as the situation may appear, he said, it was not entirely hopeless. Eskom's debt and the wage bill are extremely high but the debt to GDP ratio puts us at the median level and government debt is largely Rand denominated, which limits our risk compared to other middle-income countries. To start fixing the economy, he proposed we do the following:

- Introduce tax incentives and restructure tax policy to disincentive large holdings in order to raise fixed investment;
- Make monetary policy more responsive;
- Use the Industrial Development Corporation (IDC) and other similar agencies to drive funds towards major projects;
- Revise trade policy, specifically competition policy, to reduce monopoly power and reorient Black Economic Empowerment (BEE) towards productive sectors;
- Deal with the high pricing in upstream industries that impact on the downstream, including mining and its linkages with other industries;
- Strengthen the linkages between manufacturing and the retail sector to sustain growth.

The second main speaker noted that we had reasonable growth for the first 15 years after the transition. Since the international financial crisis of 2008, however, growth has suffered severely. More than twice the number of people were added to the ranks of the unemployed over a 10-year period.

In response to some analysts who hold that this is because of rising wages, he presented a graph to show that the wages and productivity lines move together. He also pointed out that union density in the private sector is not that high.

The mismatch in skills may partly explain the lack of growth, but he is more persuaded that it is the falling ratio of capital stock to GDP that is a better explanation. Growth without employment will not help South Africa. He made a strong case for labour-intensive growth, noting that this has been small in most of the sectors of the economy except for construction and agriculture. In an export-driven growth strategy, we should bear in mind that wages are generally higher which is not matched by our productivity. The turmoil in international trade is another factor to consider.

The possible solutions he recommended are:

- Focusing on the Southern African Development Community (SADC) as a regional market;
- Achieving an investment target of 25% of GDP;
- Improving savings levels as households show consistently low savings rates;
- Negotiating investment compacts on a sectoral basis – finding out what is holding investment back and provide incentives to match the targeted levels;
- Using the concentrated nature of the market to negotiate;
- Addressing poverty in the rural areas;
- Thinking about title deeds and moving beyond the conventional private property conceptions since 32% of South Africans live on communal land, as do half of discouraged workers;
- Creating supply chains on these lands;
- Stopping the institutional rot that has infected government departments and SOEs.

In the discussion that followed the presentations of the two main speakers, issues of Reserve Bank policy were raised. There is a view that the South African Reserve Bank (SARB) decides interest rates on its own with hikes being introduced before we reached the 6% inflation target level. There was robust debate on the independence of the SARB, with one participant asserting that there was no truly independent reserve bank and that what we should be seeking to establish is an autonomous reserve bank.

The collapse of labour-intensive manufacturing was also mentioned as a major concern and any growth strategy will have to include a mix of labour-intensive production, exports and foreign and domestic investment.

There was concern that while we remain preoccupied by the level of growth we are not tackling the massive environmental crisis that threatens the planet. Increased automation (the 4th Industrial Revolution) must also form part of the policy proposals for economic renewal.

Questions were raised about binding constraints on growth. The minimum wage is one possible issue. Another constraint identified is education. Can this be fixed in the short to medium term? It was agreed that matters like education cannot be divorced from the broader transformation of South African society.

On the political front, one participant said we need to consider what impact the tightly contested race within the ruling party is having on policy-making. He felt the lack of coherence within the ANC and the deal-making that results from seeking to satisfy the different factions, influences which policies get adopted.

This could change with the possibility of coalitions being formed after the national elections.

Another view was that a number of policies have caused major problems. On implementation, a participant felt that we could only succeed if there was state capacity to do this. Without proper monitoring, we would remain far behind countrie such as Korea. He warned in South Africa cooperation between state departments is limited and inefficient.

A caution was also sounded about the relationship between high profitability and growth, and South Africa has been a classic case. Many functions of the state have been outsourced to market-related entities. An institution such as the Public Investment Corporation (PIC) should be studied as a means to making investments in non-productive industries. The design of state departments is another area for reflection: what does it say about the sociological and behavioural problems in our society?

We should be clear about what makes our GDP grow. Data will show that it comes from finance and services, which are linked to the short-term capital flows that we have. »

The investment narrative has to be questioned. Not investing in South Africa is seen as an advantage of pension funds. Rather than being focused on the next quarter, we should be talking about the next quarter of a century. We need a narrative that covers investment in fixed capital, infrastructure, production capacity, education and other social sectors.

Other issues that were raised dealt with industrial policy (do we have one when so little of the budget goes to the Department of Trade and Industry?); the informal sector in South Africa, which is small compared to countries similar in size with 800,000 people employed by informal sector entities; the lack of analysis on the investment ratios to profit, remuneration and retained earnings. The two main speakers responded and the following key points were made:

- In the context of compacts and bargains we should reflect on the nature of the bargains that were struck at the time of the transition and in the period since. The seeds of our problems were planted then with a group of powerful conglomerates positioning themselves at a time when the economy was undergoing severe strain. Their objective was to have as much freedom as possible to restructure. The liberalisation of capital markets was one of the victories they secured. This was done through ideological persuasion that the market (and the stock market in particular) was the most efficient instrument for allocating capital. Next was trade liberalisation. BEE was meant to be a part of this, but what was not carefully thought through was the effect of debt-based transfer of assets.
- A range of market-based reforms was recommended. On the fiscal and monetary side, keeping the deficit and inflation under control was seen as a major objective of policy which was linked to protecting the value of profits. To move profits offshore, a relatively strong exchange rate was required. There was extensive support in capital- intensive, heavy industry with the IDC underwriting most of the risks and expansion. The private sector re-positioned itself out of the manufacturing sector and into the services sector. There was no coherent strategy for development in mining and other sectors. As we reflect on the consequences of these bargains, we should be careful not to repeat these arrangements as this will not fix any of the problems that afflict us.
- On considering the issues of institutional design and coordination, one comment was that institutional arrangements that work in some countries may not work here. Another was that decisions made in Cabinet are not implemented because there is no central structure to coordinate and implement these decisions.
- A question that arose is that if we are to have a New Deal what concessions need to be made? What kind of a deal will there be between business and society? The social context of these deals have to be examined, they shouldn't be done in isolation.
  One participant questioned the notion of business-government deals, saying they are fundamentally flawed. If we look at the history of such deals, from the New Deal in the USA to Scandinavian countries and the Asian Tigers, it is clear that there were too many carrots and too few sticks. He sees an emerging consensus that we have some good policies but they are incoherent.
- We also continue to view the informal sector through conventional lenses. From a structural standpoint there is the peasantry and the informal sector that must be taken into account in our policy formulation and analysis.
- The state is weak but the paralysis of the SOEs spells disaster. The lesson from the Asian Tigers is that they built strong states that played a decisive role without undermining the private sector. One way to do this is through a strong planning framework and mechanism.
- The discourse on everyday economics must change: we need to erase the ideas of trickle down. Growth AND full employment must be coupled in every policy recommendation.
- While the mandate of the SARB is seen as inflation targeting this must be opened for discussion with a view to broadening it. Tax policy should also be reconsidered with a wealth tax on inherited wealth and a revision of marginal tax rates.

CONCLUDING THOUGHTS

There was broad consensus that South Africa is facing the "perfect storm" of high inequality, unemployment and deepening poverty alongside state incapacity and private and public sector corruption. In this context it is vital that a new and progressive macroeconomic and industrial policy be developed and implemented with speed. Those policies must guarantee the structural transformation of the South African economy through increased investment in labour-intensive sectors coupled with strong redistributive mechanisms.

These recommendations must be a point for discussion across the political spectrum, among various social formations and business associations. The seminar ended with an agreement to hold a second round of discussions and to make it a platform for engaging key government representatives. NA

Replacing 'delivery state, passive citizenry' with active citizens

By Jeremy Cronin

Jeremy Cronin is Deputy Minister of the Department of Public Works.

The new orthodoxy in economics decries a role for the state in creating jobs but their ideologues might want to reconsider this position when they look at the Expanded Public Works Programme (EPWP). This is by no means a solution to South Africa's stubbornly high unemployment rate but, as Jeremy Cronin demonstrates in this article, this government-run employment programme has made a difference on a number of levels.

In the face of persisting crisis levels of poverty and unemployment, South Africa's Expanded Public Works Programme (EPWP) was launched in 2004. It was a key outcome of the Growth and Development Summit convened by the National Economic Development and Labour Council (Nedlac) the previous year. Now probably second only to India's National Employment Generation Scheme (NREGS), South Africa's EPWP has become among the most sustained, mass-based public employment programme (PEP) in the world.

In 15 years over 10 million work opportunities have been created. Billions of rands have been transferred to the unemployed poor as EPWP wages – in quarter two of the last financial year (May to July 2018), for instance, R4.99bn was paid out in wages to EPWP participants. At current levels of participation, at least 284,000 EPWP participants are involved each work day in a wide range of socially useful activities. These include basic rural road maintenance, homework supervision in township schools, home-based care, early childhood care, communal food gardens, school feeding programmes, community safety activities, the eradication of invasive alien plants, saving the environment and protecting communities during outbreaks of wildfires through the Working on Fire (WoF) programme, and much more.

Somewhat unheralded within South Africa, the EPWP has been a global innovator in many respects. While infrastructure public employment programmes are to be found in other countries, South Africa has led the way in vastly expanding the suite of programmes, notably in the environmental and social sectors. EPWP has also experimented with programmes in which the state funds non-profit formations which create public employment.

Many public employment programmes internationally respond to relatively short-term challenges – a natural disaster or a major cyclical downturn. India's NREGS programme is rural and confined to targeting the Indian down season in the agricultural cycle. By contrast, the EPWP is year-round, rural as well as urban, and, given the systemic nature of our poverty and unemployment challenges, it is designed to be a long-haul, sustained intervention.

Another internationally unique character of the EPWP is that it is not funded out of a single budget line item. Although the Department of Public Works (DPW) has broad coordinating responsibility and leads the infrastructure sector, three other national government departments in their respective sectors (Environmental Affairs, Social Development and Co-operative Governance and Traditional Affairs) also contribute. »

Apart from the annual R2bn administered by DPW in various incentive grants to all municipalities and provinces, all spheres of government are expected to leverage off their own budgets to create EPWP work opportunities. Needless to say, while this diversified approach has resulted in important innovations, it also comes with many challenges to achieve better co-ordination and good practice in, for instance, the selection of participants.[1]

Despite the EPWP's international standing with bodies like the International Labour Organization (ILO), there is often a poor understanding of EPWP in local media commentary and in some academic circles. The programmes are still often seen locally as temporary "gap-fillers", as "not real work", or as "a failure" because they have not (single-handedly?) solved unemployment. At best, they are seen as transmission belts into the labour market or into individual entrepreneurship, without inherent value in themselves.

While there are certainly many challenges, these views are fundamentally misplaced, and not only for a post-apartheid South Africa where crisis levels of unemployment have remained distressingly high. In an era of deepening neo-liberal austerity and de-industrialisation, with formal sector job security increasingly precarious, with millions marginalised into informality, in a world where so-called a-typical work is increasingly the norm these considerations need to be located within a wider question, which the ILO is asking itself: What is the future of work itself?

At its launch in 2004, the EPWP initially laboured under several illusions. The dominant (although not uncontested) view in the ANC-led government at that time was that South Africa was characterised by "two economies". There was a "first economy" which, we were told, was doing just fine, thanks to the package of neo-liberal policies inspired by government's macro-economic policy at the time known as

"... second only to India's National Employment Generation Scheme, South Africa's EPWP has become among the most sustained, mass-based public employment programme in the world.

Growth, Employment and Redistribution (GEAR). And then there was a supposedly separate, laggard "second economy", an apartheid-era legacy of un-(rather than under-) development. What was needed, so the argument went, was for a series of once-off catch-ups, like banking the unbanked, or taxi recapitalisation, or an EPWP work opportunity. These would be ladders to lift individual denizens of a *skorokoro* "second economy" into happy-ever-after "first economy" formality. A further related assumption (which is still prevalent) is that the unemployment crisis is fundamentally a problem of supply, an insufficient supply of appropriately skilled labour (which, of course, is partly, but only partly, true), rather than fundamentally a problem of labour demand, that is the absence of an inclusive economy.

What was left out, of course, was the reality that the trajectory of the so-called "first economy", with its highly financialised, oligopolistic, de-industrialising, job-less growth, was precisely what was reproducing under-development. What was (and is) required is a fundamental transformation of the path-dependent systemic features of a single (if polarised) political economy that reproduces crises of poverty, inequality and unemployment. Clearly, EPWP is not the silver bullet solution in this regard – but what, if any, strategic role might it play?

In the first few years of EPWP the illusion of once-off catch-up interventions resulted in the notion that EPWP work opportunities could (and should) be of relatively short duration and these would ensure participants' progression into formal employment. Training would be largely a vaguely defined provision of "life-skills". This short-term assumption also helped assure buy-in from the union movement, which generally remains suspicious of these public employment programmes, fearing that they will result in cheap labour displacing formal sector jobs.[2]

At its launch in 2004, EPWP also scored own goals with exaggerated claims. It was going to "halve unemployment" for instance. This was later, sensibly, amended to say that EPWP would "contribute to halving unemployment". However, the dangers of short-termism and of exaggerated expectations continue to shadow the programme. In particular, these dangers still tend to be incentivised by targets that are unduly focused on numbers of work opportunities created, rather than on full-time equivalents (reckoned at

230 days a year), or on actual outcomes and outputs of the work undertaken. In recent times, for instance, the City of Cape Town has been by far the best performer among metros in terms of work opportunities provided. But when these are calculated in terms of full-time equivalents (that is, actual days worked in aggregate), Cape Town was the worst performing metro, indicating that many of the work opportunities were of extremely short duration (three weeks in some cases).

A second illusion at the outset of the EPWP was that its major focus, as one of the initial architects of the programme Sean Phillips recently recalled, would be to "reverse-engineer greater labour-intensity into [mainstream] infrastructure projects", rather than to have separate EPWP infrastructure projects (Centre for Development and Enterprise, 2019: 18). The results of this specific approach have not been impressive. The major civil engineering companies spend less than 5% on labour, and their inclinations are to ever greater capital intensity. Even where there is some capacity in the state to write labour intensity into infrastructure tenders, there is often tick-box compliance, with jobs that would have been created in any case now simply labelled as EPWP work-opportunities.

Over the past decade or so, learning from doing, a much surer understanding has developed of the significant potential and actual role of public employment programmes in South Africa. In the beginning there was a tendency to have exaggerated expectations of what an EPWP project could accomplish. There is now greater sensitivity to what is sometimes referred to as the "tri-lemma" of these programmes.

EPWP projects have a three-fold potential – first, contributing to a social security net by offering a measure of income security to participants through the payment of stipends; second, as a stepping stone to formal employment or self-employment for graduating participants; and third as a contributor to the economy and to community development and social cohesion more generally through the collective provision of services and assets. It is possible and desirable for every EPWP project to contribute in some measure to each of these objectives. But we have learned, sometimes the hard way, it is not possible to give equal weight to all three simultaneously. Overloading expectations across all three dimensions in any one project typically results in sub-optimal outcomes across all three.

Although different EPWP projects should be designed for different segments of the unemployed and with different emphases, the primary strategic role of EPWP lies in its contribution to consolidating a more comprehensive social security net. With over 17 million pensions and grants paid out monthly, South Africa has one of the largest (if not the largest) per capita social grant systems in the world (Seekings, 2002; Ferguson, 2016). This is certainly a significant achievement of the post-apartheid dispensation. Despite this, there is a major gap in the system. Those over 18 years old and under 60, who are relatively able-bodied but unemployed, in short, the 6.2 million unemployed (except for a small minority benefiting briefly from UIF), are not covered. As a result old age pensions, for instance, are typically not just supporting the direct beneficiaries, but in many cases multiple members of extended families.

Consequently, Chapter 11 of the National Development Plan indentifies the EPWP as a key contributor towards social protection. Similar perspectives are advanced in other key policy documents such as the Reconstruction and Development Programme (1994), the "White Paper for Social Welfare" (1997) and the Department of Social Development's "Comprehensive Report on the Review of the 1997 White Paper" (2016).

These policy statements locate the EPWP primarily (but not exclusively) within the context of building towards a more comprehensive social security system. This is always appreciated. For instance, in the NEDLAC negotiations on a national minimum wage (NMW).[3] The EPWP minimum wage rate has been set by an annual determination by the Minister of Labour. At NEDLAC, the unions argued for EPWP participants to be paid the NMW. They reasoned that with an extra R2bn or R3bn budgetary allocation to EPWP programmes this would be feasible. While an extra-budgetary allocation would certainly be welcome, the view of the DPW is that with an extra allocation, the number of participants in EPWP programmes could be expanded from the roughly one million a year to reaching more of the radically unemployed, with a long-term aspiration of a universal basic work guarantee. In the end, a somewhat unsatisfactory settlement was reached at NEDLAC, with an agreement that the EPWP minimum wages would be set at a tiered percentage of the NMW (54%), which happens to correspond with the current EPWP minimum rate.

Among the more successful EPWP programmes and where there is significant room for major expansion are those which offer relatively permanent (if not full-time) work to participants. These include the rural road maintenance household contractor programmes in different provinces and the community work programme. Both operate on a two days of work a week principle, with participants often active in the programmes over several years. The possibilities for longer stints of participation is also why in the infrastructure sector we have increasingly shifted the emphasis from construction (which comes and goes in any particular locality), to sustained locally-based maintenance.

In KwaZulu-Natal, where the rural road-maintenance household contractor programme is known as Zibambele, there are currently nearly 48,000 households participating in the routine maintenance of rural roads. The households are overwhelmingly women-headed and » the poorest households are contracted on a renewable yearly basis to take responsibility for a stretch of nearby rural road. The work involves the clearing of verges and stormwater drains and road patching, for which basic training is provided, along with protective gear and basic tools. The fact that participants are able to walk to work means that transport costs are eliminated. Most of these households are also receiving social grants and possibly remittances from absentee wage earners in urban areas. The EPWP wage serves as a top-up.

Some writers, particularly those arguing for a universal basic income grant, have argued that a less administratively costly means of getting cash to the poor would be simply by increasing direct cash transfers to individual beneficiaries. This is the central argument by James Ferguson (2015), for instance. These arguments should certainly not be ignored. However, without falling into an anti-welfarist argument about grants "building dependency" among a "scrounging, undeserving poor", we should not ignore the potential positive social and psychological impact of collective team-work and the "social capital" that EPWP participants are able to build. Many participating households in the Zibambele programme, networking through the programme and with assistance through the programme on financial skilling, have clubbed together to set up savings societies. In at least one case, a sewing group was established producing protective clothing for the programme itself. In the Zibambele programme a high proportion of the households have been participating in the programme since its launch in 2007. A similar programme in the Eastern Cape is now employing members of some 40,000 households. There are significant prospects for scaling up similar programmes in other provinces, particularly in the North West, Mpumalanga and Limpopo.

Overwhelmingly, the participants in the Zibambele programme are women-supporting extended families, and the average age, at a guess informed from direct observation, is in the mid-40s. The two-days a week of EPWP work enables them to attend to other responsibilities, including subsistence farming and basic care work within extended families and the wider community. If and when we are able to place the economy onto a more shared and job-creating trajectory (through a range of other state-led initiatives, including re-industrialisation, land reform, spatially transforming infrastructure development, de-concentration of the economy, improved education and training outcomes, etc.), the majority of participants in the Zibambele-type programmes will not likely be in front of the employment queue. In short the programme is neither particularly designed for, nor is it likely to attract, a major cohort of the unemployed youth who, in particular, have understandable aspirations for both career and often locational mobility.

So what are we trying to achieve with our public employment programmes? Is it to enable participants to "exit" into new spaces where the grass is greener? Or is it to improve sustainable livelihoods, to "green the grass" where large numbers of the poor currently are? In a political economy in which the principal cause of unemployment was labour supply, the former priority would surely be the correct emphasis. But the prime problem we are confronting is a dysfunctional labour market and a growth trajectory where the major blockage is insufficient labour demand. We therefore have to have a range of approaches.

Which brings us to the second dimension of the EPWP tri-lemma. To what extent can (and should) EPWP programmes nonetheless seek to create pathways into formal employment or self-employment? Between 2011 and 2015 the Stats SA's Quarterly Labour Force Survey (QLFS) sought to provide some indication of what was happening to participants in EPWP-type projects. (Unfortunately the relevant questions in the QLFS have, for some reason, since been dropped.) Between 2011 and 2015 a consistent pattern emerged. In the last 2015 survey, for instance, of those surveyed and who had participated in an EPWP-type programme in the previous 12 months – 12.4% said they were now in permanent work; 4.8% had set up an own business; 47.8% had found temporary work; and a further 14% were in further training.

The positive news in this is that around 79% of former participants had found a pathway to some improvement in their lives out of radical unemployment (but 21% had returned to unemployment). Many of those reporting that they had found temporary work may well actually still be in the same or a new EPWP programme.

Given the scale on which the EPWP is operating and the generally weak job-absorption performance of the labour market, the fact that 12.4% said they were now in permanent work is encouraging.

This suggests that while EPWP programmes in the current context should primarily focus on building sustainable livelihoods as part of a broader social security package, the prospect of some graduation into formal sector work should not be forgotten. Generally, the prospects for successful graduation into formal employment or effective self-employment will be enhanced by the amount of training provided during EPWP work experience. This is where another aspect of the tri-lemma rears its head. The legitimate objective of maximising participant numbers within the available budget inevitably bumps into another important objective: improved training in the work experience to enhance the viability of pathways into formal employment. Some EPWP programmes involve certificated artisan training, but artisanal training costs around R150,000 per person over a three-year period. Training opportunities therefore vary considerably across the range of EPWP projects. Currently, a relatively small number of participants

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(just over 20,000) are directly involved in artisan training. A further 200,000 are targeted for some certificated, typically SETA-provided training, while all EPWP projects are required to provide at least basic occupational and health training relevant to the particular tasks.

In particular, government hopes to improve training possibilities within youth-targeted EPWP projects. Over the past years, EPWP has had an overall target of 55% participation of both youth and women. While the women participation target has consistently been met and surpassed (67% for the first four years of the 5-year Phase 3 period 2014-2019), there has been a continued under-achievement with the youth participation target (at 46% for the same period). Part of the problem is that the nature of some of the work is unattractive to young people and considered demeaning particularly, it seems, by young men. ("Picking up stompies" was the words of one youth recently interviewed.) Over the past few years greater emphasis has been placed on EPWP projects that are more likely to attract youth – including sports coaching[4], community cultural activities and activities that involve IT, like geo-mapping to assist informal settlement upgrades, or community-based surveys to assess front-line government services. Other highly successful programmes are inherently youth-oriented, like the excellent WoF programme, requiring high-levels of physical fitness and continuous training. The WoF participants reportedly have good graduation prospects, both within the programme itself and into municipal fire brigades and the SAPS. But here, too, numbers are limited by budgets with only some 5,500 participants. The Department of Environmental Affairs (DEA) estimates that at least a figure of 17,000 participants would better meet the needs of an increasingly wild-fire prone country in the midst of climate change. Once more the lesson here is that a one-size-fits-all approach is inappropriate in these public employment programmes as we seek to address the diverse challenges of unemployment and poverty.

What about the third potential of EPWP projects as contributors to wider socio-economic development and social cohesion through the collective provision of services and the assets? With the notable exception of DEA's generally excellent range of environmental EPWP programmes, the broader EPWP family has been slow to monitor and evaluate, still less publicise, the range of outputs and outcomes flowing from the programmes. Where this is done there are often surprisingly positive indications. On the basis of independent CSIR research, in 2014 DEA estimated that some 71% of South Africa's grazing potential had been saved through the removal of alien invasive plants, including through biological control methods. In the same year, it calculated that R3.7bn had been saved in suppressing wild fires in forestry areas through the WoF programme.

More recently, as the overall coordinator of EPWP, DPW has attempted to obtain reporting on outputs across all EPWP projects. For the financial year 2017/18 a sample of asset and service outputs reported, for example: extent of parks cleaned and maintained – 52,800 square metres; alien invasive plants cleared – 31,699 hectares; number of water reticulation units maintained – 18,254; children provided with early childhood development services – 32,642; food gardens established or sustained – 143,826; households receiving home-based care services – 37,169; children provided with cooked meals at school – 73,617. There is still substantial under-reporting of outputs and the quality of the reported outputs has often not been independently verified. Nonetheless, we are not dealing here with simple "make-work" efforts, digging holes and filling them up again.

While outputs should be relatively easy to measure, more challenging is the evaluation of the qualitative and transformational impact of EPWP projects not just on the immediate ›› participants, but also on communities. In theory, at least, public employment programmes have the potential to overcome the problematic top-down "delivery state" syndrome into which the post-apartheid government has seemingly manoeuvred itself. The so-called "new public management" ethos, an adjunct of the wider neo-liberal onslaught, has atomised citizens as clients to whom services are to be delivered, not as active protagonists of transformation. As delivery often falls short of electoral promises, protests break out in which, typically, different segments of the poor compete to be first in the "delivery" queue – pitting back-yarders against informal settlement dwellers; or taxi associations against each other in competition for routes; or ethnic mobilisation as in Vuwani; or xenophobic attacks against foreign traders. Public assets, libraries, schools, community halls are often destroyed with little sense of common ownership and collective responsibility for them.

Several independent academic studies point to the positive impact on social cohesion in poor communities in which well-run PEPs have taken root. In particular, the Centre for the Study of Violence and Reconciliation has conducted a series of detailed, project-level case studies which suggest that well-run EPWP projects can have a significant impact on enhancing social cohesion and reducing crime and violence in the household and the community.[5] These studies add weight to the National Development Plan assertion that without PEPs "the social tensions arising from high unemployment are likely to undermine medium- to long-term growth and development objectives" (National Planning Commission, 2012: 380).

Effective PEPs have the critical developmental potential to break from the "delivery state – passive citizenry" syndrome and help to build active citizens taking collective responsibility for their neighbourhoods and communities.

Much progressive social movement and NGO activism is now rooted in lawfare and rights-based demands made against the state. Popular forces tend not to be mobilised as protagonists, as productive agents in building a new society. Rather they are mobilised as righteous beneficiaries of state delivery. An otherwise impressive NGO like Equal Education is a case in point. It has justifiably campaigned around the dismal infrastructure in many schools, but there is little evidence that it has mobilised students to help clean their schools, or paint structures, or protect younger grades from bullying, or volunteered for sports coaching and homework supervision.

It is not a question of off-loading the state's public responsibilities onto NGOs and communities, but rather how to build state-community mobilisation in which there is a co-production of a new society. Unevenly, but where they are relatively well-run, there are many EPWP projects that have begun to show that public employment programmes are one important possibility in this direction.

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ENDNOTES

1 There are allegations and at least some hard evidence that in municipalities there is clientelism, political favouritism and other forms of corruption on the part of politicians and local officials in the selection of EPWP participants. Where evidence exists, strong measures need to be taken against offenders. DPW has also published guidelines on recruitment, emphasising the importance of transparency and of community participation in the selection process. A significant risk is the practice in some municipalities of allocating to individual ward councillors a share of the EPWP incentive grant as a "personal" budget. A major review of how the incentive grant is allocated is now under way (DPW/GTAC, *Incentive Grant Review*, presented to the Public Employment Inter-Ministerial Committee, April 2017).

2 There is a legitimate concern among trade unions that the EPWP could be used to substitute, displace and/or replace formal employment. An independent survey commissioned by the labour movement through NEDLAC ("*Further Research into EPWP – Final Report*", 24 June 2016) found no evidence of this, however the survey was relatively superficial. More research and continued vigilance is required to ensure that substitution/displacement/replacement does not happen. Most union allegations relate to municipal work. It is possible that municipal-type service work currently carried out in EPWP programmes was either never done in black townships in the apartheid era, or that services were contracted out to private providers in the post-apartheid era as municipalities restructured under budgetary constraints. It is possible that most EPWP projects have not actively displaced existing municipal jobs so much as filled glaring historical gaps or responded to the failure of private contractors.

3 Unlike the Indian NREGS or the Ethiopian public employment programmes, where working conditions are often extremely harsh, EPWP participants are covered by the Basic Conditions of Employment and the Labour Relations Acts, as well as other occupation, health and safety legislation.

4 Two NGOs, Seriti and Paphoma, have been running innovative public employment programmes (which happen not to be formally part of the EPWP reporting system) on the West Rand – Football for Youth and Netball for Youth. Community coaches are employed and a league of local community teams established. Youth in the programmes are also trained as mentors to broaden the impact on a wider cohort.

5 Kirsten, Adele & Karl von Holdt, *The smoke that calls. Insurgent citizenship, collective violence and the struggle for a place in the new South Africa,* CSVR & SWOP, 2011; Langa, Malose, *A follow-up report on the CWP in Bokfontein*, CSVR, 2015; Mullagee, Fairuz & David Bruce, *Building a good nation in Manenberg: A study of the Manenberg CWP*, CSVR, 2015; and Langa, Malose, *The impact of the Orange Farm CWP on violence in Orange Farm*, CSVR 2015 (the latter three available at the CSVR website - www.csvr.org.za) NA

Inflation targeting in context of 'nationalisation' debate

By Jannie Rossouw, Lumkile Mondi and Vishnu Padayachee

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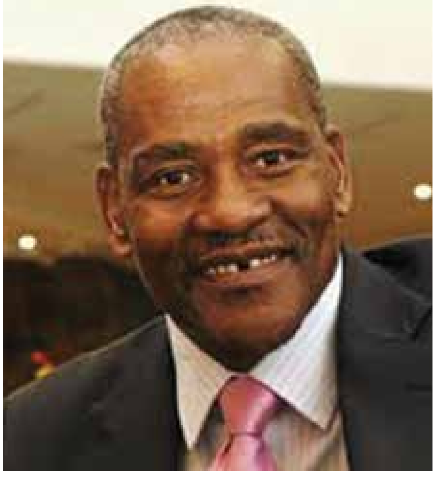

What Reserve Banks do and what they should be doing has become a hotly debated issue in recent years. According to the authors, the Reserve Bank has a constitutional responsibility to manage monetary policy. Among the tools it uses to do this is inflation targeting.

The South African Reserve Bank has a constitutional responsibility for conducting monetary policy in South Africa. Sections 223 to 225 of the Constitution states that:

- the South African Reserve Bank is the central bank of the Republic and is regulated in terms of an Act of Parliament;
- The primary object of the South African Reserve Bank is to protect the value of the currency in the interest of balanced and sustainable economic growth in the Republic and the South African Reserve Bank, in pursuit of its primary object, must perform its functions independently and without fear, favour or prejudice, but there must be regular consultation between the Bank and the Cabinet member responsible for national financial matters; and
- The powers and functions of the South African Reserve Bank are those customarily exercised and performed by central banks, which powers and functions must be determined by an Act of Parliament and must be exercised or performed subject to the conditions prescribed in terms of that Act. »

> **Any attempt to nationalise the Bank, purportedly to get control of monetary policy or even to position the central bank "progressively" (EFF website), is simply misguided.**

The Constitution, the South African Reserve Bank Act (No 90 of 1989) and the regulations framed in terms of this Act provides the framework for the structure and activities of the SA Reserve Bank. This Act provides, *inter alia*, for private shareholding in the central bank (SA Reserve Bank Act, 1989), a topic of current and sometimes heated debates in South Africa.

In December 2017 the ruling ANC took a decision that the SA Reserve Bank should be nationalised and instructed the government to institute such action (Hunter, 2017). The matter was raised for debate in Parliament in March 2018, but the motion was later withdrawn without any debate (Omarjee, 2018).

One of South Africa's opposition parties, the Economic Freedom Fighters (EFF), also has the nationalisation of the SA Reserve Bank in its sights. The EFF's position on the matter is that the "[t]he creation of a State Bank and the nationalisation of the Reserve Bank constitute an immediate task . . . essential to the development of the South African economy, as it can be progressively positioned to improve the existence of state-owned development finance institutions, in order to finance new industries" (EFF website). In this construct it is not clear whether a State Bank or the SA Reserve Bank or both should be "progressively positioned" to achieve the stated objectives.

The EFF went further and acted faster than the ruling ANC on the matter of nationalising the SA Reserve Bank in as much as the party tabled a Bill (The South African Reserve Bank Amendment Bill) which aims at eliminating private shareholders in the central bank. This Bill proposes expropriation without compensation (EWC) of SA Reserve Bank shareholders. This is clear from the explanatory memorandum tabled with the Bill, which states that "[t]he Bill seeks to amend the Act (the SA Reserve Bank Act) to make the State the sole shareholder of the shares in the Bank". The memorandum also states clearly that the financial implications of adopting the Bill are "none", thus confirming EWC. The Bill, however, is silent on the very important question of the aims and objectives of nationalisation, other than transferring ownership to the State.

If by nationalising the SA Reserve Bank the EFF intends to (also) bring it in line with most central banks in the world (which are state-owned) there would be some merit in this. But this objective is not explicit or even implicit in the Bill or the memorandum. The SA Reserve Bank is somewhat of an 'outlier' in this respect in contrast with most central banks, which switched from private shareholding (in full or part) to state ownership from the mid-1930s onwards. What needs to be understood is that state-ownership exists alongside and not in contradiction to 'independence'. State-owned banks have operational independence in the overwhelming number of cases, although this is not true in some command economies such as Cuba and North Korea.

So in short, shareholding by the state or private shareholders does not give control of the monetary policy objectives of the SA Reserve Bank to the owners – that responsibility is derived from the Constitution. Any attempt to nationalise the Bank, purportedly to get control of monetary policy or even to position the central bank "progressively" (EFF website), is simply misguided. A lot more would have to be changed to enable that and in every case the constitutionality of such changes would have to be tested.

The EFF's Bill does not make any mention of the SA Reserve Bank's inflation targeting monetary policy regime, which is the current mandate given to the SA Reserve Bank by the democratic government. If there is one aspect of the debate about the SA Reserve Bank which is within the powers of the current government to change, and which would entail neither any change to the Constitution, nor in the Bank's independence or its private shareholding, and which potentially does relate the broad yet vaguely stated macroeconomic policy objectives in the EFF Bill and memorandum, it would be to consider a change in the goal or target set by the government for the SA Reserve Bank to achieve. The inflation target can be replaced by a nominal target for the gross domestic product (GDP), an employment target, an exchange rate target or a money supply growth target, provided that the target supports in the South African context the constitutional mandate of the SA Reserve Bank.

The rest of this paper reviews the more technical narrative around the adoption, the once-off change and what we detect is the current effective inflation target of the SA Reserve Bank. The question we probe is whether the SA Reserve Bank, judged by its actual recent practice, has moved from an inflation target range to an inflation target point?

The SA Reserve Bank discharges its constitutional mandate of protecting the value of the currency by means of an inflation targeting policy framework. The inflation target is set at 3 to 6% per annum (South Africa, 2000; see also Van der Merwe, 2004). The inflation target is formulated by the South African government and announced by the Minister of Finance. The first announcement of the target was in 2000, for first achievement in 2002 (South Africa, 2000).

An inflation target is an explicit monetary policy anchor which leaves no doubt about the goal and objective of monetary policy. It can be contrasted to discretionary monetary policy, which implies ambiguity about the objective of monetary policy.

Mishkin (2001: 1) summarises the elements of a policy anchored in inflation-targeting policy as the announcement of the inflation target; the adoption of price stability (i.e. the agreed rate of inflation commensurate with the inflation target) as the overriding monetary policy goal; the use of many variables for decision-making on monetary policy instruments; improved communication to increase the transparency of monetary policy; and the accountability of the central bank for target achievement.

Mishkin (2001) explains that policy credibility enhances the successful implementation of inflation targeting. This is the advantage of rules-based monetary policy over discretionary monetary policy. In the latter instance central banks can aim to achieve anything (or even nothing in particular) in the implementation of monetary policy.

In a discussion of inflation targeting, it is necessary to point out that such a policy approach remains the subject of debate and its adoption by South Africa is questioned by some researchers (See for instance Comert and Epstein, 2011). However, a discussion of alternative policy approaches that South Africa can consider are outside the debate we want to solicit with this research, despite the fact that South Africa faces challenges such as low (or even negative) growth, rising unemployment and substantial inequality in income and wealth (See Padayachee, 2017).

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. . . shareholding by the state or private shareholders does not give control of the monetary policy objectives of the SA Reserve Bank to the owners.

Inflation targeting is currently used by 28 countries. Examples of exclusions are the Euro Zone and United States of America, where attention is paid to the inflation rate, but where the authorities do not regard themselves as inflation targeters, and Switzerland (See for instance Allen et al., 2006: 5). ››

Seven countries specify a specific point as the inflation target, while 11 countries specify a specific point with a range around such a point. The remainder of the countries (10, including South Africa) specify an inflation target range.

The use of an inflation target range or an inflation target point with a range around it, as is the case in 21 countries, allows some flexibility in the application of monetary policy. This is not the case with a specific point. It is also evident that only one country (Thailand) includes zero in its inflation targeting range at the lower end. In terms of the specification as inflation targeters, no country has chosen zero as a target or the midpoint of its target range (Bernanke et al., 1999: 289), although Goodfriend and King (1997: 33) holds the view that " ... a central bank should target near-zero inflation".

In 1931 Sweden targeted price stability (i.e. a zero inflation rate) (Sveriges Riksbank, S.a.), but at that time such a policy was not called inflation targeting.

> **"The use of an inflation target range or an inflation target point with a range around it, as is the case in 21 countries, allows some flexibility in the application of monetary policy.**

A target range, rather than a target point, was chosen for South Africa, as a target point "... implies a degree of precision which cannot realistically be expected of monetary policy, especially in a small, open economy"(Casteleijn, 2001: 8). Nevertheless, at the time of the announcement of the inflation target range, the serving governor of the SA Reserve Bank, Mr Tito Mboweni, stated that "[t]he objective of the exercise is, after all, to achieve the target range" (Mboweni, 2000: 3). This leaves no doubt about the commitment to the inflation target, despite the choice of a target range rather than a target point.

The SA Reserve Bank has the *de jure* responsibility to set monetary policy for South Africa, but its *de facto* responsibility extends beyond the country's borders. South Africa's partners in the Common Monetary Area, namely Lesotho, Namibia and Swaziland (the LNS countries), peg their currencies to the South African rand. Although these countries have their own central banks, these institutions follow interest rate decisions of the SA Reserve Bank to maintain the peg.

South Africa's inflation target was specified at the outset as the rate of change in the CPIX, defined as changes in the CPI for metropolitan and other urban areas excluding changes in the interest costs of mortgage bonds (Mboweni, 2005; See also Van der Merwe, 2004). The main exclusion from CPIX (hence the "X") was the exclusion of changes in the interest costs of mortgage bonds to limit the impact of interest rate changes on the rate of inflation figure used for targeting purposes. The target was set for achievement as an annual average per calendar year from 2002.

In 2001 it was announced that "[t]he inflation target will remain an annual average increase of between 3 and 6% in CPIX in 2003. For the 2004 and 2005 year, the target will be 3 to 5%" (Manuel, 2001: 6). Despite this announcement, this change was not implemented as South Africa was subsequently exposed to considerable inflationary pressures owing to rising oil prices, a depreciating exchange rate of the rand and sharp increases in food prices. It was therefore announced in 2002 that the target will be retained at 3 to 6%, (Manuel, 2002: 4) the level where it still is today.

Since 2002, a number of other specification changes have taken place. In 2003 it was announced that the inflation target will be a monthly target, rather than an annual average for each calendar year (Manuel, 2003: 6). From January 2009, the inflation target was specified as the rate of change in the CPI for all urban areas. This change was necessitated by the fact that the inflation rate in terms of CPIX inflation was no longer calculated (SA Reserve Bank, 2009). Interest on mortgage bonds in the CPI was replaced with owners' equivalent rent to estimate housing-related costs.

With the exception of the re-specification of the target for the rate of change in the CPI, rather than the CPIX, and the goal of achieving it monthly rather than on an annual average, the formal inflation target has remained the same since its first announcement in 2000.

To the contrary, the application of the target has been subject to different emphasis. To restate: South Africa remained "on target", but it did not necessarily remain "on point".

While serving as Governor and subsequent to his period of service, Mr Mboweni made reference to the target as a range of 6 to 3%, rather than 3 to 6% as it is normally specified. Mr Mboweni used the 6 to 3% specification as confirmation that inflation (and presumably inflation expectations) should trend lower over time. As recently as 2016 (after his retirement from the SA Reserve Bank) Mboweni reiterated this viewpoint, stating that the SA Reserve Bank should ensure that inflation "… stays within the 6 – 3% target range" (Mboweni, 2016).

The current Governor of the SA Reserve Bank, Mr L Kganyago, increasingly expresses a preference for focusing the inflation target on 4.5%, i.e. on the midpoint of the inflation target range (See for instance Ant and Lacqua, 2018 or Vollgraaff, 2018). This preference was expressed clearly at the 98th ordinary general meeting of shareholders of the SA Reserve Bank, i.e. "(t)he MPC[1] will maintain its vigilance and will react should there be second-round effects that take inflation significantly away from the midpoint of the target range" (Kganyago, 2018). It is noteworthy that Mr Kganyago states 4.5% as a target, but acknowledges the range around it.

This change in focus happened without any formal policy announcement, but moves South Africa from the group of 10 countries using a target range to the group of 11 countries using a specific point with a range around such point. The strategy behind this amendment in policy focus is to anchor inflation expectations at 4.5%, rather than at 6%, which will be beneficial to the South African economy. This focus "on point" rather than "on target" raises a number of important policy questions.

The first matter for consideration is whether the South African government should endorse this "on point" focus of the SA Reserve Bank and the question is whether this is appropriate for South Africa.

The second matter is the advisability of a formal target re-specification from 3 to 6% to 4.5% with a range of 1.5 percentage points on either side, as is mooted by Mr Kganyago, or even a point target specification of 4.5%.

The remaining issue is a debate on the suitability of an inflation target of 4.5% (with or without a range around it). Is 4.5% the appropriate level, or is it too high or too low? Finally, is the use of an inflation target (range or point) missing something bigger and more important? Should the government shift to another monetary policy target or goal entirely? To extend the metaphor, is the current debate 'off the mark'?

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ENDNOTES

1 The MPC is the Monetary Policy Committee of the SA Reserve Bank, entrusted with responsibility for setting monetary policy and the level of the interest rate. NA

Can economic policy escape state capture?

By Mark Swilling

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An attack from within by fellow citizens (without a civil war), is worse than an attack by the enemy outside. Mark Swilling shows how this was done in his book, "Shadow State: The Politics of State Capture".

State capture by shadowy elites has profound implications for state institutions. It destroys public trust in the state and its organs, it weakens key economic agencies that are tasked with delivering development outcomes and it erodes confidence in the economy.

When there is no trust in public institutions there is little incentive to pay tax, large companies sit on cash rather than reinvest profits towards productive use, criminality proliferates, exploiting weaknesses in intelligence and crime enforcement authorities, and both capital and skills flee the country. The majority of South Africans are bearing the brunt of these corrosive developments.

Various studies, including *Shadow State: The Politics of State Capture* by myself and colleagues, have documented the systematic repurposing of state institutions by the Zuma-centred power elite after 2009. These premeditated and coordinated activities were designed to enrich a core group of beneficiaries, to consolidate political power and to ensure the long-term survival of the rent-seeking system that was built by this power elite. To this end, a symbiotic relationship between the constitutional state and the shadow state was built and consolidated, with large chunks of it still intact and persisting into the Ramaphosa era.

At the nexus of this symbiosis was a handful of companies and individuals connected in one way or another to the Gupta-Zuma family network. However, as evidence from the Zondo Commission emerges, it is clear that this was not the only network in place – Gavin Watson's Bosasa network was also constructed. Both, however, depended on the repurposing of procurement procedures to benefit a particular network of unscrupulous business operators, politicians and officials. Decisions made within these corrupted nexus points were executed by well-placed individuals located in the most significant centres of state power (in government, State Owned Entities [SOEs] and the bureaucracy).

Former Deputy Minister of Finance Mcebisi Jonas was offered a R600 million bribe by those who operated in the totally secure knowledge they had protection from "Number 1". There was also a deep- seated racism at play: an underlying assumption that 'all blacks have their price'.

Crucially, we have no idea how many others accepted these kinds of unimaginably enormous bribes. Those who resisted were systematically removed, redeployed to other lucrative positions to silence them, placed under tremendous pressure, or hounded out by trumped up internal and/or external charges and dubious intelligence reports.

We argued in the *Shadow State* that the attempts by the Zuma-centred power elite to centralise the control of rents in order to eliminate lower-order rent-seeking competitors began in about 2012. The ultimate prize was control of the National Treasury, because this would give them control of the Financial Intelligence Centre, the Chief

Procurement Office (which regulates procurement and activates legal action against corrupt practices), the Public Investment Corporation (the second-largest shareholder on the Johannesburg Stock Exchange), and the power to issue guarantees (which was essential for making the nuclear deal work). The Cabinet reshuffle in April 2017 was the final step taken to take possible control of the National Treasury.

The capture of the National Treasury, however, followed four other processes that consolidated power and centralised control of rents: the ballooning of the Senior Management Service in the public service to create a compliant, politically dependent bureaucratic class; the routing of the good cops from the police and intelligence services and their replacement with loyalists prepared to cover up illegal rent seeking; redirection of the procurement spend of the SOEs to favour those who were prepared to deal with the networks of brokers associated with the Guptas and Gavin Watson; and the consolidation of the 'Premier League' as a network of party bosses to ensure that the national executive committee (NEC) of the ANC remains loyal because it is implicated in the flow of large amounts of cash to keep this political Ponzi scheme going.

At the epicentre of the political project is a rhetorical commitment to radical economic transformation. Unsurprisingly, although the ANC's official policy documents on radical economic transformation encompass a broad range of interventions that take the National Development Plan (NDP) as a point of departure, the Zuma-centred power elite has emphasised the role of the SOEs: Eskom because it is regarded as key to ensuring that the nuclear deal goes ahead, and Transnet because it is regarded as key to ensuring that the mining industry is captured.

In short, instead of becoming a new economic policy consensus, radical economic transformation has been turned into an ideological football kicked around by factional political players within the ANC itself and the Tripartite Alliance in general, who use the term to mean very different things. Crucially, radical economic transformation is used to give ideological legitimacy to what is essentially a political project to repurpose state institutions for the benefit of a power elite.

Three things need to happen if the crisis is to be resolved.

Firstly, the rent-seeking networks must be broken and dismantled. This will require political action within and outside the Tripartite Alliance. Zuma has been dislodged as the kingpin. However, this must be coupled with legal action to criminalise and bring the perpetrators of state capture to justice. To a large extent, the election of Ramaphosa as President marks a major political shift. A new Director of the NPA is in place, and a total of 28 major commissions, inquiries and investigations have taken place (with some ongoing, such as the Zondo Commission).

A total of 15 of these 28 investigations are related to the Gupta-Zuma network. This means 13 are related to other networks. We are flooded with information, but hardly any prosecutions. Instead, Ramaphosa's focus is on maintaining the unity of the ANC, while condoning the taking out of 'sore thumbs'. This will not go to the root of the rot in the ANC itself. To really regain the credibility of the ANC, Ramaphosa may well need to decide to act against many of its most important functionaries. Unity of the ANC plays into the hands of the 're-Zumafication' campaign.

The public protector's recommendation that a judicial commission of inquiry be established has now been implemented – this is the Zondo Commision. This is a major step forward, even though many in the ANC would prefer that it is closed down. It is, however, not enough. It will require bold action by the banking sector and the Reserve Bank to expose and shut down the financial mechanisms that the shadow state uses.

Secondly, a new national economic consensus is required. This has never been given serious attention. The short-lived post-1994 Reconstruction and Development Programme (RDP) developed by the presidency was unilaterally replaced in 1996 by the Growth, Employment and Redistribution (GEAR) policy – a framework developed by the Ministry of Finance and adopted without the approval of the Alliance partners.

A few years later the Accelerated and Shared Growth Initiative for South Africa (ASGISA) was also adopted. The economic policies inscribed in ASGISA also never enjoyed the full support of the Alliance partners, not least because the National Development Plan (NDP) is pessimistic about the future of manufacturing, saying virtually nothing about de-financialisation, and is vague when it comes to achieving employment-centred development in an environment where trade unions have policy influence.

The subsequent adoption of the New Growth Path did not improve matters, especially when this was interpreted by Malusi Gigaba, after he was appointed minister of public enterprises in 2010, as a licence to transform the governance of the SOEs.

While the external environment in the wake of the global financial crisis has certainly had adverse effects on South Africa's growth outlook, governance failures and policy uncertainty have inflicted the most damage. The promises made by the ANC to its Alliance partners after the final draft of the NDP was published, that there would be further efforts to strengthen the economic policies of the NDP, were never carried out.

In short, there has never really been a broadly shared and fully supported economic policy framework. Radical ››

> **The ultimate prize was control of the National Treasury, because this would give them control of the Financial Intelligence Centre, the Chief Procurement Office (which regulates procurement and activates legal action against corrupt practices), and the Public Investment Corporation.**

economic transformation is already a factional political football. One can speculate that a positive outcome of this political crisis would be the adoption, for the first time ever, of a new economic consensus that can unite the different factions of the Alliance by giving real substance to radical economic transformation while enjoying broad stakeholder support in the business community, labour sector and civil society. Without this, the power elite that formed around Zuma will be able to continue co-opting radical economic transformation in order to mask ongoing rent-seeking practices by manipulating SOE procurement spend. This is unlikely to crowd in private investment.

The nuclear deal was justified in terms of radical economic transformation, masking how Eskom's procurement system and the issuing of a sovereign guarantee will be used to effectively hand over the South African economy to (Russian) foreign interests. The nuclear deal is the ultimate 'big and shiny' capital-intensive project that reinforces the mineral-energy-complex, crowds out investment in the cheapest energy available (which is renewable energy), increases indebtedness to foreign lenders and, of course, benefits the cohort of rent-seeking corrupt insiders.

A new economic consensus will have to address the core challenge of investment. As argued in the *Shadow State*, after 1994 the combination of the shareholder value movement, Black Economic Empowerment and financialisation may have stimulated consumption-driven growth, but they redirected surpluses away from productive employment-creating investments.

The introduction of the 100 Black Industrialists Programme has diverted focus from implementing good industrial policy strategies. It would seem that the Black Industrialists scheme, as good as it looks on paper, has been poorly administered, with very little value created thus far.

Compared to its peers in the rest of the world, South Africa has, since 1994, been an anomaly. High returns on investment are usually associated with high investment levels, as is the case with China. In South Africa, returns on investment have been similar to those of China, but investment levels and therefore employment-creation rates, are low. This is partly the result of market concentration that gives large conglomerates more market power to extract higher margins than would have been possible in a more competitive environment, and partly caused by the fact that the business class, which remains dominated by white decision-makers, has a low level of confidence in the post-1994 democratic project.

The use of SOE procurement spend has tended to strengthen investment in large capital-intensive projects concentrated within the mineral-energy-complex. This reinforces a pattern of job-starved economic growth in an economy with one of the highest unemployment rates in the world (36% if non-job seeking economically active people are included). More people get welfare payments via the South Africa Social Security Agency (SASSA) i.e 17 million than the number of people employed (around 9 million). A total of 14 million South Africans are hungry.

What is really needed, therefore, is employment- and livelihood-creating investments across a wide spectrum of small and medium enterprises capable of absorbing large numbers of unskilled and semi-skilled workers. Although large corporations shed rather than create jobs, it is their CEOs who seem most influential during the Ramaphosa era. This is not a good idea – it is like asking the armaments industry to work out a peace plan. The new minimum wage of R3,500 pm is a good thing, but a Universal Basic Income Grant of R3,500 pm could have a much more radical impact and benefit more people.

Enterprise development needs to be supported by a proliferation of innovations that emerge from what are often referred to as 'triple helix' innovation networks (partnerships among enterprises, knowledge institutions and state institutions) that connect knowledge and market opportunities with investment flows and an enabling regulatory environment. The so-called 'Web 3.0' (or '4th Industrial Revolution') is key to success here. However, because macro-economic theory has never incorporated a theory of entrepreneurship, macro-economic policy in South Africa has not favoured enterprise development below the large-scale. Even if such a theory and policy did emerge, job-creating enterprise development cannot thrive if returns on financial assets remain the driving force of economic growth. State intervention will be required to de-financialise the economy and re-racialise venture capital.

The Russian-backed nuclear deal was at the centre of the political project of state capture.

Innovative policy, which 'creatively destroys' to engender new forms of economic development, lies at the heart of truly inclusive economic growth. This kind of strategy can, however, only be realised if the financialisation of the economy is complemented by, for example, channelling more public funds through South Africa's well-developed development finance institutions, and redirecting the investments of these institutions away from blue-chip companies and capital-intensive projects into higher-risk employment and livelihood-creating enterprises located in both the private and non-profit sectors.

The third thing that is needed to enable resolution of the crisis is for all stakeholders, in particular the political actors who replace the Zuma-centred power elite in the future, to commit to realising the vision of a new economic consensus within the framework of the Constitution and relevant legislation.

The recent trend towards regarding the Constitution and the rule of law (such as the Public Finance Management Act) as an obstacle to radical economic transformation is dangerous, and must be stopped. Transformation is perfectly compatible with the Constitution and consistent with respect for the judiciary. Indeed, without this, the trust required for 'triple helix'-type employment- and livelihood-centred economic development will not materialise.

That said, so-called 'Re-Zumafication' is a distinct threat. The Russian-backed nuclear deal was at the centre of the political project of state capture. Don't ever underestimate the Russians. Just because the Ramaphosa government has shunned the nuclear deal does not mean the Russians have given up on the idea. The global power stakes are far too high. Russia's Putin signed a decree in 2007 that provided for the integration and consolidation of all nuclear capabilities built up during the Cold War into a new civilian nuclear industry with global ambitions. Since then, Russians have been building nuclear power plants that are a hybrid between an embassy and a military base, often financed off a state guarantee that effectively gives Russia massive leverage over the host country. The contract that Zuma and Putin signed in 2014 – ruled illegal by the High Court in 2017 - was about Russia building a South African nuclear fleet. This, of course, was to be funded from loans generated from a state guarantee that both Pravin Ghordan and Nhlanhla Nene refused to sign which is what cost them their jobs. If either had signed, South Africa would have become another Russian-controlled failed state held together with violence and fear.

Shortly before Zuma resigned I argued in the *Daily Maverick* that the 'Zexit' was being delayed so that the nuclear deal could be finalised. We also know for sure now that old apartheid intelligence officers (like Neil Barnard) were working for the Zuma Presidency, and that Russian intelligence officers were also involved. Don't forget: Zuma appointed himself Chair of the Ministerial Committee on nuclear procurement. There is now more than enough evidence to suggest the Russians want Ramaphosa out of the way so that the nuclear deal can be implemented.

Furthermore, Zuma has returned to his KZN base where he knows how to use violence and fear as a weapon to secure national power positions – after all, this was why Mandela brought him into the NEC, and why Mbeki had to bring him in as Deputy President. When Zuma used that famous television interview before he resigned to subtly threaten increased violence if he was displaced, all he did then was to voice publicly what he'd always done within the secretive cloak-and-dagger world of ANC leadership struggles.

It is time to recognise the need for truly innovative and radical interventions that will cut to the very root of our structural contradictions. It is quite simply impossible to grow an economy if 36% of the population do not have enough money to stay above the poverty line. Returns on financial assets are declining, which means we must finally accept that financialisation has runs its course. Entrepreneurship of various kinds is key to success, but not if Development Finance Institutions cannot find ways of supporting them through the failures that are the key to success. Capital deepening via infrastructure spending without job-creating growth is fruitless. And the transition to renewable energy holds the key to the next phase of South African industrialisation. None of this is rocket science. But it does mean removing the blinkers that have limited our economic vision over the past 25 years. NA

Why is nobody going to jail?

By Paul Hoffman SC

Advocate Hoffman is a director of Accountability Now and was lead counsel in the second Glenister case.

Advocate Paul Hoffman gives us a rare insider's view of how the rot set in and rendered our crime fighters impotent. But before we despair, he also tells us how we can put white collar criminals away.

A feature of grand corruption or kleptocracy (theft by those in power) is that those who partake of it all too frequently enjoy the spoils of their corrupt activities with utter and complete impunity that borders on immunity.

In South Africa, the project for the capture of the state, which is possibly still ongoing, has led to the repurposing of institutions of state that are meant to bring the corrupt to book, but still fail to do so. This is achieved by placing people sympathetic to the kleptocrats in key positions in the public administration, the State Owned Enterprises and even in the Chapter Nine Institutions that are meant to be bedding down constitutional democracy under the rule of law in our post-liberation dispensation.

The direct answer to the question on so many lips: "Why is nobody going to jail" (for grand corruption) is that the criminal justice administration has fallen into the hands of cadres sympathetic to the state capture project. A National Director of Public Prosecutions, who lets his staff go on leave at the very point at which arrest of the Guptas is indicated, is not committed to equality before the law and the proper administration of criminal justice. If there is no one available, let alone willing, to prepare an arrest warrant for issue then no arrest is authorised and the suspects fly the coup long before annual holiday-making comes to an end. Too many prosecutors view action against the corrupt as a career-limiting activity.

The specialist body created to investigate the corrupt among us, the Hawks, has been a dismal failure. At a time when all metrics indicate a rise in the incidence of corruption, the arrest rate of the Hawks (for all priority crimes) dropped dramatically.

The opening of a Pandora's Box of revelations in the evidence being presented at the Zondo Commission into state capture does not bode well for the future of the Hawks. The evidence yet to come from former Hawks officials Anwar Dramat and Shadrack Sibiya will further illustrate the rot that ensures that no one well-connected gets arrested.

It has long been suspected by acute observers that the Hawks were captured by the baddies during the Zuma era. The efforts of "retired" General Berning Ntlemeza to secure a prosecution of Pravin Gordhan, one of the good guys, on trumped up charges designed to persecute, not prosecute, have long been a matter of public record.

However, the frightening depth of the malaise in the Hawks appears from the evidence before the Zondo Commission of Vytjie Mentor, once a senior Member of Parliament, Mcebisi Jonas, once a cabinet member, and Themba Maseko, formerly a top civil servant. They have all testified to the efforts of the Hawks to protect those in the orbit of the Zuma and Gupta families.

"Deny an interest in pressing charges," "leave the name of then president Jacob Zuma out of your statement" and, really taking the cake, "beware, we are investigating your IT procurement in 2005, Mr Maseko". According to the evidence given, there are unfortunately elements in the prosecution service who are in cahoots with the ne'er-do-wells identified in the testimony.

The Hawks are a creation of the Zuma era. They were custom-designed to enable state capture. Unlike the Scorpions, whom they replaced, they are obliged to report to a politician. The Scorpions reported to a public

> **The specialist body created to investigate the corrupt among us, the Hawks, has been a dismal failure.**

servant – the National Director of Public Prosecutions. In constitutional terms the National Prosecuting Authority (NPA) is obliged to act independently and "without fear, favour and prejudice".

It is to be hoped that the new incumbent, Shamila Batohi, keeps this obligation front and centre in all the work she does to clean up the mess in the entire criminal justice administration. She is likely to be foiled by prosecutors sympathetic to the Zuma faction of the ANC who knobble the investigation of their friends in high places.

Her idea of recreating an informal Scorpions-style unit is a bad one. Usurping the legislative mandate of the Hawks is not a legally sound way of going about restoring the integrity of the corruption-busting members of the justice administration. At present, the NPA has no investigative capacity beyond that presidentially conferred. The investigative work is meant to be done by the Hawks, but their arrest rates have fallen dramatically over the years since they were established.

At present, the politician to whom the Hawks must report is Bheki Cele, the Minister of Police. Cele was previously the National Commissioner of Police. Ordinarily that experience would stand him in good stead to be the minister to whom the police answer. Sadly, Cele was caught out irregularly leasing premises for police headquarters at grossly inflated rates.

This led, via an investigation by the Public Protector, to the appointment of the Moloi Board of Inquiry into his fitness for office. The late Justice Moloi found Cele unfit for office due to his dishonesty and incompetence. He recommended that Cele be investigated for corruption. This judicial advice was ignored by the Zuma administration; instead Cele became a deputy minister in the Zuma Cabinet and now, heaven help us all, a full minister in the first Ramaphosa cabinet. What was the president thinking, putting Cele in the police portfolio?

The inherent problem with the Hawks is in the design of the unit. The Constitutional Court has called for a structural and operational design that complies with five criteria. Its findings in the majority judgment of the Glenister case handed down on 17 March 2011 are binding on the state. The five criteria embrace the notion of specialised and properly trained staff, who are well resourced in guaranteed fashion, and who enjoy security of tenure of office. The anti-corruption unit must be a single entity that is dedicated to preventing, combating, investigating and prosecuting serious corruption of all kinds. Most importantly, independence from political influence and interference is a vital feature of the make-up of the institution that the court envisaged in 2011.

Clearly, this vision was at odds with the state capture project underway at the time on Zuma's watch. The remedial legislation passed in response to the court's findings was successfully impugned for its failure to comply with the constitutional requirements prescribed by the court. As a result the Hawks are now in their third legislated incarnation. However, they are no closer to fulfilling the functions envisaged by the court than they were during their first incarnation. Their design is such that it is akin to a child's tricycle being used for lunar exploration.

The messy aftermath of state capture, the need to end impunity, the desperate financial requirement to recover assets and funds misappropriated during state capture – all these factors call for a fresh look at the court's findings and a new institution to fit them. The Hawks are beyond repair when it comes to fighting grand corruption. Their structure, reporting lines, resources and capacity preclude it. They can be kept to attend to other priority crimes but they have very thoroughly proved themselves unequal to the task of preventing grand corruption, kleptocracy and the capture of the state. Their lot is not ameliorated by the serious corruption and involvement in political shenanigans now coming to light in top police management ranks.

How then should the Ramaphosa administration manifest its "new dawn" on the anti-corruption front?

Accountability Now, which played a role in getting the court to set the Glenister criteria when most cynical observers believed that this achievement would be "mission impossible", has long championed the notion of creating a new Chapter Nine Institution called the Integrity Commission or something similar. Eagles that fly higher, see further and go after bigger prey than Hawks are needed and they are needed now.

Locating the anti-corruption machinery of state under the Chapter Nine umbrella immediately guarantees the independence, both structurally and operationally, of the unit This is because it will be required to report to the multi-party parliament, not a member of the cabinet like, heaven forbid, Bheki Cele, furthermore, the Constitution itself prescribes the independence of Chapter Nine Institutions which, like the courts and prosecution service are required to act "without fear, favour or prejudice".

The Hawks have shown that they fear the powerful, favour the corrupt and act in ways that are prejudicial to the public weal.

Pressure for the establishment of an Integrity Commission is required urgently from all quarters. NA

Albertina Sisulu Programme in Health conference on a case study approach

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Background

The case study approach is one of the methods used by the Albertina Sisulu Executive Leadership Programme in Public Health (ASELPH) at the University of Fort Hare (UFH) for teaching and learning. The idea is to move away from the traditional lecture-based activities to student-centred pedagogy. Engaging or involving students in the teaching-learning process makes learning more interesting, motivating and more fruitful. Students become participants in the teaching-learning process, rather than mere recipients or receivers of learning, because they are actively involved in the process.

The ASELPH students and fellows are managers in various health settings. The main aim is to empower them to provide the necessary leadership to manage healthcare facilities, and by extension the healthcare system in South Africa. This enables them in thinking analytically about issues and problems across health management and administration domains. ASELPH fellows should be able to critically assess a situation or problem, and apply their minds to solving it. Put differently, using the case study method would develop ASELPH fellows into good thinkers and managers who can diagnose a problem in their work place and proffer an appropriate solution. This entails taking good healthcare management decisions to advance the healthcare vision and mission of their respective institutions.

Case studies are popular teaching tools and play an important role in developing the knowledge and skills of students. Learning from case studies challenges a student to find a decision to solve a problem. As students engage in trying to find the correct, appropriate or relevant solution to a problem, the process develops the students' problem-solving skills and their analytical ability to decode decision-making in complex situations.

The ASELPH teaching strategy encourages students to apply their content knowledge to solve real-life situations (Ozdilek, 2015). Case studies create a bridge between theory and practice (Breslin & Buchanan, 2008) and allow students to gain content knowledge, process skills, understand the context and use science in their daily lives (Camill, 2006).

The effectiveness of case study teaching has been stressed by many scholars. Following years of widespread use in business and medical education, the case study teaching method has become an increasingly common teaching strategy in science education (Bonney, 2015). When the content is presented in a narrative style, accompanied by questions and activities that promote group discussion and solving of complex problems, case studies facilitate the development of higher levels of cognitive learning, as described by Bloom's taxonomy, thus moving beyond recall of knowledge to analysis, evaluation and application (Anderson & Krathwohl, 2001; Herreid, 1994). Also, case studies promote interdisciplinary learning; they are useful in drawing connections between academic topics and real-world societal issues and applications (Herreid, 1994; Bonney, 2013). Students are motivated to participate in class activities, which promote learning and increase their performance on assessments (Flynn, 2001; Murray-Nselu, 2011; Yadav, et al., 2007). Case studies can be presented in the classroom using several methods. However, the interrupted method is regarded as the best technique (Ozdilek, 2015). In this particular method, the facilitator presents students with a problem that professional researchers face (Herreid, 2005; Herreid, 2006; Herreid, 2011). Students work in small groups for about 15 minutes and then report their thoughts on problem-solving approaches. Students are asked to find solutions to the problems by brainstorming discussions and writing their reports. Interrupted method case studies are applied in one class period rather than over several days (Ozdilek, 2015).

Building on these thoughts on case studies, ASELPH hosted a two-day case study conference on "Healthcare System Transformation in South Africa: A Case Study Approach" on the 24th and 25th of May 2018. This conference, the first ASELPH conference on healthcare system transformation in South Africa using a case study approach, attracted a wide range of distinguished researchers, health policy-makers, health managers, health professionals, students and lecturers from different regions of South Africa and from America.

The focus of the conference was to advocate for the need to adopt case studies in the teaching and learning process of ASELPH students to aid the healthcare transformation agenda in South Africa. This report focuses on the key issues that emerged during the conference.

Opening and welcome remarks

Prof E. Seekoe, Dean of the UFH's Faculty of Health Sciences, opened the meeting with an overview of the historical journey of the university as a citadel of learning that has produced eminent scholars and prominent African leaders over the last 100 years. Prof Seekoe said the Faculty of Health Sciences was launched in 2016, officially opened in 2017 and is developing new programmes, reviewing existing ones and repositioning its curricula.

Case studies as a teaching method is integrated into the teaching approaches, particularly in the ASELPH Masters programme. She stressed that the conference, which was preceded by a pre-conference case study writing workshop, was aimed at reviewing cases that had already been developed and facilitating the development of on-going ones by faculty members.

Ethical leadership: options and issues

The conference had the privilege of hosting Dr T. Bossert, a representative of the Harvard TH Chan School of Public Health. Through his collaborative efforts, the Faculty has been able to use the Harvard Case Study Accreditation process. Dr Bossert's presentation focused on 'Ethical Leadership'. Key thought-provoking questions raised in his talk were: How do leaders prevent the prevalence of corruption in South Africa? How can we be ethical leaders when others are corrupt? How should leaders model the way we should behave? What policy changes need to be advocated for the promotion of ethical behaviour? Dr Bossert espoused some ethical topics/questions that might be helpful in understanding and responding to the ethical dilemmas in health.

Why not be corrupt?

This question challenges health workers to make a moral commitment to both their patients and the population (for the 'public good'). In essence, the 'why not be corrupt' question demands health workers to take the interests of others to heart by valuing them as important stakeholders in the medical community. However, one needs to ask how such a commitment to ethical values may clash with one's personal objectives. We must consider how much income should shape our decisions and values, bearing in mind the responsibilities most employees have for extended families. Should retribution for the past be sought, even if it violates a commitment to self and the general public?

Ethics and quality

Can ethical behaviour improve the quality of the health service? One could argue that any choice that provides better quality treatment may seem right for the patient. However, in some cases the highest quality treatment may cost too much, resulting in limiting the resources available for the treatment of other people. The counter argument may be: is it right to choose the highest quality treatment in the face of marginal improvement in the condition of the patient if the same amount of money could be used to save the lives of other people using cheaper treatment? Is it ethical to maintain previous standards when the health service has to now cover the whole population?

What does it mean to be a leader who makes these choices? Dr Bossert suggested the planned ASELPH round-table discussion group members should consider looking at involving experts to advise on practical initiatives to reduce corruption and address issues relating to the promotion of transparency and accountability, thereby reducing corrupt decisions and mobilising civil society against corruption.

Sustainability of ASELPH case study teaching method

Prof D. Ter Goon stressed the importance of case study teaching and asked what could be done to make it an effective tool and an enduring feature of ASELPH teaching? Prof Ter Goon suggested several ideas for making case study teaching sustainable in the ASELPH programme. He felt stakeholders involved in healthcare, such as the Department of Health (DoH), Non-Governmental Organisations, ASELPH alumni, the community and students should be engaged on how to embrace the case study teaching method in the curriculum by strengthening case study teaching pedagogy.

The DoH would help in identifying health issues on which to focus, which would talk to curriculum review and focus. In addition, faculty members should periodically be sent on training courses at other institutions with track records of case study writing, for example Harvard and the Gordon Institute of Business Science, amongst others.

To sustain the case study teaching approach, ASELPH faculty members could be capacitated by attending case study teaching workshops, seminars and conferences. Exposing faculty members to case study writing workshops and seminars would build and enhance their capacity to incorporate case studies in their teaching and faculty members and students would become used to the idea of case studies as a teaching-learning method.

As highlighted earlier, this method of learning would develop students' thinking and analytical skills to become problem-solvers when confronted with complex situations. Mentoring has proven to be a good method of building capacity, competency or skills and there should be a mentoring programme in case study teaching for faculty members. Prof Ter Goon concluded that the proposed establishment of a Case Study Teaching Centre by the faculty is a good idea, which requires the support of all stakeholders.

Review of case studies

In a session facilitated by Prof Ter Goon, written case studies were presented, followed by questions, comments and suggestions for review.

Dr T. Makola's presentation, entitled 'Juggling Complex Systems,' presented a joint case study written by Wits Business School and the University of Pretoria. It examined the complexities of the public health setting in which there is a relationship between stakeholders and the district management in a complex district with two health authorities. The case study addressed the fragmentation and duplication faced by the district manager. The aim of the teaching method focused on decision-making and decentralisation. From recorded interviews the case study showed the need for considerable prior preparation before starting on a project, and the need for anonymity to enable the interviewees to speak with honesty and to express their mixed experiences (Scheepers, et al., 2017).

The next presentation by Dr S. Taukeni focused on teaching about the importance of antiretroviral therapy (ART) compliance. Entitled 'The dilemma of non-compliance; where is the missing link?' he showed non-compliance related to over-crowding; staff shortages and attitude; incomplete documentation; staff burnout; stigma; and the community's increased exposure to infection. It was suggested that the case could be made more interesting by identifying options, such as contacting patients by cell phone and arranging public campaigns.

The presentation by Prof S. Hendricks and Prof Seekoe, 'A Case Study: The ASELPH Programme', showcased the genesis of ASELPH as a springboard for the development of health leaders. This case study presented a model of how leadership capacity-building can be fashioned to meet the existing shortcomings of managers in the health services and demonstrated how such capacity-building could strengthen services rendered to the public.

Mr G. Ndlovu presented on 'The quest for an unqualified audit opinion', in which he used a real life event as a case. Triggered by the unqualified audit earned by the Provincial Health Department for the first time in eight years, the case was based on a Chief Financial Officer (CFO) who was set on improving the audit outcome.

He demonstrated the economic challenges faced by the department, the bad reputation the department had for mismanagement of its finances and the medico-legal cases that wasted a large part of the departmental budget. He showed the impact of outdated systems and equipment, gross shortages of staff and the impact of union opposition. The case underlined the personal opposition to the CFO, and the problems around financial management compared to clinical compliance. The question was, how can a CFO lead a provincial department to an unqualified audit outcome?

The presentation by A. Mbobo focused on attrition of critical care nurses in a cardiology Intensive Care Unit (ICU) at Southpole Private Hospital, resulting in an acute shortage of skilled staff. The management was instructed to design a one-month turn-around strategy, or face the resignation of the surgeons. The participants were required to identify the problems, provide some options for improvements and decide on the best solution. This was a case study based on research, although it was practical in its approach. The study concerned delivering talent management, and could be used in training for hospital management and business management.

Jabu Maphalala focused on a hypothetical case of a hospital manager who left a conference for a newspaper interview about a murder at his hospital. The case ignited the debate concerning when and at what point delegation would be appropriate. The case study was developed from actual events where a leader, operating in a complex environment, had to make a split second decision and bear the consequences of that decision. It raised issues about his leadership and management skills and the consequences of non-delegation. It questioned whether doctors are better qualified people to run a hospital, rather than management specialists, and sought to find the answer to the question, who upskills an appointee to such an important job.

The case study by Mr D. Seekoe on 'Labour Relations at Amajuba District, South Africa' related to labour relations in the department of health: human resources. The incident concerned a real-life situation relating to the theft of a laptop computer. The case focused on the district manager of the department of health in the Amajuba District, John Masondo, who had to explain to the provincial head of the department of health how a dismissed employee, Themba Zakhe, a junior staff member in the finance department, had won an appeal against his dismissal following an internal disciplinary hearing. The internal disciplinary hearing had found Zakhe guilty on the strength of video evidence that showed him coming out of the office with a laptop computer. The appeal was won on the basis of a technicality and Zakhe's dismissal was rescinded. The case demonstrated a conflict of values between Masondo and some of his staff members. In his haste to eliminate opposition to his initiatives to provide health services in the district, Masondo had installed barrier perimeter fences and CCTV cameras, but had not addressed existing issues of the culture of theft and its causes that had been encountered by him. Zakhe's successful appeal demonstrated that people find a way to get things they really want or are desperate for, even where obstacles exist. Also, Zakhe and his union demonstrated the existence of intergroup conflict between what is perceived as an advantaged group (in this case, the district management) and the disadvantaged group (lower-level employees, many of whom were indebted). The case demonstrated the difficulties faced by managers in a context where they are leading teams with different social identities and the potential exists for intergroup conflict. In demonstrating such difficulties, managers can often make decisions that reflect their own social perspectives, thereby addressing the symptoms rather than core problems.

The data for this case was gathered through interviews and desktop research. It illustrated the difficulty of recruiting qualified labour relations officers and demonstrated that they must apply the prescripts of the Labour Relations Act in discharging their duties. It also highlighted the lack of management knowledge and willingness to deal with incidents of misconduct.

It raised a range of questions around the whole process involved in a misconduct case. What skills did the labour relations officer require? What defined a presiding officer and what skills did the post require? Did they know and follow the appeals procedure? Some of the suggestions put forward during the presentation of the case were: Should the case focus on only one aspect of the incident? Should there be a separate case relating to the ethics of the situation? How do you deal with the issues relating to equity and the failure to respect the values of the community?'

A case study on 'Improving public hospitals through effective clinical leadership' by J. Meecham focused on the leadership competence of the clinical managers. The case study provided senior managers with the opportunity to use innovative and reflective training approaches to improve their problem-solving skills and develop leadership and team synergy in a district hospital. The aim was to create an effective team of leaders who are able to put in place a clinical management change plan that would also improve patient care and service delivery.

In a case study presented by Prof E. Seekoe and Mr Jabu Maphalala, the focus expanded to include developing leadership skills in strategic stakeholder relationships in complex contexts. The case illustrated the constraints faced by leaders in introducing transformative change in societies and environments where institutional voids constrained the efficient introduction of such changes. The case explored the real life dilemmas of piloting the National Health Insurance (NHI) system in the OR Tambo District in the Eastern Cape, one of the poorest regions of the province. The case is set against the backdrop of piloting the NHI and tackling the constraints of providing quality health care to communities whose circumstances made it difficult to access such care as identified by the World Health Organisation's Social Determinants of Health.

The case used probing questions on what to do when facing constraints whilst trying to introduce transformational change. The case had been compiled by using in-depth interviews and research from public sources. It emphasised the fact that any change needed a 'social licence' to operate and a comprehensive understanding of the environment. This required identifying and managing key stakeholders in the community. The questions raised in the case comprised the following: Do communities understand the NHI or the mandate from government? How do you deal with the problem of learning while introducing such a major change as NHI? How does the manager deal with the traditionalist versus the non-traditionalist approach? What discussions have taken place about the 'how' of the change? The comment on this case study was that the authors should provide a focused and simple background to the case, without overloading it with too much information.

Keynote Address

Prof. M. Goldman, from the University of San Francisco, delivered an inspiring keynote address on the 'Importance of Case Research'. Prof Goldman views case studies as providing a platform for studying a phenomenon in different contexts, dimensions or complexities.

The address indicated that there is a distinctive literary style for article cases or teaching cases. The teaching cases would normally be classified as 'descriptive' or 'decision' type cases and would consist of a narrative of approximately eight pages. They are stories of what is happening or what has happened. Such a case requires a teaching note that clearly states what the facilitator wants the student to do in class, in an examination or both. But the case must contain a compelling decision that has uncertainty and leaves questions that are not answered. An article-based case, which can be classified as 'single design' or 'multiple design', is descriptive and decision-based. The literary element describes the ways in which the author uses words, sentence structure, figurative language and sentences to establish a mood, image and meaning in the case study.

Prof Goldman suggested that a good structure for writing up a case study should adopt the following design:

Opening section: The protagonist is introduced to the reader. The dilemma needs to be unpacked and the date of the occurrence specified so as to provide a context.

Narrative: The case should be written in the past tense, and the writer should be careful about accuracy and provide comprehensive endnotes and sourcing. There should be a story-telling flow that transports the full 'dilemma thread' woven throughout the story.

Language style: An objective stance should be adopted, using the third person associated with a reporting style. A decision must be made as to whether the case could be used in an international audience context or not and, if so, explanations and definitions need to be built into the scenario and the use of local jargon or abbreviations must be avoided.

In the event of the case needing a probing and investigative approach, the case should be more complex, covering a variety of different possibilities and probabilities. In particular, decision-making cases should focus on complicated and complex issues so that the learner understands change and the fact that changes can have a knock-on effect.

Concluding remarks

This first conference on "Healthcare System Transformation in South Africa through a Case Study Approach" provided a valuable platform in which the techniques and dynamics of writing, preparing and using case studies to address the healthcare transformation challenges in the South African context could be shared in a meaningful way. Sustaining the case teaching method in the ASELPH programme is thus advocated.

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Mining in South Africa: Whose benefit and whose burden?

By Christopher Rutledge

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Jobs, profits, taxes and economic growth – these are the good things we have historically associated with mining in South Africa. It is only more recently that we are getting to hear about the destructive effects of mining on our environment and on the communities who live on the lands that have mineral wealth. In 2018, ActionAid conducted a survey of eight mining-affected communities in South Africa to find out who are the real beneficiaries of mining and who bears its burdens. This article is a snapshot of the findings of that survey.

WALKING THE TALK

The Social Audit Baseline Report (ActionAid, 2019), which was conducted in eight mining-affected communities across South Africa as part of the ActionAid South Africa's Social Audit Project, was conceptualised as part of our ongoing work with the Mining Affected Communities United in Action (MACUA) and Women Affected by Mining United in Action (WAMUA).

Our research has found very little, if any, evidence that the development model of the South African mining sector, which is underpinned by the constitutional imperative to "redress inequalities", (Froneman J, et al., 2010: 3) has been able to do more than enrich a minority. Evidence instead points to a model of development that has neglected the human dimension in the development of society in favour of a bricks-and-mortar model which quantifies development in terms of the wealth it creates for a few.

Our work with affected communities has highlighted how the rights of individuals and collectives within communities to decide their own futures have been eroded in favour of the interests of wealth accumulation. The rights of communities to decide for themselves have been stripped away through a systemic promotion of laws which seeks to cast mining communities as subjects rather than as constitutionally protected citizens (Claasens, 2018).

The Social Audit Project methodology of holding power to account was particularly important for us as it allowed communities to engage in the hard work of rebuilding activism and agency in ways that did not reduce communities to passive recipients of handouts.

WHAT HAVE THE SURVEYS FOUND?

The findings from the report have broadly confirmed our initial concerns that mining-affected communities are disproportionately affected by mining, not only because of their proximity to the mines, but also because of the political, economic and social barriers they face in claiming their agency.

Among the political barriers faced by communities are lack of adequate legal protection and a distinct lack of policy and legislation which promotes and encourages active participation by communities in their own governance.

In this report we unpack how the outcomes produced by the mining

> **40% of women indicated that jobs are only accessible through sexual favours.**

regime of laws and policy often falls short of the constitutional imperative to ensure active citizen participation in affairs of governance. We also highlight the distinct difference between the rhetoric used by government and politicians about the constitutional and political rights of communities to participate in their own governance and the actual outcomes of exclusion.

This report highlights the deep divide between the political, legislative and constitutional prescriptions and the reality of communities living in constant distress which they experience as a type of "structural violence" (Ho, 2007: 1-17) against them.

The surveys derived from structured personal interviews conducted by community volunteers in door-to-door visits to 757 respondents in eight mining-affected communities located in seven provinces. The key demographic statistics of the baseline survey were:

- 64% of the respondents surveyed were women and 36% men.
- 62% indicated they were single and 26% married.
- 64% had education up to a secondary level and 13% indicated a tertiary level or higher.
- 46% of respondents indicated that their main source of income was from social grants.
- 24% indicated that they survived on petty trading or self-employment.
- Only 30% indicated that they were engaged in some type of formal or informal employment.
- 73% of respondents indicated that no individuals in their households were either currently employed or previously employed by the mine.
- Of the 27% who indicated that someone in their household was employed at a mine, 41% indicated that they were casual or manual jobs.

In other words, data collected in the survey indicate high levels of unemployment with significant reliance on social grants to survive and very little opportunity for employment at, or through, the mines.

With regard to the social responsibility of the mines and the Department of Mineral Resources (DMR), it emerged that 91% of respondents did not know what a Social Labour Plan (SLP) was or knew of any structures in their community that engaged with the mine on SLPs. A total of 95% had never seen an SLP.

The almost total lack of knowledge and involvement in the SLP processes is significant, as it indicates the extent to which South African mining actors are directed towards or delivering on participatory processes of development and governance as mandated by the Constitution and confirmed by the Constitutional Court (Friedman, 1989).

SLPs are meant to be the main drivers of developmental programmes yet the beneficiaries of the programmes – the communities – appear not to be aware of the programmes and how they are supposed to benefit from them.

Three clear themes emerged from the surveys with regard to the challenges faced by communities affected by mines. These are:

- Environmental issues, such as air, land and water pollution, which impacts on human and livestock health, soil and water quality.
- Living in an unsafe environment, which relates to blasting close to houses and the tremors from blasting, as well as rising crime levels within communities.
- The constant threat to health, including TB, HIV, skin rashes and infections, asthma, silicosis and chest and lung problems.

When surveyed on the benefits to be gained for communities living close to a mine 79% indicated that there was no benefit from the mines at all, with 8% saying that the mine only brought negative consequences such as sickness, dispossessions and damages. Only 13% felt that there were positive benefits such as clinics, roads and employment. When the respondents were asked about what they would want to change in the relationship between the mine and the community, four themes were highlighted:

- 39% wanted more employment, skills development and livelihood options.
- 35% wanted more accountability, consultation and communication with the mines.
- 20% wanted more basic services and infrastructure.
- 6% wanted some form of compensation when necessary.

This survey suggests that the communities consistently prefer outcomes that allow them to develop and act on their own agency either through gainful employment or access to other livelihood options. In other words, respondents indicated a preference to do things for themselves rather than to be treated as social grant recipients.

A significant number of respondents indicated that they wanted more participatory processes such as consultation and communication rather than be seen as recipients of charity. The survey found that the women not only have to bear the worst impacts on health and social and personal violence against their bodies, they also have to contend with structural barriers to their well-being. Key findings include:

- 40% of women indicated that jobs are only accessible through sexual favours.
- 14% of women indicated that some sort of payment, fee or bribe was needed to secure a job.
- 73% of women indicated that they have received no benefit from the mine.
- All of the women indicated that their community experiences substantial violence such as rape, murder, abuse and protests.
- 85% of the women linked the increase in violence to the development of the mine.

THE POLITICAL ECONOMY OF MINING

The approach to mining in South Africa has historically and, we argue, consistently been a violent, masculine and exploitative project that concentrates the benefits for a few at the expense of the majority.

The accumulation of wealth derived from mining has had a significant influence over the political arrangements of South Africa and has historically been the main driver of the apartheid economic model of wealth accumulation. This model saw the development and rise of a Minerals-Energy-Complex (MEC) (Fine, B. & Rustomjee, Z., 1996) that brought together key players in the extractive, electricity and downstream industries to systematically exploit the mineral wealth and make it the platform for the development of the rest of the South African economy for the benefit of a minority.

According to PricewaterhouseCoopers (PWC), reports have been compiled for the Johannesburg Stock Exchange of listed corporate entities in the South African mining industry incorporating financial results from 2007 to June 2018. The reports reveal that the South African mining industry, despite a media narrative in which its corporates are cast as victims struggling to make a profit, earned net profits of R221bn over this period (PWC, 2018).

That does not include the undeclared illicit financial flows which the continent-wide development organisation, African Monitor, claims peaked at R237bn per annum in 2011. According to African Monitor, South Africa has lost a cumulative R1,007bn in illicit outflows between 2002 and 2011 (Monitor, 2017).

"South Africa: Potential Revenue Losses Associated with Trade Misinvoicing" from the United Nations Comtrade database analyses South Africa's bilateral trade statistics for 2010-2014 (the most recent years for which sufficient data are available), and found that, "Analysis of trade misinvoicing in South Africa from 2010-2014 shows that the potential loss of revenue to the government is $7.4bn annually or a total of $37bn during the period" (Integrity, 2018).

These are significant amounts that have a direct impact on whether communities are able to escape their poverty traps or not.

A submission to the Marikana Commission by the Centre for Applied Legal Studies (CALS) compiled by the legal researchers who had specifically studied the Lonmin case reported that: "A number of programmes suffered from poor planning with resulting problems of implementation. These programmes include a brick-making factory, the agricultural farm project and most importantly, the construction of 5,500 houses as committed in the 2006 SLPs. The failure of these projects points to non-compliance that requires further investigation."

The report further states that: "The lack of delivery under these projects and the resultant lack of impact on the lived reality of the mine-affected communities, including workers and their families, could constitute a significant factor precipitating the events in Marikana of 9 to 16 August 2012" (CALS, 2013).

The state, on the other hand, remains a significant beneficiary of the mining industry as it is currently configured and the same PWC reports from 2009 to June 2018 calculates that the state has received R160 bn in direct tax revenues during this period. An additional amount of approximately R45bn is estimated to have been paid to government as royalties (PWC, 2018).

In all, the PWC reports (which do not factor in any potential misinvoicing and/or illicit financial flows) estimate that government takes approximately 24% of value reported among the listed JSE mining companies, with employees taking 47% and shareholders 29% of value reported (PWC, 2018).

Community investments, by contrast, have only amounted to 0.9% over the same period (PWC, 2018). But, as has been shown in this report, none of the value from these community investments appears to have flowed to the communities who participated in this survey. Up to 79% of respondents, to whom these benefits are meant to accrue, have not participated in or benefitted from the claimed investments. By our calculations, this implies that close to R5.92bn of the estimated R7.5 bn earmarked for community development did not reach its intended beneficiaries during this period.

The extent of the unaccounted for expenditure on community development can be associated with the lack of community participation in these projects as well as the lack of development in the study areas and can potentially also be linked to the way cycles of poverty continue to manifest in mining-affected communities.

The extent and scale of the potential misappropriation of funds meant for community development suggests that high levels of corruption exist in the way that funds are allocated to community development.

It also shows that besides the potential corruption in the distribution of funds, the projects meant to advance community development are not trickling down to communities in the way envisaged by the corporations and the DMR.

INCLUSION OR PROTEST

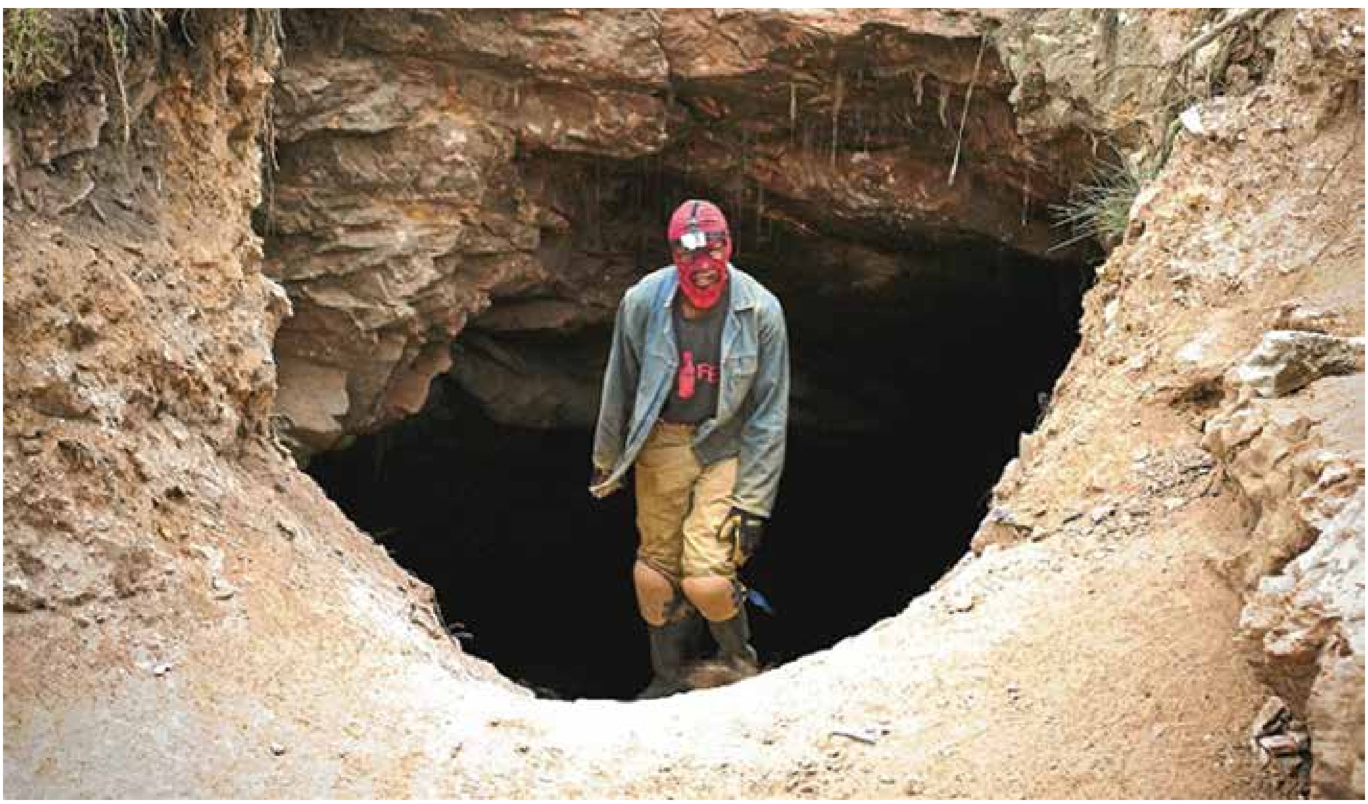
The ineffectual outcomes of the current mining regime and its main instrument for development, the SLPs, are intimately linked to the paternalistic nature and logic of the existing legal and governmental framework. The Constitution, the Minerals Petroleum Resources Development Act (MPRDA) and the Mining Charter propose a transformed country through broad-based trickle-down beneficiation. Ironically, the well-entrenched paternalistic approach to the idea of development (which on the face of it runs contrary to the vision set out in the Constitution), has reinforced the very inequalities that the new mining regime aimed to overcome.

Government is keenly aware of the systemic nature of the ongoing inequalities and resultant public discontent but despite the democratic, social and economic deficit at the local level, the government remains committed to policies that place corporate interests above those of the citizens on the assumption that value will eventually trickle down to communities (GCIS, 2018).

The two conflicting responses by government suggest a deep conflict within the corridors of power and the talk of inclusivity and consultation is not supported by the evidence of systematic and deliberate exclusion built into mining legislation and regulation. The upshot of paternalistic top-down development is that the developmental outcomes more often than not deepen inequality.

When examining the results of the baseline studies, the promise of progress and development driven by SLPs and the Mining Charter are not evident, and the analysis points instead to a far more systemic process of exclusion of the voices of affected communities.

The Social Audit Baseline Report indicates a strong connection between mining and excessive or severe environmental impacts on communities living around mines. The extensive nature and types of negative impacts experienced, and the sense of damage expressed by communities living close to mines, suggests some connection ››



with the findings of scholars, such as those of Carin Runciman, Senior Researcher at the Centre for Social Change at the University of Johannesburg, who has studied the rising tide of protests in South Africa. In a 2017 article in *The Conversation*, Runciman draws a link between the lack of democratic practice at local level with protests at a national level:

As part of research by the Centre for Social Change we spoke to protesters all over the country. A new book from the Centre highlights the extent to which protesters are raising not just concerns about the quality of service delivery but also about the quality of post-apartheid democracy. As Shirley Zwane, from Khayelitsha, near Cape Town, explains: "We don't have democracy! . . . We [are] still struggling . . . you see if we are in democracy there's no more shacks here . . . No more bucket system . . . we [are] supposed to have roads, everything! A better education . . . There is a democracy? . . . No, this is not a democracy! They have, these people in Constantia, Tableview, Parklands, they have a democracy, not for us!" (Runciman, 2018).

The Baseline Report section compiled by Robert Krause of the CALS explains in detail how technically available company information is tied up in extensive bureaucratic hoops, making it difficult for interested parties to access relevant information.

Any attempt to advance social cohesion, as is the stated constitutional objective of the mining regime, and the rising tide of protests will have to grapple with a mining policy that does not address the fundamental weakness of excluding people from participating in their own governance.

WHOSE BENEFIT AND WHOSE GAIN?

On the question of the severe health impacts experienced by communities, there is enough evidence to suggest that poverty and poor health are inextricably linked (John E Ataguba, James Akazili, Di McIntyre, 2011). A briefing note prepared by Dr Caradee Wright for the Council for Scientific and Industrial Research (CSIR) states: "There is a clear link between the state of the environment and human health and well-being. According to the World Health Organization (WHO) an estimated 23% of all deaths in Africa are the result of avoidable environmental hazards such as contaminated water, poor hygiene, inadequate sanitation, poor water resource management, use of unsafe fuels, atmospheric pollution and poor infrastructure. According to the same WHO report South Africa is 'strongly underestimating' its own environmental burden of disease: currently 16% of all deaths in the country are related to the state of the environment" (Wright, 2010).

The causes of poor health are rooted in political, social and economic decisions that seldom take adequate account of the interests, needs and realities of those most directly impacted. Poverty is both a cause and a consequence of poor health. Poverty increases the chances of poor health. Poor health in turn traps communities into poverty.

The baseline survey outcomes correspond with this view. There appears to be a deep gap of understanding about the benefits of mining between government and the people, whose interests government is supposed to represent.

An assertion by the current Minister of Minerals and Energy that mining will bring development, employment and other benefits to communities is not supported by the findings from this report and points instead to a burden rather than any benefit for communities (Mantashe, 2018).

The DMR's main focus has been on speeding up the process of investment, with the Minister declaring in his department's budget speech that, "to unleash our economy, we must overcome this to ensure that prospectors can prospect and those with the legal permits and the means to mine can do so" (Mantashe, 2018).

In line with this commitment to speeding up the rate of exploitation of mineral reserves, the DMR has increased the budget to be spent on the *Mineral Promotion and International Coordination* sub programme, within the *Mineral Policy and Promotion* programme, to R239.1m in the medium term.

By the same token, the number of SLP verification inspections (inspections which are supposed to ensure that the intended beneficiaries of the SLPs are benefitting) has decreased from a high of 285 per year in 2013/14 to 212 in 2018 while the number of environmental verification inspections per year has decreased from a high of 1,889 in 2015/16 to 1,275 at present.

Mintek, which offers development services in the mineral and metallurgical industries, and the Council for Geosciences account for 50.1% of the DMR's annual budget and salaries at these institutions account for 33% "due to the labour-intensive nature of the department's work, particularly with regards to enforcement, compliance monitoring, and the inspections of mines across the country." Personnel numbers are expected to decrease though, from 1,122 in 2016/17 to 1,040 in 2019/20 indicating reduced capacity to monitor compliance and enforcement.

The gap between communities who are reporting that their experience is one of burden, not benefit and the government who seems intent on continuing to pursue a strategy which prefers investors over social and environmental impacts, suggests that the sector is on a course for deepening poverty and increased conflict.

WOMEN

The MPRDA mentions women as a specific category only once. This is surprising considering that the South African Constitution sets out in its founding provisions the two social contradictions which have historically been at the centre of our apartheid past, namely anti-racism and anti-sexism (Parliament of South Africa, 1996).

While much attention is paid in the act to the broader category of "historically disadvantaged persons", women are broadly omitted from special consideration in the main act. This is astonishing given the empirical evidence and general agreement in government and within civil society that women are generally and specifically oppressed and discriminated against, in particular in legislation dealing with this sector.

Issues of gender have been largely ignored in the Mining Charter 3 (Parliament of South Africa, 2018). Where women are included, they are mentioned interchangeably with youth. Instead of a mining company having to ensure that they procure from women-owned companies, for example, they could instead procure from youth-owned companies. This interchangeability occurs throughout the Mining Charter, leaving specific targets for women and girls unquantifiable and unenforceable. Targets for women's empowerment need to be significantly increased in all areas of the Charter. Without specifying interventions to benefit local women, the Charter's minimal provisions serve only to benefit women who are already economically empowered.

As a general rule, communities who participated in this research indicated that community consultations were often not public knowledge and, where consultations did take place, they were often with traditionally dominant or politically connected men in the community. Women are generally excluded as a rule and often experience the least impact of any potential beneficiaries. As a result, women are stripped of the means of acquiring status and wealth.

Research indicates that men and women often prioritise community investments differently, and frequently more sustainable development outcomes are planned where women have an equal engagement with men in setting priorities.

As we have suggested in this report, any kind of exclusion of vulnerable groups within society, especially with regard to decision-making that impacts on the livelihoods of those groups, produces and exacerbates the inequalities already prevalent within that society or community. The exclusion of women in an already patriarchal society and communities in an already unequal society can never lead to a more just outcome for those women and communities.

As long as women and communities remain on the margins of consultation and decision-making processes, the gender bias and pro-elite bias in extractive projects will not be adequately addressed and will continue to negatively affect women and vulnerable communities.

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Progressive International: Challenging the rise of right-wing nationalism

By Carilee Osborne

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What do ethno-nationalist movements tell us about people and politics in the many countries where it is on the rise? Are the waves of immigration a real threat to the way of life of the native population? Are culture, language, religion – the components of identity – in danger of being swamped by the newcomers? Are the jobs of the working class about to be lost? Or is it an economic system that has steadily eroded the standard of living of middle- and lower-income sections of their population? Carilee Osborne gives us a short synopsis of the possible factors that fuel populist ideologies and profiles the Progressive International as an alternative to these toxic ideas.

In 2017, Jedidiah Purdy wrote that, "systems of profit and violence, inequality and vulnerability, have gone global, and fights against them must as well" (Walzer, et al., 2017). His is one of many calls for a renewed, progressive internationalism, the most prominent of which is the recently launched Progressive International (PI).

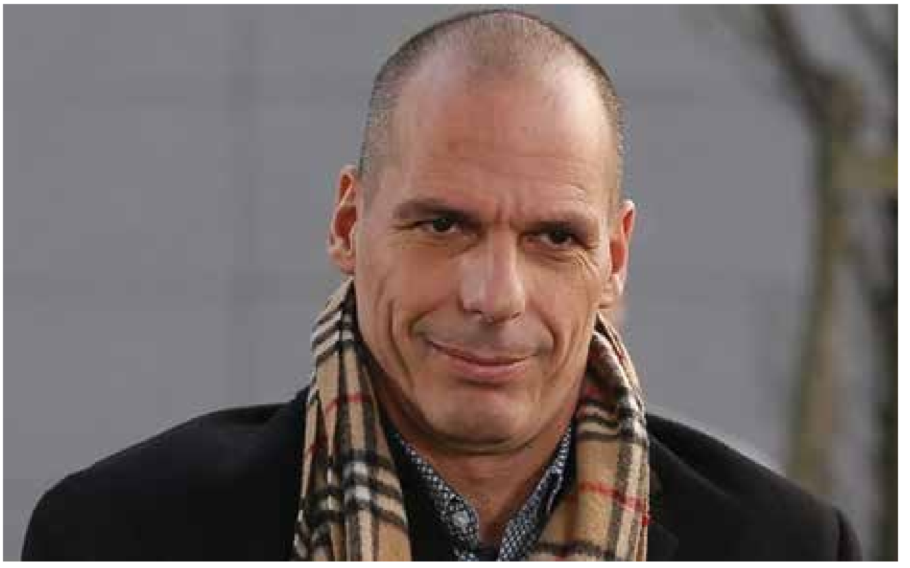
The PI is spearheaded by US Senator Bernie Sanders, Jane Sanders and former Greek Finance Minister, Yanis Varoufakis[1] - and aims to unite individuals and organisations globally to fight "to end inequality, exploitation, discrimination and environmental degradation."[2] As globalised capitalism drives increasing inequality, the crises economic, political and, above all, environmental loom larger than ever. The cross-border solidarities that the PI aims to build are a crucial counterweight to this.

In a 2018 *Guardian* column, Sanders, who recently announced his intention to run again for president in 2020, wrote that we are facing an "authoritarian axis", united by religious and ethnic intolerance, hostility to democracy and the media and support for policies that advance only narrow economic interests. This axis includes the likes of Brazil's Jair Bolsonaro, Donald Trump of the US, President of Turkey Recep Erdogan, Rodrigo Duterte, President of the Philippines, and many others (Sanders, 2018). He adds, "these leaders are also deeply connected to a network of multi-billionaire oligarchs who see the world as their economic plaything" (Ibid).

In his comments, Sanders is speaking to at least two different, but sometimes related, types of non-progressive internationalism which have contributed to the dire situation outlined above. The first is the so-called "Nationalist International": the emergence of a network of right-wing leaders who simultaneously champion an ethno-nationalist political project in their own countries while supporting similar projects in others. Evidence of this comes from former adviser to president Trump, Steve Bannon, who embarked on trips around Europe in support of "The Movement", a loose network of populist European leaders who emphasise "the importance of national sovereignty, stronger borders, greater limits on migration and fighting against so-called radical Islam" (Bravo, et al., 2018).

The second is globalised capital under the neoliberal political project where, "Capital mobility, technology, supply chains, and other factors

> ". . . the EFF, DA and ANC have all engaged in vulgar and dangerous campaigning that scapegoats "foreigners" for the country's myriad socio-economic woes.



exacerbating the divide between rich and poor treat borders as mere afterthought" (Walzer, et al., 2017). Globalisation has for decades allowed the free movement of capital across the globe, often to the detriment of the poorest people and weakest states. At the same time, the continuation of limits on the movement of people has trapped many in countries or regions unable to escape from extreme exploitation, poverty or violence. Desperation often causes them to risk extremely dangerous trips across oceans, rivers or deserts to escape these conditions. Soon the effects of climate change will make this situation even worse as more as more climate refugees are added to the equation.

Varoufakis has also shown the links between the emergence of nationalist forces and the neoliberal project by talking about the "internationalism" being practiced by members of the financial community and the effects thereof:

> They have banded together to protect their individual interests – not the interests of the financial sector, but their individual interests – and that has shifted the burden of the crisis onto the shoulders of those who had never had organisational capacities beyond the limits of the nation state, and who very quickly became the victims of this cynical shifting of the burden of the bank's losses, also known as austerity. That bred discontent, discontent bred a second wave of internationalism among the xenophobic, racist neo-fascistic right. Steve Bannon's sojourn across Europe is just one example of how they are banding together and internationalising. So some of us have been arguing for a while that progressives must internationalise too. And we must juxtapose internationalism against globalism (2018).

South African politics is in no way immune to the effects of rising ethno-nationalism and its international links. The trip last year to the US by the so-called *Suidlanders* in a concerted effort to drum up right-wing US, European and Australian support for the imagined "white genocide" in the country shows the way in which such forces create international alliances while exploiting exclusionary and finite political identities (Gedye, 2018).

These problems exist within the political mainstream as well. As we count down to the 2019 general election, the EFF, DA and ANC have all engaged in vulgar and dangerous campaigning that scapegoats "foreigners" for the country's myriad socio-economic woes. Given the horrors of xenophobic violence we have experienced, there should be no tolerance for flirting with this.

In contrast to the spirit of the PI, some on the Left have also begun to succumb to an increasingly nativist, xenophobic and inward-looking politics that neatly, and incorrectly, distinguishes questions of domestic and international politics and continues to entrench categories of insider and outsider. One example of this is the splinter within the German left-wing party, Die Linke, where a group fashioning themselves as "realists" have argued against the long standing Die Linke commitment to open borders. Another example is Angela Nagle's article, "The left case against Open Borders." published, ironically, in the conservative journal *American Affairs*.

These arguments make the case that the calls for "open borders" are merely "middle-class moralism" ignorant of ››

The irony of the age of neoliberalism is that it presents itself as limiting the role of the state when, in reality, it is dependent on strong states that function to serve the interests of big capital.

the "economic realities" that "mean competition for badly paid jobs, precarity and atomisation" (Seymour, 2018). While some on the Left will resist couching their arguments in explicitly racist terms, rather invoking the interests of the working class, they in essence end up reinforcing right-wing tropes and, crucially, playing into the hands of capital by dividing working class solidarities. They also lack empirical grounding.

One of the key arguments put forward by Nagle and others is that open borders will always increase competition for jobs thus driving down wages for the working class. However, the reality is much more complex.[3] In many cases, the existence of workers who are considered "illegal" actually serves to undercut wages as it creates an underclass of people willing to work for much lower pay and without the labour or other protections offered to those considered citizens or "legal" residents. As with other social struggles, the policy positions adopted in response may trigger vastly different outcomes. As Richard Seymour argues:

> There is no "open borders" independent of a wider policy mix. All free movement is conditional upon a wider policy framework which could be about suppressing wages, breaking up unions, intensifying competition and creating precarity at the bottom. In that case, those effects will fall most harshly on migrant workers, and "free movement" will be conditioned and qualified in such a way as to enhance labour market segregation. Or, it could be about solidarity, maximum union rights, anti-precarity laws, collective bargaining, a high minimum wage which applies to all workers. The "pull factors" will be radically different in each case, as will the overall class effects. Simply condemning a generic "open borders" position is simply saying very little of substance (2018).

Additionally, David Adler argues that while any impact of free movement "is concentrated among low-skill, low-education workers the most vulnerable in the labour market . . . it is entirely unclear why the solution would be to restrict migration, rather than enforcing higher labour standards for all" (2019).

Another argument put forward is that Left movements should campaign for domestic bread-and-butter issues before concerning themselves with problems of imperialism or the domestic struggles of workers in other countries. However, this assumes a strict binary between domestic and international that simply doesn't exist. As Aziz Rana wrote recently about the history of this idea in the US:

> . . . the problem was that bread-and-butter issues were not exclusively domestic. This was because the very nature of capitalism and of American imperial power fundamentally shaped the types of demands workers could make and the bargaining power that they enjoyed. What happened abroad had rippling effects at home that actually made working people less secure and more economically dependent. This meant that to focus on what corporations

> and states were doing locally, while ignoring how they operated around the globe, amounted to fighting only half of the battle. It also suggested that any politics of real opposition had to treat the foreign and the domestic as integrated (2019).

In South Africa, the Left has at times also been reluctant to call out racism, xenophobia or nativism when practiced by parties claiming to be advancing a "Left" agenda. Silence by many on the EFF's invoking of an "Indian cabal" or comments about Malusi Gigaba's nationality are examples. Such is the desperation to believe that a progressive political agenda is being put forward that many remain silent in the face of damning evidence to the contrary. Within universities there has also been a rapid growth in the popularity of the type of postcolonial and decolonial theory that questions universal values, emphasises difference and dismisses questions of redistribution as much less important than those of recognition. It is the failure of the Left in this country that many students equate Marxism with vulgar identitarianism.

There are undoubtedly policies that can be adopted at the local and national level in order to address the socio-economic and political concerns underpinning these developments: the curbing of illicit financial flows, increased state spending into productive industries, electoral reforms that make elected officials more accountable and giving a greater stake in governing to communities, among myriad others. However, in order to build a more just global order, it is also crucial that we articulate our struggles within a framework of left internationalism. This is not only on moral grounds, of which there are many, but because it will prove impossible to fix the deep socio-economic and environmental problems we face without such a global, united perspective that takes politics beyond the boundaries of the nation state.

Nancy Fraser has written about how claims for justice, both redistributive and for recognition, "have typically been assumed to concern relations among fellow citizens, to be subject to debate within national publics, and to contemplate redress by national states" (2005: 69). She notes that this insulates a range of actors from critique and control. This includes, "more powerful predator states and transnational private powers, including foreign investors and creditors, international currency speculators, and transnational corporations. Also protected are the governance structures of the global economy, which set exploitative terms of interaction and then exempt them from democratic control" (Ibid, 78). The irony of the age of neoliberalism is that it presents itself as limiting the role of the state when, in reality, it is dependent on strong states that function to serve the interests of big capital. The limitations of narrow technical approaches to global warming, like carbon taxes, should show us the necessity of articulating our claims for justice as part of a global framework that allows us to address the political economy of the problems we face.

It is within this context that the launch of the Progressive International is so crucial. We need to begin seeing our problems as global ones. While the abolition of borders is unrealistic at this stage, we should ensure we commit ourselves to the principle of free movement of people. At the same time, we should leverage whatever national powers we may have while linking these to similar groups in other countries. We also need to ensure that international does not mean a transatlantic partnership between the US and Europe and perhaps South America. Given that the majority of the world's population reside in Asia and Africa, and given that many within this area have borne the brunt of global inequalities, it is imperative that they are part of any international project. It is also imperative that their participation is not done on the basis of replacing global exploitative powers in the North with global exploitative powers in the South. Rather it must be done on the basis of building a truly just and equal order.

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(Endnotes)

1 See review of Adults in the Room by Yanis Varoufakis on page 48

2 See: https://www.progressive-international.org/

3 For an empirical study on the effects of free movement on wages in the EU see: https://migrationobservatory.ox.ac.uk/resources/briefings/the-labour-market-effects-of-immigration/ NA

Beijing, Brussels and Washington in Africa: From scramble to partnership?

By Moses Ogutu

The writer is a Mandela Rhodes Scholar at the University of Cape Town.

How should Africa structure its relations with China? The writer gives us a concise and pertinent comparison of the three major investors on the continent – the EU, the USA and China. While each follows their respective models for engaging with Africa, he provides some valuable advice to African governments on the approach they should take towards making Africa-China relations mutually beneficial.

In less than two decades China has displaced traditional donors such as the United States, Germany and United Kingdom to become Africa's leading economic partner in trade, investment, aid and infrastructure finance. The Asian power's emerging role as an international actor has been the subject of numerous debates especially in relation to Africa.

Sceptics, unsure of the true intentions of China's investments in Africa, argue that China is Africa's latest coloniser, interested in Africa's natural resources and utilising debt-diplomacy to trap African nations into ceding control of the key infrastructure projects it financed back to its possession if they fail to pay the debt. Debt critics and observers are worried that African countries like Kenya who have amassed Chinese debt might be forced to relinquish control of key infrastructure built by China (or those strategically located in the One Belt, One Road route like the East African port of Mombasa) to China if they are not able to repay or lower their appetite for Dragon money.

They quote the example of Sri Lanka which, while struggling to repay more than $8 billion dollars it owes state-owned Chinese firms, was forced to formally hand over the strategic port of Hambantota to China on a 99-year lease in December 2017. Deals of this nature, which sign away too much control to China, weaken a nation's sovereignty.

In the backdrop of the Forum on China-Africa Cooperation (FOCAC) meeting in Beijing and the $60bn China promised for African development, and rising criticism by Africa's traditional partners on rising Chinese credit to Africa, it is imperative to look at those sectors that Chinese investment and aid has focused on in comparison to the continent's traditional partners, mainly the European Union and the United States.

In the competition for investment and resource opportunities in Africa, China, Europe and the United States are in the race but their key investment sectors and interests have differed. The exception is education where each appears to have an equal interest in enhancing cultural ties through scholarships and initiatives that take African students to their countries in the hope they will imbibe their host's values.

Chinese investments and aid to Africa, while diversified across sectors ranging from telecommunications to financial services, remain mostly focused on critical infrastructure including roads, railways, ports and hydro-electric dams. Though initially not a Chinese focus, China is also increasingly engaged in agricultural products with Chinese companies acquiring land abroad to grow

"

China has become the single largest bilateral financier of infrastructure in Africa.

produce for export to, and consumption in, China.

ROADS AND RAILWAYS LEAD TO PORTS, PORTS LEAD TO BEIJING

The 19th century European colonisers pioneered modern infrastructure in Africa – roads, railways, ports and telecommunications – to allow easy access to, and transportation of, resources from the African hinterland to the mother countries in Europe. China's focus on transport infrastructure, while beneficial in the long term, most likely has the same end in sight. A look at other sectors, such as healthcare, shows minimal to no Chinese investment. Why?

Beijing sees no commercial profit in these sectors. The development of transport infrastructure by China in Africa and other emerging and middle-income countries is linked to its interest in mineral and other natural resources. Most of it is geared towards connecting mineral-producing regions to key ports. In turn, the ports are used to transport resources to Beijing.

If we look to Sri Lanka's example, then we should be cautious of China's overtures such as the One Belt, One Road initiative. This grandiose scheme is initiated, promoted and financed by China and built by Chinese companies and Chinese nationals. And while they traverse national boundaries, they are "owned" by China, either as debt investments (for now) or through control and managerial ownership or lease (in the future). China seems to be financing the construction of infrastructure along this route to control it in the long run. The modality in which projects along the One Belt, One Road initiative will be managed remains to be seen. Will it follow the Sri Lanka model?

Acquisition and operation of ports in foreign countries is not a new phenomenon: already companies such as Denmark's Maersk Line operates 76 ports in 41 countries while Dubai's DP World runs 77 ports in 40 countries. However, where others operate for commercial reasons, Chinese state-owned companies are geopolitically orientated, strategically positioned and connect like dots along key international maritime trade routes to ensure political and economic leverage over its imports and exports which China aims to utilise to enhance its market reach.

Critics of Western imperialism and condition-based development aid that characterised relations with traditional donors argue that China offers mostly interest-free loans and aid without conditionalities. Furthermore, China is succeeding in developing critical infrastructure – the basic building blocks of economic development – which Western development agencies have ignored for most of their period of engagement with their colonies. China has become the single largest bilateral financier of infrastructure in Africa.

China has focused on business, leaving questions of governance, leadership and rule of law to traditional donors and preferring to work with existing governments regardless of how they are viewed by other international actors. Reuters quoted Cheng Tao, a former head of Africa division at the Chinese Foreign Ministry, saying that it was unfair to blame China for working with governments alleged to be corrupt. According to Cheng, "you voted for this government. It's the only government we can deal with."

With its focus on the private domain, China takes a minimalist approach towards the public domain in both its African and global relations. It pays scarce attention to the domestic politics of its partners, in contrast to Western nations such as the United States who prefer to exert maximum control over both. To achieve its economic and geopolitical ambitions, China will work with any government elected in a country that is a partner in the strategic One Belt, One Road initiative. (There is perhaps only one condition – accept the One China policy, which means non-recognition of the sovereignty of Taiwan which China considers its territory.) »

As Emile Simpson observed in the July 23, 2015 issue of *Foreign Policy*, in the wake of the US-led mission (public order) in Afghanistan, minimal Chinese support to the Afghan government in the fight against the Taliban ended in substantial mining concessions (private order) to China. Similarly, in Africa, except for Djibouti which hosts China's first and only military base in Africa, Beijing's focus on non-military-based foreign policy has, in less than two decades, ensured commercial dominance in a region where the US has a dominant military presence.

It appears foreign powers in Africa have carved out a niche for themselves. The US emphasises leadership, political reform and democracy, and health; for the EU, trade and economic integration are important; and for China it is construction and the provision of critical infrastructure. Each seems to have proven themselves in their area of expertise.

THE EU IN AFRICA: A CONTINENT STILL HAUNTED BY ITS COLONIAL LEGACY

Except for peace-keeping efforts in the horn and Francophone Africa, EU investments into Africa remain focused on trade and economic integration. These have been mostly focused on trade and related technical assistance such as supporting export competitiveness of countries, elimination of technical barriers to trade and enhancing the capacity of officials in trade-related agencies, among others.

Ironically, rather than assisting the establishment of critical industrial infrastructure for processing raw materials into finished products, EU technical assistance remains largely focused on supporting African producers to meet its (the EU's) market access for primary products which have historically been processed and sold back into Africa and other markets at higher prices. (Except for a few countries with an advanced manufacturing base and with a huge share of processed African exports to the EU.)

But even in its trade-related activities, colonial history still haunts Europe in Africa. Despite the launch of the first ever Africa-EU strategic summit in 2007 and subsequent summits, the last of which took place in 2017 – trade policy dialogue between Africa and Europe remains rather coercive than cooperative. In an effort to cement its commercial position in Africa, the EU is negotiating, or has concluded, a network of Economic Partnership Agreements (EPAs) with more than 40 sub-Saharan African countries.

As most EU technical assistance remains focused on helping meet EU market access standards mostly for primary products, EPAs provide European firms with preferential market access to African regions and will liberalise about 80% of imports over 20 years. But just as the Berlin Conference, which was responsible for the partition of African countries, caused the separation of homogenously cultural and linguistic communities, the EPAs further threaten to divide African nations by contributing to the spaghetti bowl of regional integration initiatives in Africa and further hinder the prospects towards continental integration.

Furthermore, this undermines industrialisation strategies of countries like Nigeria which for now have opted out of the EU proposal. If we look at the divisive nature of the EPAs, or the nature of relations between France and its former colonies, we see that China is not the only coloniser. Both powers still control Africa, albeit differently.

Around the same time that China was hosting African leaders in Beijing, British Prime Minister Theresa May and German Chancellor Angela Merkel were on a charm offensive in Africa with May stopping in South Africa, Kenya and Nigeria and Merkel visiting Senegal, Ghana and Nigeria. Either Downing Street received the memo late or it is Brexit that triggered action that, in the words of May, presented "a unique opportunity at a unique time . . . as we prepare to leave the European Union, now is the time for the UK to deepen and strengthen its global partnerships".

However, the dragons have dimmed the rays of the sun which is likely to remain blurred in the former British Empire. It remains to be seen how the UK will restore sunlight in a region that once was part of the British Empire upon which the sun never set. On the other hand, Merkel's talk centred on migration and investment opportunities for German companies such as automaker Volkswagen which announced plans to expand operations in both Ghana and Nigeria. The timing of the visit by two of the West's leading economies clearly indicates they are playing a catch-up game to counter Chinese dominance in Africa.

THE US IN AFRICA: A PENCHANT FOR INSTRUCTING GOVERNANCE AND RULE OF LAW

Similarly, infrastructure has not been a key focus of US investments into Africa. Like Brussels, when not focused on democracy and political reforms, aid and investment from Washington has focused on trade through the African Growth Opportunity Act (AGOA) – a selective initiative which allows countries that meet stringent eligibility requirements set by US Congress access to the American market.

In addition, aid-related investment relations have mostly focused on opening African markets to US multinationals. However, compared to China and the EU, the US invests heavily in health in Africa. For example, the US President's Emergency Plan for Aids Relief (PEPFAR), and other USAID-led global health programmes have contributed substantially to programmes for HIV and AIDs, maternal and child health, malaria and tuberculosis, helping to save lives in countries where epidemics of these diseases threatened to annihilate large segments of a population.

The US also leads in initiatives aimed at developing leadership capacity among young people in Africa, through peace and security and promotion of civil society groups to combat rising fundamentalism. However, some Africans begrudge the patronising penchant by US officials to instruct them on economics, governance and politics. They see no difference between China, Europe and the US – their objectives remain vastly similar, although it is pursued differently.

Concerns over the sustainability of rising Chinese loans to Africa are welcome given the power of the lender over the borrower. The structural power theorist Susan Strange in 1988 observed that in a world where corporate enterprises increasingly compete for profits, finance or the control of credit has risen in international economic relations. According to Strange, unlike money, credit can be created and whoever has the power to create or shape credit exercises significant influence over his/her peers and the borrowers.

Traditional credit to Africa used to be the domain of Western states and international organisations controlled by them. They exercised control over the money and policies of African nations, and today as China displaces them as banker supreme, they are worried not only because Africa is increasingly indebted to China but because the debt is not owed to them. If the so-called debt-diplomacy is true, then China will, in the long term, exert more control over Africa, just as they (the original lenders) did in the past.

Still, African governments should be cautious when dealing with China. Historical relations with Europe and decades of dealing with the US means that African countries understand both Brussels and Washington. This is not the case with China.

WHICH WAY FORWARD?

China already has an explicit Africa Strategy, often repeated in China-Africa summits. Both African states and their continental bodies lack a comprehensive strategy on relations with China. A 2017 report by McKinsey on Africa-China economic relations, "Dance of the lions and dragons: How are Africa and China engaging, and how will the partnership evolve?", analysed eight large African economies and identified four distinct differences in the Africa-China engagement:

(i) *Robust partners* including Ethiopia and South Africa, with clear and strategic stands toward China as codified in their national economic development policies which translate specific initiatives towards China. In China's eyes, they are true partners that effectively participate in platforms such as the One Belt, One Road initiative. South Africa co-hosted the Forum on China-Africa Cooperation (FOCAC) in 2015 and co-chaired the 2018 summit;

(ii) *Solid partners* including Kenya, Nigeria and Tanzania which lack strategic policy towards China but foster growing and meaningful government and business relations with China and Chinese companies. They understand their strategic location in the One Belt, One Road initiative, recognise China's importance to them but are yet to develop an explicit China strategy;

(iii) *Unbalanced partners* such as Angola and Zambia, where engagement is narrowly focused. Chinese investment in Angola has largely been government-driven in a *modus operandi* where Angola supplied oil to China in exchange for infrastructure financing. Compared to other African countries, investment by private Chinese firms is limited. While Zambia has registered major private-sector investment, poor regulatory oversight has resulted in corruption and unsatisfactory labour standards; and

(iv) *Nascent partners* include countries like Cote d'Ivoire. They have a relatively small number of Chinese investors which remain focused in low commitment industries such as trade. Like most Francophone African countries, relations are still at an infancy stage.

For African countries in which China has key interests, for example those situated within the strategic One Belt, One Road initiative, the aim should be to develop a clear China strategy. It would be in their best interests to gauge the key sectoral interests of each partner and develop policies that maximise the contribution that each partner makes. If China is the leader in infrastructure development, then they should develop appropriate policies on how to engage China for support in that area while striking relationships with other partners in their respective fields or areas of interests in ways that are calculated to align with their development objectives.

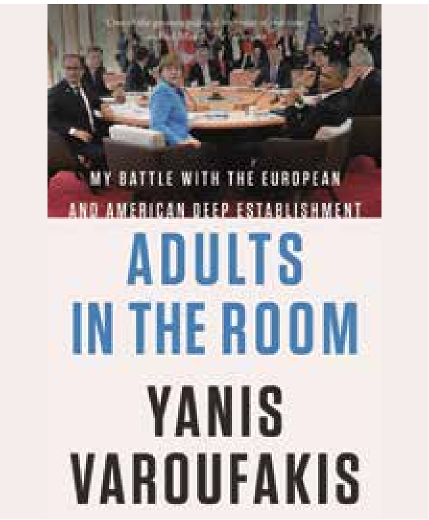
McKinsey's suggestions on accelerating Africa-China partnerships are perhaps the most insightful on the way forward. The report recommends that *African governments* should define their China strategy and build a capable bureaucracy to administer that strategy; the *Chinese government* should make government financing available to private Chinese firms and issue responsible business guidelines to those firms and use results-based aid approaches; and that both *African and Chinese governments* should switch to a Public-Private-Partnership (PPP) model of infrastructure project finance. For the private sector, Chinese firms should explore brownfield growth opportunities while African firms should decide when and how to drive step-change in growth productivity. Indeed, these suggestions would limit China's ascendancy and foster the much touted "mutual benefit" and "cooperation" models in the relationship. NA

ADULTS IN THE ROOM

Yanis Varoufakis

Farrar, Straus and Giroux: New York 2017. 550pp.

Review by Ben Turok



This is the study of a small left-wing party in Greece called Syriza which unexpectedly won national elections in 2015 in the most unfavourable circumstances. Greece had suffered from looting and maladministration for decades, first under military rule and then opportunist politicians. The country was deeply indebted to Europe and was bleeding from large repayments.

Syriza asked Yanis Varoufakis, a professor of economics, who was not a party member, to be Finance Minister and lead negotiations with the "troika", the European Commission (EU), the European Central Bank and the International Monetary Fund. He had been outspoken on the condition in which Greece found itself in relation to Europe.

The troika was determined to force new loans on Greece which was unaffordable, so Varoufakis fought a sustained battle for debt restructuring to give Greece some breathing space, which was vigorously denied. What the troika wanted was to impose further austerity in the name of "restoring competitiveness" and attracting investment from other countries.

Varoufakis engaged in intense discussions with the troika across Europe during which he recorded many conversations. This provides the meat of the book which must be unique in international finance.

What he reveals is that the troika actually did not want to be repaid as much as they wanted to teach Greece, and indirectly Spain and others, a lesson about pursuing independent policies and to insert EU officials in the Greek government to take control.

But the battle took the form of resistance to the imposition of austerity on the Greek public which had already had enough of unemployment and poverty. To their credit, some Western economists such as Jeffrey Sachs went to great lengths to advise and support Varoufakis but in the end it made no difference.

The troika managed to impose its will on the Syriza government and Varoufakis resigned. Sure enough austerity followed. Throughout this period the Greek banks were put under enormous pressure and only remained functional with difficulty.

This is a deeply disturbing book, revealing in great detail, perhaps for the first time, the way powerful supra national and international institutions impose their will on small countries.

South Africa take heed.

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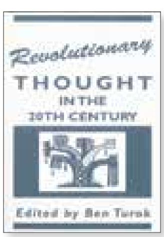

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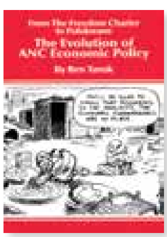

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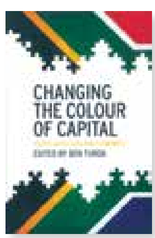

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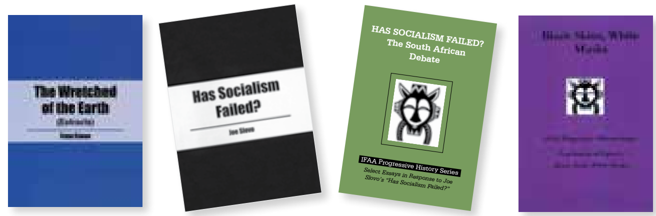

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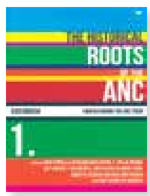

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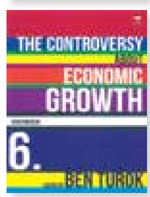

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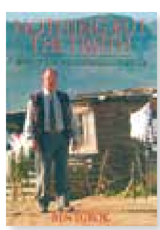

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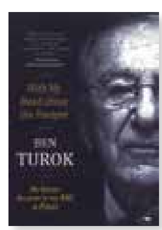

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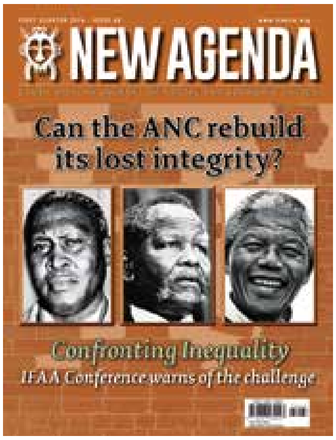

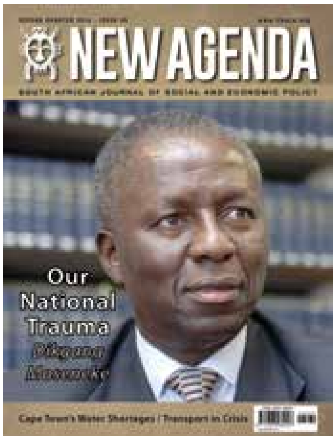

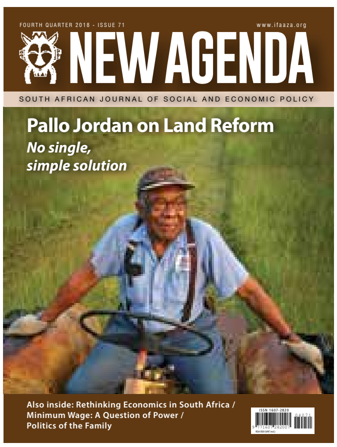

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