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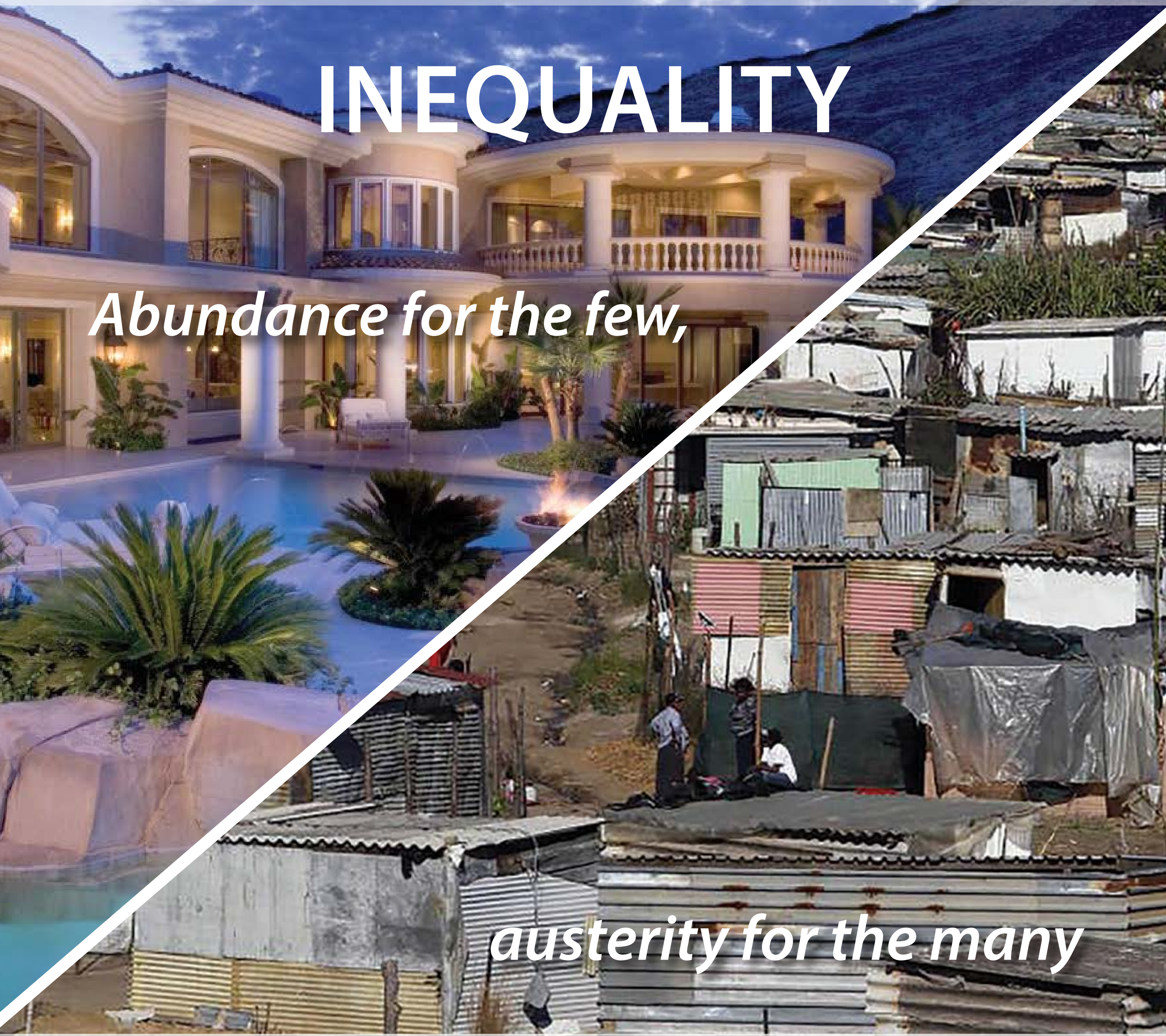
NEW AGENDA

SOUTH AFRICAN JOURNAL OF SOCIAL AND ECONOMIC POLICY



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In November 2019 the Institute for African Alternatives presented

Chaired by Zelda Holtzman, with guest speakers:
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CONTACT US
Email: **admin@ifaaza.org**
Website: **www.ifaaza.org**
Facebook: **www.facebook.com/newagendaonline**
Twitter: **@IFAACT or @NEWAGENDAZA**
Tel: **+27 21 461 2340**
Address: **Community House, 41 Salt River Road, Salt River Cape Town 7925**

IFAA STAFF

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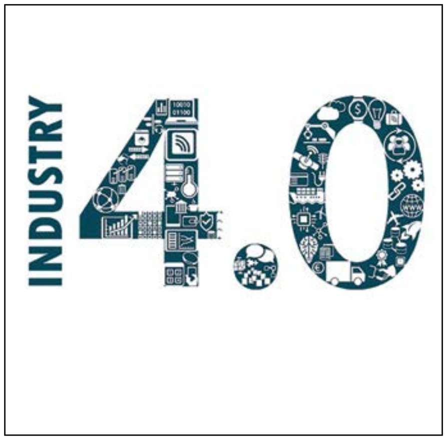

Talent recognised and nurtured in the Faculty of Science and Agriculture at the University of Limpopo

One of the missions of the Faculty of Science and Agriculture at the University of Limpopo is to train and develop future scientists, and this starts in the lecture room. The Faculty identifies those who have academic potential, recruits them and provides them with a platform to develop into nationally recognised researchers in their disciplines. Once identified, a few are placed under mentors by the Faculty to nurture their talent.

One of the finest of its upcoming researchers is Dr Phetole Mangena, who has achieved a lot in the short period that he has been on the academic staff of the Faculty.

Dr Mangena is a lecturer in the School of Molecular and Life Sciences, Department of Biodiversity at the University of Limpopo. He graduated with his Master of Science degree in 2015 and recently received his Doctor of Philosophy degree at this institution.

Dr Mangena joined the University of Limpopo as an undergraduate student in 2007 and in January 2017 was appointed a full-time lecturer through the Next Generation of Academics Programme (n-GAP), sponsored by the Department of Higher Education, Science and Technology. He is currently recognised as one of the most promising South African scientists and was awarded the Research Excellence Award for Next Generation Researchers by the National Research Foundation (NRF).

Dr Phetole Mangena

The Executive Dean of the Faculty, Prof Hlengani Siweya, asked Dr Mangena about his interests:

"My research interests are in the area of plant physiology, biotechnology and micropropagation of plants by tissue culture. My research deals with the development of plants showing resistance to abiotic stress, particularly drought. The conducted studies pay particular attention to the improvement of legume crops and vulnerable indigenous leafy vegetables, both under in vivo and in vitro growing conditions. I hold a strong view that, biotechnology is continuously making new grounds in agriculture, for food production purposes, as well as dealing with challenges facing the environment and our health sector.

"Therefore, I wish to also make a meaningful contribution in this regard. Especially by dedicating my time, skills and expertise on the breeding of non-transgenic and transgenic plants carrying the desirable traits like drought tolerance, salinity stress resistance and also improve the crop's photosynthetic efficiency, nitrogen fixation ability, increased storage of proteins, carbohydrates, etc. using both conventional and modern genetic engineering techniques."

Dr Mangena's work has already attracted the attention of many professionals and scientists in the field. He continued: "I have been serving as a reviewer for conference series and journals like the *American Journal of Biochemistry and Biotechnology*, SciPress journals, *Biologia Plantarum*, etc, including being a reviewer for the United States-South Africa Collaboration, Joint Dimensions of Biodiversity, for major grant proposals. I have also had chapters published in **four** books:

- *Pollination in Plants;*
- *Soybean The Basis of Yield, Biomass and Productivity;*
- *Plant, Abiotic Stress and Responses to Climate Change;,* and
- *Transgenic Crops Emerging Trends and Future Perspectives.*

"One chapter is about pollination as a mechanism to enhance diversity in plants and the other three are about genetic improvement of soybean under drought conditions. I have just authored another book chapter, "Plant Transformation: Systematic and Technological Outlook of Methods Used to Confer Tolerance to Drought Stress in Soybean (Glycine max L.)", which is due for publication by Springer Nature in 2019. I am a very busy scientist, if you like: I have also published **eight** discipline-related articles and **more than three** are still under peer review.

"I am presently engaged in teaching and supervision of Honour students. My *current* research interests include in vitropolyploidisation of soybean used as a model crop to confer drought tolerance, and in-planta based Agrobacterium tumefaciens mediated genetic transformation. My wish, with the support of the Faculty, is to continue sharing my knowledge through teaching undergraduate and postgraduate students, supervising masters and doctoral students, as well as to complete my monograph on *in-planta* soybean transformation which will pave the way for building a team of postgraduate students and researchers who will ultimately produce the first-ever Plant Biology textbook with an African perspective".

The Faculty has exciting research focus areas that have so far generated new knowledge in various disciplines. Prospective students and interested collaborators are invited to call the Faculty at 015 268 4807 for more information. For more on the story of Dr Mangena and his research activities, he can be contact at.

FOR MORE INFORMATION, PLEASE CONTACT:

Dr Phetole Mangena
Email: phetole.mangena@ul.ac.za
Tel: 015 268 4715

Is there a way out of this mess?

By Ben Turok

In a recent comment in Parliament, David Masondo, Deputy Minister of Finance, said that he was opposed to using prescribed assets to support SOEs since this might jeopardise working peoples' savings, implying that he had little confidence that the investments would pay off. This kind of concern is becoming the norm and surely is cause for great concern. Many of us have always believed that there is a critical need for state intervention in the economy and for good governance generally. But we are now faced with a deeply corroded system.

In a report to Parliament, Ronald Lamola, Minister of Justice, said that the office of the state attorney is plagued by poor performance, corruption and an uncoordinated structure, among other failings. Collusion between government attorneys and defence lawyers amounts to bribes and leads to unfavourable outcomes for the state. The rot is deep.

If there is any comfort in all the exposures of wrongdoing it is that much of this is being exposed in public. We are rapidly waking up to reality and accepting the serious deficiencies in our system. Perhaps this is the first step to putting it straight.

In the lead article, Sam Ashman opens with examples of corruption through state capture, including bribes by Bosasa, theft from VBS, machinations at SARS and of course Zuma's sustained undermining of good governance. She gives a penetrating analysis of the political economy of state capture, setting out its roots in the system of accumulation with finance at its core and how this has blocked other development throughout the economy.

In another article, Michael Sachs analyses wealth in South Africa and shows that the vast amount of assets held by a small section of our population as physical and financial assets has its roots in apartheid exploitation, which has survived largely untouched under the ANC government.

Should we be surprised that this legacy and the associated poverty and unemployment have led to a period of deep concern about our policies and practices? It is also combined with a serious loss of direction in political parties, none of which are capable of presenting a reasonable programme for the future or evidence of the capability needed for sound governance.

The government has apparently adopted Tito Mboweni's economic document and we shall hear more of the same in the near future. While the document deals with a large number of issues, what emerges strongly is his concern about growth, which is referred to constantly even though sometimes prefaced by the word "inclusive".

Are they not tired of trying to promote the growth of an economy so skewed that growth only seems to strengthen those already riding high and is incapable of providing benefits for the rest? What has happened to all the aspirations for creating a society which benefits all, including the poor and unemployed? Those aspirations are by no means satisfied by welfare payments, helpful as they are to many.

In their profound article "The ills of financial globalization", Subramanian and Rodrik show how pursuing the tenets of neoliberal consensus leads to the "primacy of growth over distribution". Is our government following the same path?

The point we are trying to make here is that all the evidence points to a system that is in serious trouble and which requires more than tinkering with this or that variable. Our huge inequalities in wealth are intolerable, including the incredible gap between top managers and employees. Our legacy of social discrimination based on colour is unacceptable, including the persisting divide between affluent suburbs and desolate townships. Our state-owned enterprises, which are supposed to be engines for development, are actually serving as employment agencies for a small overpaid middle class. The public service has been allowed to slip into a dream walk where form filling and token effort is enough to bring in a stable income for officials.

All this points to an urgent need for civil society and progressive intellectuals to raise their voices and demand a much more serious effort by all concerned to rebuild our country on a better foundation. Let us work on that. NA

Financialised accumulation and the political economy of state capture

By Sam Ashman

The author is an Associate Professor in the School of Economics at the University of Johannesburg. She also serves as Director of UJ-IDEP, which is a partnership between the university and the United Nations African Institute for Economic Development and Planning (IDEP) and is Co-ordinator of the Industrial Development and Policy Research Cluster. She holds an MPhil in Industrial Policy and gained her PhD from Birmingham University.

Unlike most other assessments of state capture which report on the shocking revelations coming out of the Zondo Commission of Inquiry, this article instead considers the political economy of South African corruption. The author reminds us that South African corruption is not new, but a product of highly exploitative colonial and later apartheid-era accumulation. Ashman attempts to explain why corruption is endemic in post-apartheid South Africa and concludes that it emerged out of changes in the leadership of the liberation movement who sought the creation of a black elite or black capitalism.

The Zondo Commission of Inquiry has been in progress for just over a year and it has revealed the depth of corrupt practices within South Africa today. Shocking revelation has come on top of shocking revelation, providing hard evidence for things that many had already suspected. Bosasa's Angelo Agrizzi and other whistleblowers from that company, for example, described in detail the huge scale of the bribes they made to ANC figures to secure contracts, influence and to avoid prosecution. The payments ranged from the cynical and 'efficient' regular monthly bribes (all the better to keep people dependent and therefore loyal) to the grotesque (Louis Vuitton handbags full of cash). Were it not so serious, one might suggest that former president Jacob Zuma spread mirth across the land with his faux anti-imperialism at the commission in July 2019, where he claimed that he was the victim of a plot by foreign intelligence agencies determined to bring about his downfall. "The rambling of a troubled mind," wrote former SARS official Yolisa Pikie.[1]

The rot, of course, is deeper than Zuma and Bosasa. And it's not only the revelations of the Zondo Commission which are stark: there's the inquiry into the Public Investment Corporation (PIC), the VBS bank scandal and more. Kenneth Brown, the former National Treasury chief procurement officer who resigned in 2017, claimed that as much as 40%

"The social cost of corruption for the poor is enormous, given corruption's negative impact on transformation and the realisation of access to health, basic education and other services.

of the government's $44 billion/R600 billion state procurement budget in 2016 was actually fraudulent.[2] "It means without adding a cent, the government can increase its output by 30 to 40 percent."[3] The Civil Society Working Group on State Capture reminds us that the social cost of corruption for the poor is enormous, given corruption's negative impact on transformation and the realisation of access to health, basic education and other services.

Rather than examine the testimonies made at the commission in detail, this article instead asks how best do we explain the deep levels of corruption within government and business and between government and business in South Africa today? What is the political economy of South African corruption?

First, the obvious: corruption is neither new nor specific to South Africa. In general terms, corruption is widespread, and private capital both commits to it and lives with it. 'Crony capitalism' as a term was first used in relation to East Asia. India has gone through repeated crises of corruption, most recently 'coalgate'. A 1995 report in the British *Guardian* newspaper referred to how, "Nigeria is a state being looted to death."[4] Historical and contemporary examples are numerous. Put most simply, corrupt relations with government reduce the risks private capital has to take, and the weaker capital is, the more dependent it is upon the state.

In the South African context, it is particularly important to emphasise that corruption is not new. Historically, 'white capital' has grown through highly exploitative colonial and then apartheid-era accumulation regimes which have actively blocked more broad-based and inclusive social and economic development. Much of this, but not all, was perfectly legal, but then the conquerors wrote the laws. Van Vuuren has documented two decades of extensive apartheid-era corruption, in which the major banks played a pivotal role, aimed at countering the international sanctions against the apartheid regime.[5] Today capital takes much wealth out of the country – by legal and illegal means. The Competition Commission has found major South African and international banks guilty of deliberately manipulating the value of the Rand. Companies have benefited from the overpricing of outsourced government goods. Corporate tax is low and there are many ways it can be dodged, with the right auditors. White capital was prepared to tolerate the extremes of the Zuma administration for long enough, only entering the fray with the sacking of finance ministers Nhlanhla Nene and Pravin Gordhan. As Steven Friedman has argued, "In reality, market economies can co-exist with all manner of favouritism, patronage and even dodgy dealing".[6]

Moreover, over the course of 2017, the largest financial collapse in South African history unfolded as the Steinhoff group crumbled, almost overnight.[7] Losses of more than R100 billion were made over two days. Subsequent investigations discovered massive earnings manipulations, off balance companies set up to hide losses, acquisition sprees, debt overload, offshoring of profits and tax fraud. Christo Wiese of Shoprite, and former chair of the Steinhoff group, remains one of the richest people in Africa. Steinhoff demonstrated further how financial liberalisation has facilitated the growth of illicit financial flows, transfer pricing, trade misinvoicing and what the OECD calls base erosion profit shifting (BEPS). This is much more systematic than simply offshore tax havens for rich individuals, but so widespread as to be corporate strategy in many sectors.

But why has corruption become so endemic in post-apartheid South Africa? In South Africa's case, access to the state, often through corrupt means, has become key to new black class/elite formation. As already noted, where capital is weak, it is frequently more dependent upon the state, and the weakness of other opportunities makes new black capital more desperate. This weakness is a consequence of the post-1994 strategies of big capital and the ANC. The ANC's concessions to colonial/apartheid-era capital (no nationalisation, permission for offshoring and relisting, loosening of capital controls to allow for this) were combined with concessions from capital on BEE (and the selling off of their least profitable assets in the process). This fitted with the narrowing horizons of the leadership of the liberation movement who sought the creation of a black elite or black capitalism. The meetings between the ANC, big business and the apartheid elite from the mid-1980s onwards were important to the ANC's acceptance of a mainstream ››

> **In South Africa corruption is not new. Historically, ‘white capital’ has grown through highly exploitative colonial and then apartheid-era accumulation.**

economic policy package effectively as a condition for a negotiated settlement and one person, one vote. But now these policies render the ANC’s own task – creating black capitalism – very difficult. The concessions to white capital given above, a continuing mainstream macroeconomic policy framework, trade and financial liberalisation, growing financialisation in general, have limited the ANC’s ability even to help create new black capital.

Instead, the economy remains highly concentrated and dominated by powerful incumbents. The core MEC sectors and finance have been joined by retail, telecom and media. Labour-intensive manufacturing is deindustrialising, hit by trade liberalisation, whilst the growth of the financial sector has created few jobs and failed miserably to allocate capital at high enough levels nor towards labour-intensive sectors. The informal economy is weak (relative to other developing economies) as a consequence of apartheid-era policies. The resulting near permanent exclusion of 40% of the population from work inevitably means a continuing crisis of demand. The state offers not only direct employment but also contracts/tenders/licences. Political connections and/or corruption thus become very important means for new entrants and for class formation.[8] The financialisation of accumulation is a critical feature of the context: the specific conjuncture of forces which give rise to corruption in present day South Africa.

THE CONDITIONS OF ACCUMULATION AND CORRUPTION

There have been earlier analyses rooting the political economy of corruption in the conditions of accumulation, and in particular how the African petty bourgeoisie in many societies has been dependent, in the era of independence, upon access to the state and its resources as a consequence of colonial underdevelopment.[9] Morris Szeftel writes that:

> In the context of underdevelopment, local accumulation rests heavily on political office and the ability it provides to appropriate public resources. Corruption provides a means of transferring public resources to the new middle class and bourgeois strata which emerged in the post-colonial order. And debt, economic crisis and underdevelopment ensure that this dependence on access to the state remains continuous.

The conjunction of forces which give rise to corruption and which shape its forms are, however, quite specific. The South African case, it is argued here, needs to be situated in a bigger picture: the economic and political contradictions of neoliberalism and financialisation.

The financialisation of production, exchange and reproduction lies at the core of neoliberalism and the neoliberal project. It has meant the extensive and the intensive development presence of financial interests and trading of assets in all these three spheres.[10] Indeed, financialisation underpins neoliberalism as states drive the internationalisation of production and finance, even if at the same time preaching the virtues of laissez-faire.

Economic policymaking, globally, has come to reflect these priorities. One measure of these processes is the way in which financial institutions have been able to appropriate a greater share of the value created in all the major neoliberal economies, and the greater share taken by finance across the global economy has increased incomes at the top and so contributes to rising inequality. The dominance of finance creates a tendency to short-termism and speculation over long-term productive investment and job creation, with growth often being led by speculative bubbles. This has been devastating in the context of the structure of the South African economy. As such, neoliberalism and the connected financialisation of the world economy has failed to produce growth (expect for a highly limited measure), and this failure and the frustration which results is now increasingly accompanied by either political polarisation, crises for democracy and/or shifts to more authoritarian forms of rule in a number of states and the strengthening of the coercive apparatus of the state to prop up turbulent and unequal societies.[11]

Neoliberalism can be seen in terms of three paradoxes: the economic paradox of neoliberalism being the inability to capitalise on the favourable conditions for accumulation; the political paradox of neoliberalism being the crises of a number of liberal democracies as legitimacy is eroded and a backlash emerges with 'spectacular leaders' pushing politics further to the right; and the paradox of 'authoritarian neoliberalism' being that these 'spectacular leaders' further pursue neoliberalism and financialisation with adverse consequences for their supporters.[12]

Of direct relevance to South Africa is the way that 'the economic paradox of neoliberalism' has contributed to the formation of informal networks of corruption and patronage. In the face of few opportunities for accumulation (given the restructuring of the MEC, its internationalisation and financialisation, and the concentrated if shifting nature of the South African economy as a consequence of the MEC), contacts with government to aid in the winning of tenders has become a critical site of economic activity. A general feature of these failures across the globe is the way that new forms of revolving doors between the public and the private sectors have opened up, and the increasingly large and lucrative role for private auditors, consultants, PR firms and other enablers.[13]

The timing of the transition to black majority rule meant that political democracy arrived in South Africa under conditions of established neoliberalism and financialisation elsewhere. As the ANC stood for election, it had made it clear to business and the old white elite that private property would be respected and that colonial and apartheid-era capital would have considerable freedom of movement, as we noted above.[14] Economic policy implemented under both Mandela and later Mbeki were characterised by an adoption of so-called Washington Consensus policies, meaning a buy-in into the World Bank's and IMF's preaching of fiscal restraint and inflation containment. The Growth, Employment and Redistribution (GEAR) macroeconomic strategy represented this buy-in into orthodox economic thinking. GEAR stressed the need for fiscal consolidation, financial and trade liberalisation, wage moderation and labour market deregulation as well as monetary policy tackling inflation. A sequence of corresponding mainstream policy packages has reproduced some of the extremes of apartheid-era political economy. What has determined the political economy trajectory since 1994 has been financialisation (in and of itself and of globalised production) and the emergence of a new black elite thoroughly integrated into neoliberalism, globalisation and financialisation.

STATE STRUCTURES AND CLASS FORMATION

In the context of weak accumulation in the post-apartheid period, corruption has proved to be an attractive option for sections of capital and rival sections of the ANC with access to national and/or provincial state structures. Such corruption in South Africa is not simply confined to the Zuma period and his networks of support and beneficiaries. Corruption both predates Zuma in important ways, and is broader than the coterie around Zuma and the Guptas. Not only did the first national scandal occur on Mbeki's watch – the arms deal, which implicated Zuma and proved to be a taste of things to come – the Mbeki era made important economic policy choices as discussed above. In addition to this, the Mbeki era is important in terms of the centralisation of power and decision-making within the ANC, and its institutionalisation within parts of the state, particularly the Treasury and the Presidency.

Decision-making could not be inclusive of the democratic movement as the commitments and goals of the ANC leadership moved radically away from the goals of much of the movement. As part of this acceptance, as argued above, the vision of the leadership of the ANC narrowed to the pursuit of BEE as a means of historical redress and for the creation of black capital, and the slow 'de-racialisation' and democratisation of apartheid institutions, rather than their transformation. BEE has involved the transfer of assets from existing multinational corporations (MNCs) to new black groups and individuals, often highly indebted and unproductive, minority stakeholders in existing companies that allow those companies to fulfil BEE quotas, with share transfers often financed through debt (in the first instantiation of the policy at least). A small minority has done very well, including Cyril Ramaphosa (who has extensive interests in coal and platinum mining, banking, and coke and McDonald's franchises), and forms a buffer against white capital, many of whom can present their political connections/access as an asset. Others have fared less well, and been dependent upon far more modest contacts and networks.

At a national level there have been intense struggles over control of the institutions which may or may not prosecute those deemed to have transgressed the law – the police, the NPA, intelligence agencies, SARS – a struggle to subordinate these institutions to factional accumulation strategies. The Zuma faction also established a network of party leaders within the ANC and in senior leadership positions who were loyal to Zuma – the so-called 'Premier League'. These practices, including their violent aspects, have become an integral part of black class formation and this contributes to the ongoing instability within the ANC. Authoritarianism is carefully blended with the gains to be made from patronage, the carrot and the stick.

The role of the provinces is important too in the state capture story. The provinces post-1994 were expected to deliver on a broad range of services but without resources and with highly divergent capacities to deliver. At a provincial level, webs of connections have developed between local state officials, ANC structures, entrepreneurs and small-time business people, as told by Olver with regard to Nelson Mandela Bay.[15] Tenders have become so central because competition is intense (as there are few opportunities elsewhere, as argued above). Hence 'knowing someone on the inside' can be key (indeed make or break) – to being selected as the chair of provincial committees, for example. And as being chair of a committee becomes important (and possibly lucrative), often factional competition for these positions intensifies. The ANC provinces have seen intense conflicts over control of the structures, with assassinations of rivals reflecting the power and patronage these positions confer, with money to the favoured local business people frequently being channelled back into the ANC, keeping the connections going.

“

... why has corruption become so endemic in post-apartheid South Africa? In South Africa's case, access to the state, often through corrupt means, has become key to new black class/elite formation.

The role of the provinces is connected to a further important feature of South African democracy – violence. Von Holdt argues that the critical importance of access to the state for accumulation opportunities is important to understanding the violent nature of South African democracy since 1994, and that violence has become integral to processes of class formation and class relations in South Africa.[16] Much, though not all, of this violence is rooted in competition between different clientelist factions of the ANC, or the party-state.[17] For Von Holdt, South Africa is marred by multiple forms of violence, including the violence of the 'subaltern' – as seen in xenophobic attacks, vigilantism, gender-based violence and union and labour violence. Intra-elite competition has become increasingly violent, as seen in struggles for control over the coercive instruments of the state and the use of assassinations in rivalry for ANC positions; and the mobilisation of 'collective violence' in ANC structures and/or community protests (where ANC factions mobilise communities in order to boost their position within factional battles).

In sum, there are a number of key points.

Firstly, the Mbeki era laid the foundations for the Zuma era in its accommodation with big capital and finance, its centralisation of decision-making, its tolerance for naked corruption in the arms deal, its pursuit of BEE (while at the same time introducing other politics which render it impossible except for a small minority) and its rendering of the provinces weak.

Secondly, corruption around the state ranges from large to small, national and provincial. Bhorat et al trace the emergence and evolution of national level corruption and state capture, involving the boards of parastatals such as Transnet and Eskom, as far back as 2012.[18] The Report by the then Public Protector of South Africa, Thuli Madonsela, investigated complaints of unethical conduct by Zuma and others in relation to the appointment of cabinet ministers and the directors of state-owned enterprises' appointments.[19] This was followed by investigations by journalists, such as amaBhungane, along with the report by academics at a number of South African universities, and Pauw, Myburgh and others.[20] Together these sources demonstrate corruption with regard to state contracts, notably Eskom, Transnet and the putative nuclear deal with Russia.

Thirdly, other institution have been in crisis/intense power battles over who controls them and whether or not they are subordinate to factional accumulation agendas.

Fourthly, the term 'corruption' needs unpacking further as there are different processes at work – from bribes, to access, to contracts for accumulation, to informality in processes. Schools, for example, particularly in rural areas, are important sources of procurement, of employment and of influence and therefore being on a school governing body provides a variety of advantages.[21]

Fifthly, finance is deeply imbricated in this story. Large-scale national corruption is facilitated by the financial sector. Much of this is yet to be uncovered. Bhorat et al point to the Guptas' use of offshore brokers to manage, boost and hide their financial resources.[22] Others have pointed to the Guptas' accounts with the Bank of Baroda and HSBC, and their involvement in diamond trading as a means of moving money.[23] As well as the banks, 'enablers' like the big four auditing firms (particularly KPMG) and Bell Pottinger, the former 'reputation management' multinational, have also come under scrutiny as the state capture revelations have unfolded. Bell Pottinger closed down after the extent of its involvement in South African politics on behalf of the Guptas became public in their strategy of portraying the Guptas as putative victims of white monopoly capital.

CONCLUSIONS

Corruption is now so widespread it has become integrated into the system of accumulation, with finance at its core – stifling industrial development and job creation yet aiding and abetting the processes outlined above. Big national corruption is greased by the financial sector and the growth of finance, and financial liberalisation helps this corruption. Smaller-scale, more localised corruption is necessitated as a means of accumulation because of the existence of a financialised economy which does not provide other avenues for small-scale accumulation or employment as a backstop. The neoliberal policy framework and its structures of institutional power have facilitated state capture. Neoliberalism is profoundly anti-democratic and, in general terms and in South Africa, this policy regime has facilitated a concentration of policy-making power within certain institutions within the state – the Treasury, the Presidency, and the South African Reserve Bank. Indeed the concentration of power under Mbeki facilitated the Zuma era.

The corruption-riddled era is far from over. It is extremely difficult for Ramaphosa to tackle the scale of the corruption now in existence. Whilst popular with 'the markets', he remains relatively weak inside a divided ANC, where four of the top six ANC officials remain Zuma loyalists. Ramaphosa will want a public success story so he can claim he has delivered, but many of the processes discussed in this article are likely to continue, even if in modified form.

South Africa needs genuine radical economic transformation more than ever, and it needs voices, and forces, which stand for it. For the time being, the old elite continues as before (internationalisation and financialisation notwithstanding), and significant sections of the new elite simply seem intent upon proving Fanon right: A "national capitalist class" is fulfilling its "innermost vocation" which is "to stay in the running and to be part of the racket".[24]

ENDNOTES

1 Accessed at https://www.groundup.org.za/article/no-country-old-spies/

2 Sam Mkokeli, "Fraud: SA's Treasury on the Prowl", *Business Report*, 6 October 2016, accessed at https://www.iol.co.za/business-report/economy/fraud-sas-treasury-on-the-prowl-2076829 on 20 December 2018.

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4 Cited in Chris Allen, "Understanding African Politics", *Review of African Political Economy*, 22:65, 1995, pp. 301-320.

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7 James-Brent Styan, *Steinhoff: Inside SA's biggest corporate crash*, (LAPA Publishers, Pretoria, 2017).

8 This point is emphasised in Karl von Holdt, *The Political Economy of Corruption: Elite-formation, Factions and Violence*, SWOP Working Paper No. 10, February 2019.

9 See Morris Szeftel, "Clientelism, Corruption and Catastrophe", *Review of African Political Economy*, 85, 2000, pp. 427-441; Chris Allen, "Understanding African Politics", *Review of African Political Economy*, 22, 65, 2000, pp. 301-320.

10 Sam Ashman and Ben Fine, "Neo-Liberalism, varieties of capitalism, and the shifting contours of South Africa's financial system", *Transformation*, 81-82, 2013, pp. 144-178.

11 Corbyn in the UK and Sanders in the US are the most obvious examples of political polarisation leading to support for the left.

12 Marco Boffo, Alfredo Saad-Filho and Ben Fine, "Neoliberal capitalism: The authoritarian turn", in Leo Panitch and Greg Albo (eds.) *A world turned upside down? Socialist Register 2019*, (London, Merlin Press, 2018), pp. 247-270.

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'Both directions at once': fiscal policy in South Africa

By Michael Sachs

The author is Adjunct Professor at the Southern Centre for Inequality Studies at the University of the Witwatersrand. He served as National Treasury deputy director-general of the budget office until 2017.

Michael Sachs investigates the inconsistency of government fiscal policy, which lies in its attempts, on the one hand, to stabilise public debt by constraining expenditure, while on the other hand, showing unwillingness to reduce publicly financed consumption. While this contradiction is being played out, new policy initiatives are announced, often without clear consideration of the resource implications.

John Coltrane once described his approach to the improvised solo as "start in the middle and move both directions at once".[1] This is an inspired approach to artistic creation but not a good basis for fiscal policy. Yet government is doing just this, attempting to move backwards and forwards at the same time. The consequences are pulling apart the public sector.

South Africa's public finances are in a deep and increasingly intractable crisis. If left to fester there will be fundamental consequences for government's ability to guide national development in the decades ahead. Two alternative responses have been suggested. The first is a sudden and decisive fiscal contraction. The second is sudden and decisive fiscal expansion. In my view both are likely to fail. Instead of resorting to a macroeconomic policy fix, South Africa needs to address underlying political constraints. The only path forward is to negotiate through these constraints by recognising the need for real sacrifices and agreeing on how they should be distributed. In the meantime, we should accept that fiscal policy is neither the core problem nor the primary solution.

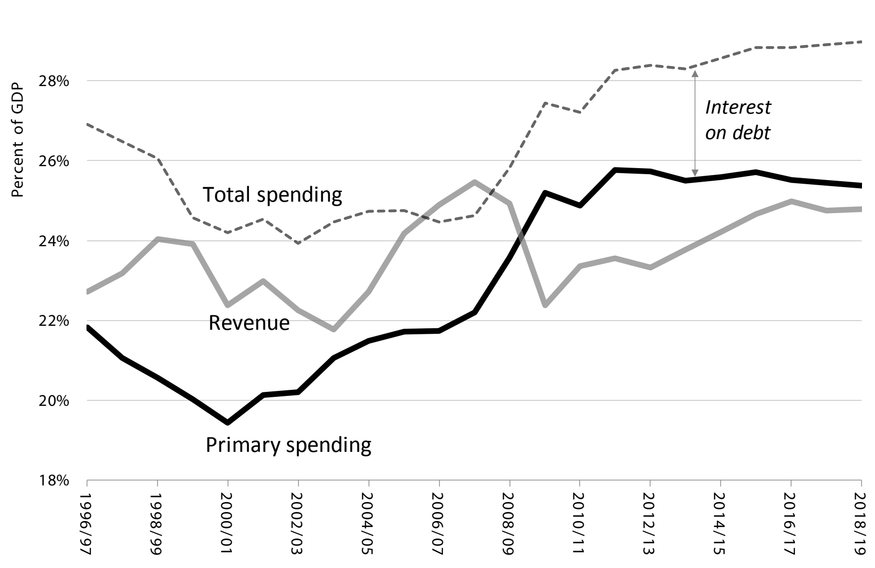
AN INCONSISTENT POLICY STANCE

At the heart of the current fiscal challenge is an inconsistent policy stance. On the one hand, government is (unsuccessfully) attempting to stabilise public debt by constraining expenditure. On the other hand, it is unwilling to reduce publicly financed consumption. While keeping a lid on total spending, it improves the pay of public servants, while also attempting to extend the scope and coverage of government services. Nothing is wrong with either of these objectives as such. But you cannot have your cake and eat it.

Over the last decade, primary spending – that is all spending except interest payments and financial bailouts – has been held steady as a share of GDP, while the effective burden of taxation has risen (see figure 1). Initially, tax increases looked like they were closing the deficit, but tax collection began to falter after 2015. As a result, increasing emphasis has been placed on expenditure control. Each budget announces a new raft of expenditure reductions in an attempt to stabilise the rise in debt.

The last decade has seen sustained gains in the pay of public servants. The "occupation-specific dispensations" agreed in 2007 led to large once-off

Figure 1: Spending and revenue as a share of GDP*



* Main budget revenue and expenditure, excluding financial transactions (such as Eskom bailouts) and self-financing expenditures.

Source data: National Treasury

improvements. Since then, bargained cost-of-living increases have been higher than inflation by a significant margin. Added to this the bulk of public servants qualify for automatic annual promotions which raises pay by another 1.5%. The share of public servants in the lowest four ranks of the salary scale has declined from 31% in 2006 to 19% today. All in all, average remuneration in the public service has increased by inflation plus 3.5% each year.[2]

The point is not to argue against improved pay for teachers, nurses and police officers (although questions might be asked about the link between pay and performance). It is that these improvements have not been fully funded. Government maintains a firm lid on primary spending from above. But from below it agrees to large cost escalations. On top of this a stream of new policy initiatives is announced, often without clear consideration of resource implications.

The result is an erosion of public capabilities. Faced with hard budget ceilings, a rising salary bill and a blizzard of new "priorities", departmental finance managers are left to square the circle. Some are able to shift the problem off-budget onto other departments, spheres of government, state-owned companies or public agencies. This leads to rising payments imbalances across the public sector.[3] Departments owe rates and service charges to local government. Local governments fail to pay electricity and water bills. Eskom or regional water boards face financial distress and lobby for bailouts.

But this is just the start. As financial pressure mounts liabilities are passed onto government's suppliers and service providers. Maintenance budgets are cannibalised. Salaries are funded with resources intended for capital, research, systems improvement or workforce skills development. The real pay of senior managers (who fall outside collective bargaining) is systematically

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... sustainable growth requires ... that it does not give rise to an unsustainable balance of payments position.

eroded,[4] inducing a brain drain to the private sector. Eventually, the only option left is to reduce headcount, by slowing the intake of new recruits and leaving key positions vacant. The result is lengthening queues in hospitals, bigger class sizes in schools or a failure of crime prevention.

An army without an operational budget, without investment in the development and upgrading of weapons systems, and without the constant renewal of its human capabilities cannot be an effective army. The same is true of a large hospital or a district school system. In some cases – such as the size of school classes – the erosion of public provision is easy to see.[5] Less observable, but even more pernicious, is the creeping depletion of capabilities and systems as hidden liabilities rise in the public healthcare sector.

Instead of making a choice one way or another and facing the political consequences of that choice, government takes the path of least resistance. But the underlying contradiction remains, and the consequences are shifted onto those least able to resist, those without an effective voice who depend on public services: mental health patients, school children in the poorest provinces or victims of crime. »

AN EXPANSIONARY CONTRACTION?

There are calls for government to dramatically curtail expenditure to avert fiscal crisis and place the economy on a new trajectory of growth. Although reduced government spending tends to slow economic growth by lowering demand, the argument goes that a positive response by private investors will offset the contraction. Government's creditworthiness improves if creditors are convinced that a real and permanent reduction in spending has taken place. The bond yield – the interest rate on government borrowing – would fall. Since the bond yield is a key benchmark, this leads to falling interest rates for all borrowers and increased private investment. The result is a boost to growth, which translates into improved revenues for government. A new virtuous cycle of development is inaugurated.

It's a nice story, but it misses an important point. It is not enough for the Minister of Finance to cut spending and appeal for nebulous efficiency gains ("doing more with less"). To be effective, fiscal consolidation must be backed by actual reductions in quality or quantity of public services, the size of social transfers, the pay of public servants or the rents distributed to small businesses through the tender system. All of these options entail significant political costs. Public services and transfers dominate the consumption profile of the African population.[6] Acting to reduce already low consumption levels of the African population would entail large political risks, since the burden would be borne almost entirely by constituencies on which the fragile governing coalition depends. Thus far, there is little evidence that government is serious about negotiating along these lines.

But without action to reduce consumption, expenditure cuts only shift the location of risk. Debt issuance might slow down, but the social and financial risks associated with the erosion of public services, depletion of public assets and build-up of hidden liabilities will continue to grow. Eventually, fiscal consolidation will be reversed, whether as a result of political pressure or economic necessity.

In such circumstances, astute investors will smell the wind. The hope for an investment bonanza – an "expansionary contraction" – is mistaken. All that will be left is a sharp contraction in aggregate demand in a context of rising social dysfunction and intensifying political tension. This, moreover, is not a setting in which an agenda of structural reform – which entails another set of difficult trade-offs and complex negotiations – is likely to succeed.

BORROWING FOR A BETTER LIFE?

Others have suggested the opposite course of action – a macroeconomic expansion, led by fiscal policy and accommodated with lower interest rates, to shift the economy onto a higher growth path. There are three factors to consider in evaluating this position. First, government debt is already rising, and the consequences are increasingly problematic. Second, it is quite likely that fiscal expansion would be offset by a contraction in private investment. Third, while more public investment would help, the current lack of infrastructure spending has more to do with political failures than budget constraints or implementation challenges.

South Africa's debt-to-GDP ratio has been rising since 2008 and government lacks a credible strategy to stabilise it (see Figure 2). There is no threshold beyond which the level of debt becomes a fetter on economic growth or induces a generalised financial crisis. But the argument for accelerated debt accumulation is weakened by government's failure to stem debt increases in the decade since the financial crisis. Given that a large rise in debt has done little to change the trajectory of growth, why would even more debt work?

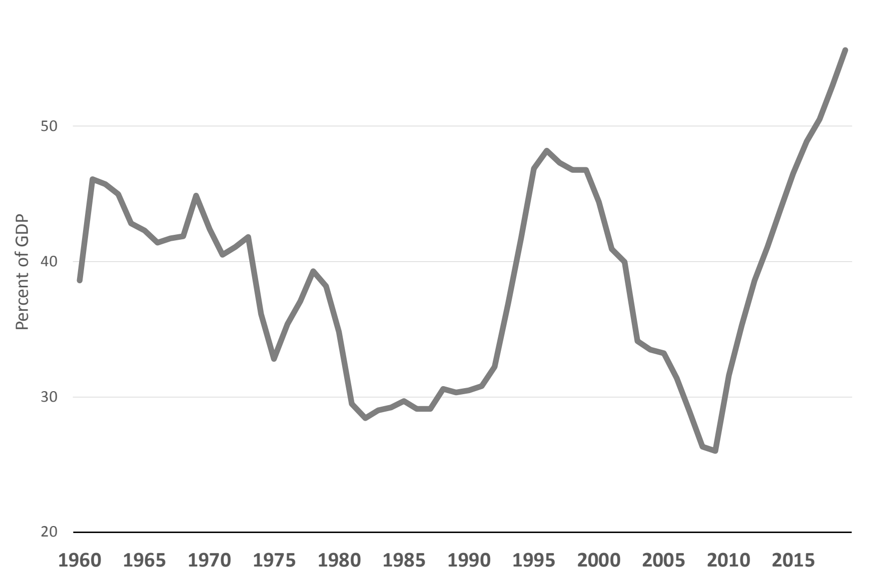
Although there is no magic threshold, rising public debt does impose costs on the public finances and the economy more generally. Debt creates a self-reinforcing pattern of dependence on debt. As tax revenue is shifted to fund interest payments, more debt is needed to finance the consequences of previously issued debt. This leads to fiscal structures that are increasingly regressive, inflexible and vulnerable in the event of crisis.

South Africa is blessed with a highly progressive tax system compared to similar economies.[7] Resort to debt-finance instead of taxation makes the budget increasingly regressive. When government borrows money, it creates a property right (in the form of a bond) which entitles the holder to a share in the stream of future government revenue. In general, these property rights are held and traded by the wealthy and (for them) government's debt costs are a reliable source of income.

Interest payments are a transfer – a redistribution of income – much like social grants. In the case of social grants, government taxes the relatively affluent and transfers the proceeds to the poorest South Africans. In the case of interest payments, government taxes the relatively affluent and transfers the proceeds to the richest South Africans and foreign investors. Today, nearly 4% of national income is transferred in this fashion and the amount is increasing each year, faster than any other element of the budget. As well as rendering the budget increasingly regressive, debt service payments crowd out other expenditure priorities. For every rand of tax revenue that government extracts from the South African economy today, 15 cents are deducted for interest payments. Again, this burden increases year after year as debt rises.

A second problem with a debt-fuelled expansion is the source of borrowing in a savings-constrained

Figure 2: Government debt-to-GDP ratio, 1960-2018



Source data: South African Reserve Bank

economy. Since South Africa spends more than it earns, it relies on foreign savings to finance its investment. Figure 3 shows that since 2008 government borrowing has been funded largely by foreign savings, with the domestic private sector in a supporting role. When government and the private sector borrow simultaneously a greater reliance on foreign savings is required. When this happens, foreign claims on the national economy accumulate, making the country more and more vulnerable to the whims of international investors. A sudden reversal of capital inflows is always possible but difficult to predict. It depends on sentiment about South Africa (which is often fickle and ill informed) or generalised global instability (which is frequent and violent).

Private savings are available for government to the extent that South African companies and households do not wish to invest themselves. If government was to accelerate borrowing to finance a fiscal expansion, and if this coincided with a surge of private investment (as proponents suggest it would), this would need to be financed by a massive inflow of foreign capital.

To sustain such an inflow, government would need a credible story about the future of economic growth; a story that can convince the private sector and foreign investors that government's additional spending will generate sustained improvements in productivity and incomes. Without such confidence the most likely outcome of a sharp fiscal expansion would, in my view, be a large contraction in private investment and an outflow of foreign capital. This would wholly offset the aggregate demand effect of fiscal expansion, and result in a very deep recession. In the end, the country would find itself back at square one, but with a much higher level of government debt.

CAN GOVERNMENT MOBILISE INVESTMENT?

If a debt-fuelled expansion in aggregate demand succeeded in placing South Africa on a new growth path, then all these concerns are less salient. In such a scenario, the rise in debt would be brought to a halt by the acceleration of GDP growth. Foreigners would surely finance an investment boom if

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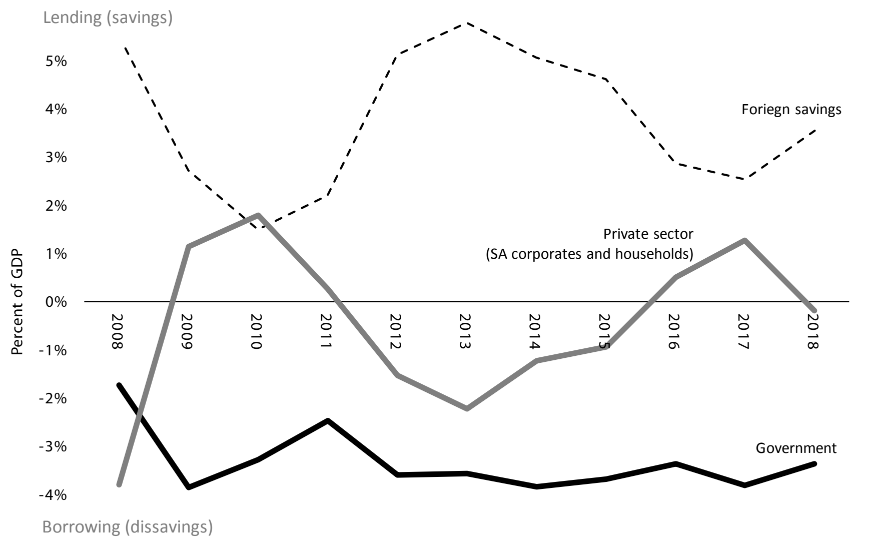
> **Monetary policy should be conducted in consistent and transparent manner within a flexible inflation targeting framework.**

a credible case could be made that, as a result of such investments, a brighter future of growth and development is emerging. In that case, the key question is not how investment is financed, but whether government is able to identify and execute an investment mission that generates social returns that are higher than the cost of borrowing.[8] The record of South Africa's government, especially in the last decade, provides little evidence of this.

It is assumed that the fundamental constraint on public infrastructure is financial or technical. Government responds by creating infrastructure funds, establishing political committees to overcome technical obstacles or reallocates budgets to capital spending (thus adding to pressure on essential consumption spending). It is true that the absence of a professional and politically autonomous public service severely hampers South Africa's ability to select and execute large investments. But solving this problem means separating the public service and economic regulators from the destabilising embrace of political parties, a reform for which there appears to be little appetite amongst political parties.

That aside, the immediate blockage to stronger infrastructure spending is political failure, and the policy paralysis and institutional collapse that political failure generates. Here are a few examples. Road construction ››

Figure 3: Sector balances (net lending and borrowing), 2008-2018



Source data: South African Reserve Bank

> **I also wish to … reaffirm the role that the Bank plays in overseeing and maintaining financial stability.**

in urban centres is stalled because of the unresolved policy debate about e-tolling, which has dragged on for five years and left a policy vacuum in its wake. Government has an agency which can access financial markets and build water infrastructure, but the responsible department is fundamentally dysfunctional. Large resources are devoted to public housing but these resources – which are a critical element in provincial patronage networks – are deployed in a manner that reinforces apartheid settlement patterns. In 2006, government decided on digital migration to unlock key investments in new technologies. The political failure to agree on allocations of rent between incumbents and new entrants has led to endless prevarication, stalling the process for more than a decade.

Granted, government is working to resolve some of these problems. But doing so requires decisions that might upset key constituencies. Government is unwilling to confront these trade-offs because it is politically weak. Establishing special funds, "war rooms" or one-stop shops is unlikely to unlock higher levels of investment unless government is prepared to grasp the nettle.

NEGOTIATING REAL CHOICES

Some believe that South Africa's fiscal position is the key problem. In their view, a sharp fiscal contraction is necessary to ignite growth. For others, fiscal policy is the solution: a flood of borrowed money will place South Africa on a higher growth path. Both these approaches neglect political constraints. Fiscal consolidation cannot be made real unless government is prepared to re-negotiate public sector wages and reduce consumption financed through the budget. It is not. Fiscal expansion will be offset rand for rand (or worse) by capital outflows and a collapse in private investment, unless it is possible to convince investors that government has an effective and sustainable investment mission. That's a hard sell.

Shifting South Africans to a path of higher growth requires real sacrifices in current consumption in favour of investment. These sacrifices would need to be made by real people across a broad base, including the white elite, the black middle strata and public sector workers. This requires hard negotiation and acceptance of real costs by each of the parties. Until the country's leadership gets real about the need for these sacrifices, defines a clear national mission and begins to negotiate how the burden should be distributed, South Africa is unlikely to exit from the current path of slow but inexorable decline.

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A note on the Medium-Term Budget Policy Statement

By Carilee Osborne

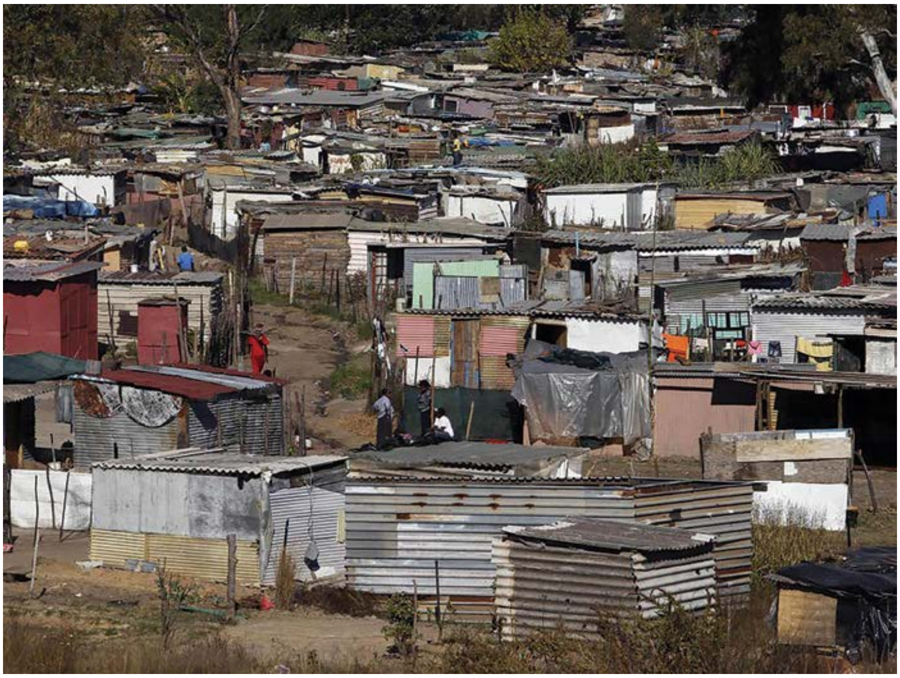
The author is Senior Researcher at the Institute for African Alternatives (IFFA) and Assistant Editor of its flagship journal, *New Agenda*.

The author warns that austerity measures cannot deliver a country from an economic slump, especially in South Africa where there is severe unemployment, that results in poverty and inequality. The only way to effectively address inequality is through large-scale government interventions, preferably those that generate jobs.

In late October 2019, the South African Finance Minister, Tito Mboweni, gave his medium-term budget policy statement (MTBPS). Significant attention was paid to this particular MTBPS given the severity of the economic problems facing the country, particularly rising debt levels and the crisis at Eskom. There is little disagreement across the ideological spectrum that the situation is dire, and that major action needs to be taken. However, there are serious divergences in identifying the root of the problem and, thus, the subsequent solutions.

The MTBPS is indicative of Treasury's position which could be summed up in one word: debt. Mboweni called our national debt "unsustainable" and predicted that without policy adjustments our debt to GDP ratio is likely to exceed 70% by 2022/23. The minister stated, "our problem is that we spend more than we earn. It is as simple as that". His solution was clear: we need to cut our expenditure. This no doubt appears commonsense to ordinary South Africans, people used to managing their own personal or household budgets. However, the national economy is not like a household. As Joseph Stiglitz explains:

> In an economy, when the government spends more and invests in the economy, that money circulates, and recirculates again and again. So not only does it create jobs once: the investment creates jobs multiple times. The result of that is that the economy grows by a multiple of the initial spending, and public finances turn out to be stronger: as the economy grows, fiscal revenues increase, and demands for the government to pay unemployment benefits, or fund social programmes to help the poor and needy, go down. As tax revenues go up as a result of growth, and as these expenditures decrease, the government's fiscal position strengthens.[1] ››



Unlike in a household, austerity is almost never the way to work yourself out of an economic slump. It is an especially dangerous policy in a country like South Africa with such a severe unemployment crisis and the resultant poverty and inequality. International evidence, including by the IMF, has shown that, firstly, austerity doesn't work and secondly, that inequality is damaging and unlikely to go away without government intervention i.e. trickle-down economics is a myth.

The latter point is crucial. If we are to turn the tide on inequality, it is going to require mass government interventions in providing social services and in developing productive industries which are job-generating. Crucially, these should be understood within a broader vision and related policies that will ensure South Africa mitigates its contributions to CO_2 emissions and improves climate crisis resilience. This is the very opposite of the policies that the budget indicates we will be pursuing.

For example, much attention went to what is typically described as the "bloated public sector wage bill", a phrase that is used with free abandon in the South African press. But just what is bloated about the public sector? Research by Neil Coleman of the Institute for Economic Justice, shows that our public sector is small by international standards.[2] He notes that, "The World Bank (2015)estimates that public sector workers in South Africa (including SOEs) only constitute 3.1% of the population, which is very low when compared to the middle income average of 6%".[3] We know, however, from the MTBPS, that the public sector wage bill is a major component of government expenditure. So, what is happening here?

One part of the picture is the growth at the top pay levels. Mboweni noted that a review of the wage bill revealed that 29,000 public servants and members of the national executive earned more than R1 million last year. In a country with such extreme levels of poverty, this is unacceptable. At the same time that we have this rise in highly paid, largely managerial positions, we have massive shortages in frontline service delivery workers. In other words, it is the composition of the public sector wage bill not necessarily its absolute value that needs addressing. Investing in more frontline service workers has multiple positive effects: it improves service delivery, decreases unemployment and stimulates the local economy as those workers are now able to purchase more goods and services.

We should take the current debt situation seriously. There is no doubt that without drastic action, things will get worse. However, what that drastic action entails should be free of neoliberal dogma. Most notably it must entail a rejection of austerity. Such a rejection, however, must not be purely on the grounds of a dogmatic ideological commitment of a different kind. In developing policies, we need to advocate for two things that seem to be sorely missing. Firstly, our policy decisions must be rooted in *empirical evidence* around what is and is not successful in turning an economy around. The second is that we need to ask what we want economic policy, and the economy itself, to do for the country. Is debt reduction an end in and of itself as the current budget implies?

It is telling that the word inequality is not mentioned once in the MTBPS in spite of that being the defining issue of South Africa. It is clear that we need to impress upon government to think more clearly about the normative and moral underpinnings of economic policy.

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Open Letter to Members of Parliament

The medium-term budget statement by Minister Tito Mboweni seems to have brought little clarity on what government is going to do to fix our economy. True, he rang the alarm bells about the national debt but his solutions in terms of spending cuts does not convince. Especially as he does so in the name of austerity; an approach that has been severely criticised internationally even by members of the IMF.

Wide ranging budget cuts will do much damage to the economy as it will reduce aggregate demand for goods and services, which is what the economy sorely needs. Our finances are indeed in a mess but so is the real economy. The Statistician General has revealed the manufacturing sector shed 30,000 jobs; construction 24,000; trade 21,000 and utilities 18,000. If we fix the debt problem and neglect the real economy what will we achieve?

This does not mean that we do nothing. The reports of the Auditor General, the Zondo Commission and many other reliable sources have revealed the scale of wrongdoing throughout the public sector. There has been outright theft, inflated tenders, wrongful expenditure and many other distortions. Let Treasury and other relevant branches of government seriously initiate action to recover these billions and that will be a good start.

But it is not enough. We badly need a stimulus to kick start economic activity. Financing should come from a variety of sources in order to spread risk. And if it leads to a slight increase in inflation we can tolerate that as international evidence has shown.

The point is that every businessman knows that if you want to expand your business you need capital and that often means an overdraft from the bank. If that overdraft is used for luxury goods, you are sunk. It has to be used to expand the business in order to get a greater return from which you pay off the debt.

Government faces the same choice. If you use your debt to pay for bonuses, for luxury cars, for corruption, for Gupta TV stations then you will go down and this is what we have done for a long time.

We need a stimulus dedicated entirely to productive enterprise, including physical infrastructure, especially in the townships. This kind of spending will boost our productive sectors, which is where we can create jobs, and this will increase demand which will in turn stimulate productive effort. It will also force us to take training much more seriously.

We need to change the focus to the productive economy. That is where we need growth and that is what produces the finance to get us out of the financial mess we are currently in. It is also what the masses are yearning for.

Prof Ben Turok
Director
Institute for African Alternatives (IFAA)

Flagship Projects

The Department of Arts and Culture supports projects through the Mzansi Golden Economy strategy that serves to increase the contribution of the arts to the economy and to job creation. Through an open call process the Department thus funds flagship programmes, cultural events and touring ventures.

National Flagships are projects that have been identified as having high impact at a national level and support the mandate and objectives of the Department around audience development, social cohesion, market access and job creation. They are supported at the discretion of the Department.

Provincial Flagships are high-scale impact projects within a Provincial or regional space. These capacitate provincial artists at a developmental level as well as established ones and each province has an average of two projects. The provincial allocation is consistent throughout the 9 provinces.

National Flagships that are currently funded include the Cape Town Jazz Festival, the Moretele Tribute Concert, the National Arts Festival, the National Book Week, the Joy of Jazz, Buyel'kaya, Ebubeleni, We Can Arts Festival, Johannesburg International Comedy Show, and the Children Film Festival, among others.

The We Can Arts Festival is one of the **National Flagships** that was recently added due to its high impact in promoting artists with varying disabilities. The annual We Can Arts Festival was initiated in 2015 and is aimed at giving honour and recognition to disabled artists through mentoring programmes, recognition awards, access to mainstream arts economy and social cohesion. One of the aims of this project is to ensure that artists with disabilities are not isolated from the mainstream arts community.

Over the years the project has partnered with artists like Joe Nina, Steve Kekana and Babsy Mlangeni in order to realise the impact of artistic contribution at a high level. The biggest milestone for the project to date is the historic live DVD and CD recording which took place at the Durban Playhouse in November 2018. The project is extending beyond the Kwazulu-Natal Province to the Northern Cape, Eastern Cape and Gauteng provinces.

The Ebubeleni Festival is a music event with a picnic theme hosted annually during the last weekend of the year in Nelson Mandela Bay. The festival has grown over the years and is now a flagship cultural event which sees Festinos from all over the country trek to Port Elizabeth to enjoy the festival. Last year the festival was expanded to a three-day music and comedy cultural extravaganza.

The comedy component was almost sold out and the Urban Festival was also well attended for its first year with just over 3,000 youth who came to witness the battle of two genres, Hip Hop & Gqom. This festival has developed from its humble beginnings and grown from strength to strength to undoubtedly reach the status of a national event. This Festival provides a platform for local artists to showcase their talents and also to earn some money while bringing entertainment to the people of the Bay during the festive season.

The Abantu Book Festival was established in 2016 with the aim of acknowledging the diverse literary heritage of the African continent. This cultural gathering is curated in the township of Soweto in Johannesburg with the purpose of showcasing Africa's talented literary artists across various genres.

This festival has had a strong focus on novels, with dedicated sessions for poetry performances, musical acts, workshops that deal with various aspects of writing and publishing, panel discussions, and film screenings. The festival draws together readers, writers, scholars, media, the people of Soweto as well as festival goers from around the country and continent, to celebrate the rich and diverse intellectual and literary heritage and emerging trends.

Provincial Flagships include projects like Mapungubwe, Mpumalanga Cultural Experience, Isingqisethu, MACUFE, Cape Town Carnival, Pale Ya Rona (Gauteng Carnival) and others. These projects achieve economic realisation in their respective province by procuring services from local small and medium enterprises and rotating fiscal investment within the local artists.

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REPUBLIC OF SOUTH AFRICA

Demystifying the Fourth Industrial Revolution

By William Shoki

William Shoki is a writer, researcher and law student at the University of the Witwatersrand.

The author argues that capital has always rolled out new technologies, and will continue to do so because it's driven to increase profits; the scale and impact of technology on society is shaped by the antagonism between the interests of labour and the interests of capital, chief of which is maximising profits. The Fourth Industrial Revolution is not a new or sudden arrival. Capital will always introduce enough automation to keep labour costs down and profits high. However, this does not signal an end to traditional workers' demands.

In South Africa, 'The Fourth Industrial Revolution' is proving to be a catchphrase with tiresome longevity. In a radio interview not so long ago, the prominent South African columnist Peter Bruce exclaimed, "We're actually in the middle of it, and we've done nothing about it!"[1] To be fair, President Cyril Ramaphosa has in fact established a commission tasked with recommending policies and strategies to prepare for this "new frontier" if that counts as doing something.

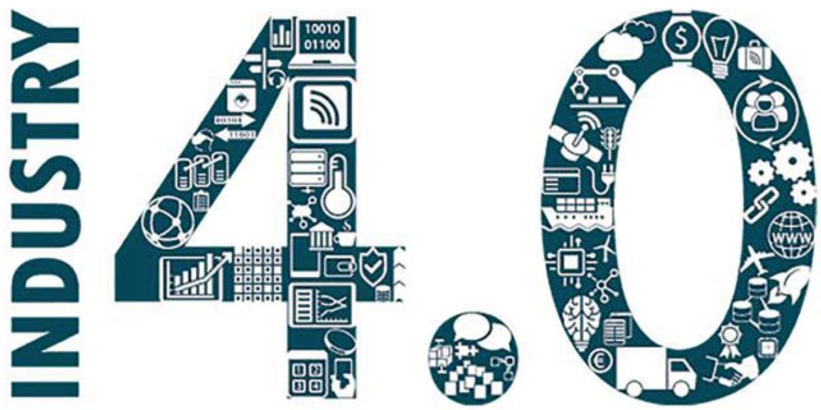
While Ramaphosa will chair the commission, some of its members are high-profile executives such as Calvo Mawela, the CEO of satellite television operator MultiChoice as well as Shameel Joosub, CEO of mobile communications giant Vodacom.

It is well known that Ramaphosa has a penchant for tackling issues by assembling high level task teams of "experts" — credentialed business executives, academics and politicians. In classic Ramaphosa fashion, the effects of technology on the labour process and commerce are a puzzle, solvable only if the right people are involved. Yet, part of why the visible evolution of technology happens so haphazardly and with a sense of menacing rupture comes by shrouding its underlying drivers in a mystery knowable only to these experts.

When South Africans started to realise that major banks had for the past year quietly retrenched workers in apparent efforts to 'digitize', anxieties about automation peaked. In a country with already staggering levels of unemployment, the panic is understandable. Obviously, real changes in technology are happening and earlier ones are becoming easier to adopt. The problem is that as we spend all our energy trying to understand the scientific intricacies of these developments, the balance of power that determines their pace and extent stand unnoticed.

If we understand capitalism as fundamentally concerned with maximising profits within fiercely competitive markets then the profit motive is what drives the introduction of technology, with the surrounding market pressures determining when such implementation is appropriate. Corporations will not always roll out new technologies from their advent, nor just because they improve productivity. Only when technology increases profits by reducing costs will it become worthwhile, that is, when the machines are cheaper than the workers they would replace.

“If we understand capitalism as fundamentally concerned with maximising profits within fiercely competitive markets then the profit motive is what drives the introduction of technology.



This raises the predictable view that surely it must *always* be cheaper to use machines instead of humans — until one also realises that this cannot be the case given that before Ramaphosa’s now frequent invocations of the phrase (although to his credit he only mentioned it twice in the post-election State of the Nation Address), the onset of the Fourth Industrial Revolution has actually been with us since the dawn of the new millennium when optimistic futurists started trumpeting it. Despite that, most industries almost 20 years into the 21st century preferred to employ real people. The turning point, which is revealing enough, was in the hangover of the 2008 financial crisis when the use of machines climbed.[2]

To better grasp the march of technological change — which upon scrutiny really shows itself to happen in fits and starts – it is helpful to go back to one of the earliest, and as will be argued, most prescient theorist on the role of technology under capitalism: Karl Marx. For many, Marx’s name probably orbits around those of supposed techno-sceptics such as the infamous Luddites – the 19th century English textiles workers who destroyed machinery as a protest method – than it does around those who would encourage technological progress. However, Marx viewed the productive efficiency created by technology as opening new possibilities, including saving people from the drudgery of modern work. In the *Grundrisse* (Marx’s collection of rough notebooks published only after his death), he had this to say about machinery:

> The free development of individualities, and hence not the reduction of necessary labour time so as to posit surplus labour, but rather the general reduction of the necessary labour of society to a minimum, which then corresponds to the artistic, scientific etc. development of the individuals in the time set free, and with the means created, for all of them. Capital itself is the moving contradiction, [in] that it presses to reduce labour time to a minimum, while it posits labour time, on the other side, as sole measure and source of wealth.

In short, Marx envisioned that the development of machinery would render the production of goods and services so inexpensive that it could provide fertile ground for a post-capitalist society. Part of this thinking has found contemporary expression in the slogan of Fully Automated Luxury Communism, a creed that champions technological expansion to abolish work, end class distinctions and create a post-scarcity world of comfort, relaxation and luxury. This is a position advanced in a recent book by Aaron Bastani, the co-founder of the left-wing British media organisation, Novara Media. Bastani argues that rising technology presents a threat to capitalism, breaking its internal dynamics which depend on scarcity.[3]

Still, having spirited faith in technology alone to positively transform society can become as unhelpful as having doom and gloom misgivings about its place within it. Both surrender to what the Frankfurt School critical theorist Herbert Marcuse called a “technical rationality”.[4] Per Marcuse, this rationality develops when technology and its instrumentality become a superimposing logic, one that moulds technology as a force unto itself rather than being situated in and limited by a prevailing social, political and economic context.

Technology, as with everything in a classed society, is relational. Whatever impact technology has on society is shaped by the antagonism between the interests of labour and the interests of capital, chief of which is maximising ››

> **Only when technology increases profits by reducing costs will it become worthwhile, that is, when the machines are cheaper than the workers they would replace.**

profits. But as Marx explained, technology can complicate the pursuit of profit as much as it benefits it. At the heart of this internal contradiction is Marx's value theory,[5] which at its simplest posits that if uninterested in making a profit, a firm would only recover enough money to compensate itself for the inputs of commodity production. However, seeing as they also want to pocket something extra, a new value is "extracted" over and above the inputs — but it can't be from the machinery or raw materials which are already accounted for at the point of production, and only from the labour time of the employee that transforms this matter (which is meaningless by itself), into something worth selling on the market.

The unpaid labour of workers is what constitutes this surplus value, and machines as a means of production merely contain the crystallised labour performed by other workers in the past. The function of machines is first to increase profits by pushing down labour costs while spiking productivity, made possible by paying whatever remaining workers the same as before, if not less. The conundrum for capital happens when market competition compels other firms to do the same, so gradually, the widening availability of technology cheapens commodities and eventually shrinks the profit margins that firms can attain.

This is why technology doesn't fully realise its promise. It is in the interests of companies to park in a goldilocks zone of just enough automation that keeps profits high and reduces labour costs, all without losing the very markets of consumers that have to buy what is produced. The randomness of the scale of when and how these rollouts happen, is shadowed by the sense that "something is happening" — which is what most research is only able to definitively conclude, is simply because what ultimately happens is dictated by market pressures which chaotically fluctuate.

Grappling with the role of technology in South Africa is challenging. Consider that the lines of work often flagged to be at most risk of automation here is "low-skilled, low wage labour." The groups of workers that come to mind are probably assembly-line workers or mineworkers. That said, these sectors don't seem to be facing the brunt of automation as suddenly as others. Conversely, workers in South Africa's services industry, which include clerks, cashiers and tellers are the ones taking a hit. As it appears, it's cheaper to replace workers in these sectors, notwithstanding the fact that far-reaching labour-saving technologies in the others have existed for some time.

But if we understand this phenomenon as a matter of class power and distribution, its curious happening makes a bit more sense. Mineworkers and metalworkers have strong union histories, with the nature of the work being more amenable to cultivating sector-wide solidarities when their interests are undermined. By contrast, call-centre operators, for example, have to spend the majority of their day endlessly interacting with customers such that human interaction becomes stultifying and alienates them from their fellow colleagues. It additionally helps that mining and manufacturing hold strategic significance in the South African economy, so resistance to sweeping and abrupt changes is more effective, at least in the short term.

Already, a host of heavyweight companies have announced plans to retrench workers in the last couple of months, most of them in media, communications and banking. Even though these announcements have attracted a flurry of media attention, what is mostly ignored are the labour struggles unfolding across the country, such as the ongoing three-month strike at Oak Valley Farm in the Western Cape over wages, housing and labour broking. Another was a devastating nine-day underground sit-in at Lanxess Chrome Mine near Rustenburg against the unfair dismissal of workers, lack of union recognition and allegations of sexual harassment (the strike eventually ended after some concessions were made).

The sad truth about labour, especially in the developing world where unemployment is rife, people are desperate and unions have lost strength and militancy — which is not helped in South Africa by our largest trade union federation, the Congress of South African Trade Unions, (Cosatu) remaining tame and tethered to the pro-business Ramaphosa alliance — is that workers remain so easily exploited that a shift to new technologies doesn't completely maximise profitability, not always. As a paper from the Center for Global Development points out, "given widespread low-skilled manual routine work, work tasks that are prevalent in developing countries are easier to automate from a technological viewpoint," but at the same time, "labor is cheaper than in high-income countries, thus more competitive vis-à-vis machines, and there is thus less of an incentive to automate".[6] In other words, the contradiction of automation in the developing world is that it is simultaneously more technologically feasible, but less economically so.

What is clear is that despite the chorus of complaints typically levelled by companies in South Africa about suffocating labour laws, they remain lax enough for the traditional challenges of the labour force to greatly prevail. And so even the infamous, aforementioned Luddites, viewed in history as oppositional to technology, were misinterpreted — and were originally just modestly engaged in class struggle hitting at the heart of labour's fundamental relation to capital. According to the great Marxist historian, Eric Hobsbawm, they were, "using attacks upon machinery, whether new or old, as a means of coercing their employers into granting them concessions with regard to wages and other matters".[7]

Poor working conditions, low wages and constraints on organising persist, with new challenges to workers' power coming not by any outward and concerted effort from capital, but through a stealthy, mutating neoliberalism that brands job precarity and insecurity as labour "flexibility" and "freedom." The move to the informalisation and casualisation of work sees the traditional risks of capitalist enterprise being directed away from capital and onto labour. This turn towards "responsibilization" undergirds much of what is being said about the Fourth Industrial Revolution too.

Tshillidzi Marwala, Vice-Chancellor of the University of Johannesburg and deputy to Ramaphosa on the commission, recently wrote that, "we need to educate our people so that they are able to understand these developments ... Different skills are required; the 4IR demands critical thinking rather than memorizing facts."[8]

True as that may be, the regurgitated soundbites imploring people to upskill in order to prepare for its arrival is as political theorist Wendy Brown describes, "the moral burdening of the entity at the end of the pipeline".[9] Individuals become liable for undertaking the necessary strategies for surviving these structural shifts in the economy over which they exert little control, thereby becoming the "only relevant and morally accountable actor".[10] The role of capital, the agents precipitating these shifts, tectonic or otherwise — is obfuscated, and technological change is rationalised as purely a natural and inevitable process for which individuals must adapt or die.

What is to be done? Figuring that out is tricky. To be sure, properly understanding the direction of automation in South Africa is a worthwhile endeavour since much too much of the discourse recycles the trends happening in North America, Europe and East Asia when they don't always comfortably apply to our situation. At the very least, it suffices to say that whatever ends up happening cannot solely be understood as an indomitable march of progress that leaves all helpless in its wake. Technology *can* be wielded positively, it depends on who's doing the wielding — and so the answer really comes back to reviving a mass struggle politics in South Africa capable of articulating programmes centering jobs and living conditions, with technology featuring only as the means to *make* things better, not the ends that pretends things *are* better.

If the South African Left ever gets its house in order, we will be prepared enough for the havoc outside. Getting too swept up in the Fourth Industrial Revolution buzz means surrendering to technical rationality, the consequence being that capital is well-placed to manufacture consent for the new world that comes, under the guise of "it's just the way things are". While changes trickle in, we could consider agitating for cushions like a Basic Income grant as some on the Left have proposed — but even then it must be on the terms of labour to be a "non-reformist reform," and not on the terms of whatever the Silicon Valley equivalent is here.[11]

To do that, we must in any case rebuild the vision of radical and emancipatory alternatives, the world that comes is as contestable as ever. To quote Marcuse, "Progress is not a neutral term; it moves toward specific ends, and these ends are defined by the possibilities of ameliorating the human condition".[12] Technology presents new possibilities for the world we want to live in, ours is the challenge of specifying what that world is, and how we get there.

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Debating the Fourth Industrial Revolution: first things first

By Mondli Hlatshwayo

Mondli Hlatshwayo is a Senior Researcher in the Centre for Education Rights and Transformation at the University of Johannesburg.

The author points out that the 4IR has been introduced into the labour process to give the capitalists greater power and control over the production process, and warns that the failure to unpack the role of the new technologies in South Africa, and the Global South as a whole, is likely to deepen existing technological, economic and social gaps.

A Los Angeles-based author, Brian Merchant, recently published a book on the activities of Foxconn, a Chinese company that assembles Apple's iPhones in Shenzhen. Workers in the plant in which highly sophisticated iPhones are produced were so unhappy about their working and living conditions that in 2010 incidents of suicide began to be widespread.[1] Last year, in Durban, an engineering plant shop steward was taken to a warehouse and shown brand new robots. The manager pointed at the robots and said mockingly, "Here are NUMSA [National Union of Metalworkers of South Africa] members who do not get tired. These members don't go on strike".[2]

Human stories like these tend to be ignored when scholars present grand narratives about the Fourth Industrial Revolution (4IR) at conferences, in seminars and workshops. In April 2019, the South African government launched the Centre for the Fourth Industrial Revolution – an institution for conducting and coordinating research on "artificial intelligence (AI), machine learning, the Internet of Things (IoT), blockchain, distribution ledge technology and precision medicine".[3]

The Principal of the University of Johannesburg (UJ), Professor Tshilidzi Marwala, addressed the event and urged South Africa to move speedily in embracing the 4IR. UJ is already viewed as a pioneer of the 4IR in South Africa and in Africa generally with Marwala announcing in October 2019 that all first year students will be required to take a short course in AI.

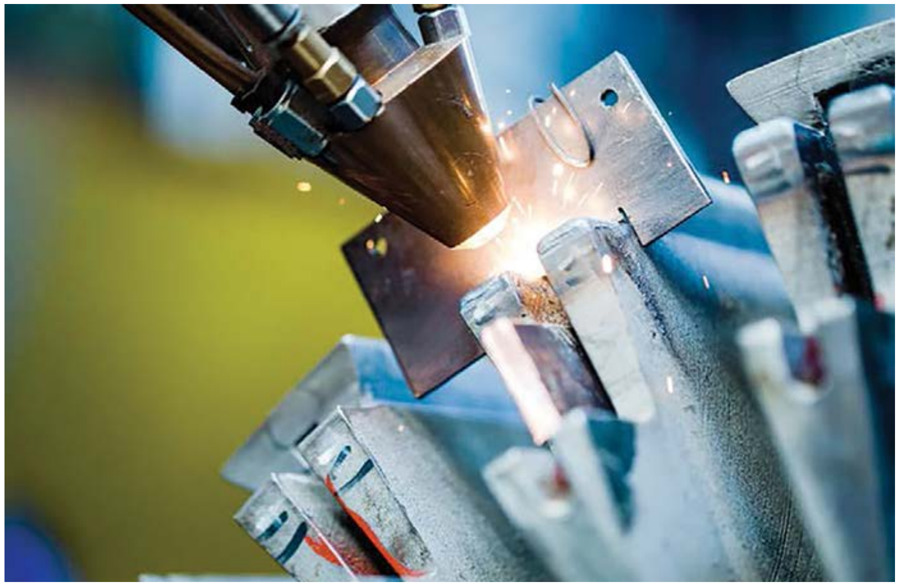
However, a failure to unpack the role of technologies in capitalism makes it appear as though, in the final analysis, there are no winners or losers in the 4IR game. If current social relations remain unchanged, the 4IR is likely to reinforce existing inequalities. Not all countries and classes participate in the 4IR as equal partners and therefore are able to derive equitable gains from their participation in it. Workers, women and the marginalised, especially in countries of the Global South, are most likely to be the losers. Unless action is taken to ensure otherwise, the 4IR is most likely to deepen the existing technological, economic and social gaps.

WHAT IS THE 4IR?

According to Klaus Schwab, a founder and executive chairman of the World Economic Forum (WEF), the First Industrial Revolution began in 1784 in England, facilitated by the use of water and steam to mechanise the production of goods; the Second, based on electrical energy, began in 1870; while the Third was concerned with the use of information technology and electronics in production processes in the 1960s. Schwab asserts that the 4IR started in the middle of the 1900s, building on the Third Revolution's electronic, data and computer technology.[4]

According to Xing and Marwala, the

> **[Analysts] concede that the 4IR will present challenges such as jobs losses, but the overall picture is of an era of prosperity for all sectors of global society.**



4IR is characterised by developments in artificial intelligence, 3-D printing, quantum computing, nanotechnology, robotics and synthetic biology.[5] In calling on the Global South and higher education institutions to embrace the 4IR fully and use it to their advantage, they argue that, "higher education in the fourth industrial revolution (HE 4.0) is a complex, dialectical and exciting opportunity which can potentially transform society for the better".[6] Xing, Marwala and Schwab concede that the 4IR will present challenges such as jobs losses, but the overall picture is of an era of prosperity for all sectors of global society.

MARXISM AND TECHNOLOGY: GOING BACK TO THE SOURCE

It is important to interrogate the role of technology in relation to the capitalist mode of production that is based on profit maximisation. Marx argued that the fundamental role of technology in capitalism is to produce goods at a faster rate at the same paid-for labour power. Therefore, a worker operating high-speed machinery must take less time to produce the goods necessary to cover his or her wage, allowing for the greater extraction of profit for the employer.[7]

Marx further argues that technology alienates workers by turning them into appendages of machines. In other words, the pace of work and the labour process tend to be dictated by machinery, further limiting workers' control of the labour process. Following in the footsteps of Marx, Braverman conducted an ethnographic analysis of machinery in the context of monopoly capitalism and observed 'deskilling' – a process in which certain functions in the production process are taken over by machines.[8] Therefore, technology enters the workplace not as a neutral tool, as is often assumed by those who uncritically embrace the 4IR. In fact, technology is introduced into the labour process to give the capitalists greater power and control over the production process. Technology increases the pace of work, which also has implications for workers' health, as in the case of iPhone production mentioned above.

THE ROBOTS

The use of robotics has a long history. In the USA in the 1930s motor vehicle assembly lines employed industrial robots to carry out the pushing, pulling and carrying formerly done by workers.[9] However, the prime focus now is on the potential introduced by AI.

AI uses computer systems to enable machines – from those employed on everything from automated assembly lines, to those conducting economic analysis and processing planning – to reason and self-correct during production.

WINNERS AND LOSERS IN THE GAME OF THE 4IR

It is countries and companies of the Global North that stand to benefit hugely from the 4IR. American company, Fanuc, for example, is the world leader in the supply of computer numeric control (CNC) systems and robotics that are applied to factory automation. CNC systems enable the automated control of machine tools. The Chinese market is now being targeted by Fanuc while Asea Brown Boveri (ABB), a European company ranked amongst the top ten industrial robot manufacturers in the world, states candidly that it is "driving the digital transformation of industry" worldwide. Despite Africa being one of the biggest producers of unprocessed metals and minerals used in the manufacture of these 4IR technologies, the continent remains generally underdeveloped. Africa, for example, contains 80% of the known

> **It is important to interrogate the role of technology in relation to the capitalist mode of production that is based on profit maximisation.**

reserves of coltan (columbite-tantalum) used especially in cell phones. The Democratic Republic of Congo (DRC) contains 80% of the continent's coltan reserves while remaining one of the poorest countries in the world.

South Africa has some of the world's biggest mineral reserves, which are consumed by the manufacturing sectors of the world, but there has been a significant decline in manufacturing capacity in the post-apartheid era.[10] According to Groenendaal: "In the 1980s, manufacturing's contribution to GDP was 27%. By 2015 this had fallen to below 13%."[11] Based on these figures, South Africa is unlikely to be a leader in the production of the technologies of the 4IR, as the country does not have the strong and sophisticated manufacturing base needed for this development.

With regard to unemployment, the intensification of the 4IR in South Africa is likely to bring another bloodbath. Using data from Statistics South Africa and an automation index of the University of Oxford, a recent study concluded that, "occupations performed by almost 35% of South African workers – roughly 4.5 million people – are potentially automatable in the near future".[12] This already follows significant job losses in various manufacturing sectors. For example, ArcelorMittal South Africa (formerly Iscor), the biggest steel producer in Africa, shed 50 000 jobs between 1989 and 2014, largely due to the introduction of sophisticated technology but compounded by the reorganisation of work, through measures such as outsourcing.[13]

The question of skills is also crucial. Ngcwangu, who conducted a comprehensive study on skills in the car manufacturing sector in South Africa, noted a deskilling process among workers engaged in boring, repetitive tasks in the plants.[14] Elsewhere, I have argued that technology leads to "massive deskilling" of particular workers while upskilling a smaller layer of technicians, process controllers, data scientists, computer programmers and those technicians who work in technological design and production.[15]

During a debate on the 4IR at the Jozi Book Fair last year, a coordinator of collective bargaining in one of the unions said, "These robots are also spies. They collect information on the movement of workers."[16] Besides the range of automated solutions, new technologies have made the surveillance of workers pervasive and intrusive. An interviewee who is a former unionist involved in formulating union responses to technologies, notes: "The technology is deskilling us; it's overloading us with work because, remember, the machine is reporting ... Now they are able to track your movements in the plant".[17]

SOME SUGGESTIONS

Developing an understanding of the role of technology in the capitalist mode of production is crucial as it helps to temper the high expectations of the 4IR. In the long term, technologies will have to be appropriated by the working classes and the marginalised peoples of the world to make sure that they are of service to economic, ecological and gender justice. Understanding the fact that technologies under capitalism are primarily used to increase the profitability of companies and their owners should encourage progressive scholars and policymakers to develop counter-hegemonic projects that can minimise the levels of exploitation in the medium- and short-terms.

Wage struggles by workers reveal that the development agenda of the state can be contested. For example, the welfare state in Europe emerged as a compromise between contending class forces, labour and capital. From the "dark, satanic mills" of the early phases of capitalism – characterised by extreme levels of precarity, unhealthy and dangerous working conditions – to the squeaky clean Mercedes-Benz plant in Bremen in Germany, there lie protracted struggles to improve the working conditions – of those who labour.[18]

Unions in South Africa do not treat technology as a serious collective bargaining issue during negotiations with employers; they do not demand consultation before technology is introduced in production. In fact, in many instances in South Africa, robots and other forms of automation are introduced without the knowledge of workers. This is contrary to the proactive approach adopted by unions in Germany and in Scandinavian countries, where technological change and the reorganisation of work cannot happen without full consultation with the unions. Unions therefore need to incorporate these issues into bargaining over wages and working conditions. This approach requires building union » capacity to conduct research into production issues and technology – something that the South African unions have ignored.[19] Rapid technological innovations, the easy movement of capital, financialisation and investment flight also compel labour to prioritise international solidarity.

Technology is not just a shop floor issue. It also affects the quality of life of working class and poor communities who need access to electricity, transport, housing, health and other social services. While there have been significant gains in electricity generation post-apartheid, many South Africans still lack access due to high costs or poor infrastructure. There are also serious concerns about access to data and weak and unreliable internet connections, which make it difficult for many South Africans to even think about participation in the 4IR.

For example, one gigabyte of data in South Africa cost seven times more than in Egypt in 2018.[20] Digital rights movements like #Datamustfall are crucial to ensure more equitable access. The same principle applies to transport, housing and other social services. These are also issues that require progressive technological innovation. For value to be unlocked to enable the state to harness technologies that can help solve housing, transport and other social problems created by colonialism and apartheid, there has to be a massive redistribution of resources from the super-rich and the big companies to marginalised communities.

CONCLUSION

In essence, technologies that can improve the quality of life for the working class and the marginalised sections of South African society require the rebuilding of democratic, non-sectarian, grassroots structures that can hold the state accountable. Social agencies of the state must be pressurised to facilitate the design of socially useful technologies that can lighten the social and economic burden of all those who are victims of the digital and technological divide. One must agree with Ngcwangu when he contends that the state has to strengthen skills development programmes that support the work of those involved in grassroots development.[21]

I am further arguing that development has to include designing technologies that can deal with local problems. It is the responsibility of intellectuals and activists in social movements, women's formations, student organisations, progressive non-governmental organisations and trade unions to democratise the debate on the 4IR by taking it to the grassroots, to ensure the people make proposals about technologies that can help improve their lives.

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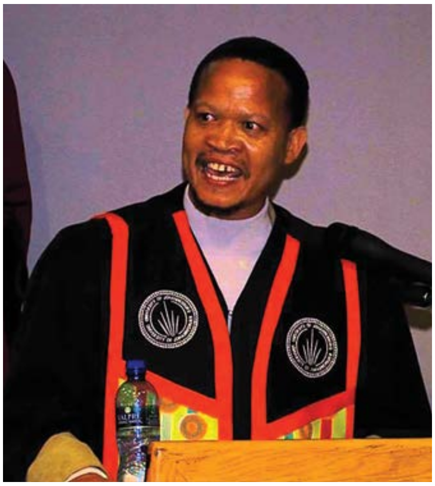
Effective state must first undo ‘dirty history’ of colonialism and apartheid

By Mashupye Herbert Maserumule

The author is the Professor of Public Affairs and Acting Executive Dean of the Faculty of Humanities at the Tshwane University of Technology.



The author argues that a functioning state is the product of the efficiency and social effectiveness of its administration. South Africa, unfortunately, is afflicted by numerous administrative ills. In this article he puts forward the view that the best way to address the inevitable contradictions of capitalism is through a powerful and effective public service.

When state performance is weak and accountability is required, politicians often obfuscate the truth to extricate themselves from sticky situations. However, South African President Cyril Ramaphosa, speaking at the Kgalema Motlanthe Foundation’s Inclusive Growth Conference on 15 June 2018, did not beat about the bush when he said, “governance is collapsing”.[1] His concession is a rarity, especially in an era where “objective facts are less influential in shaping public opinion than appeals to emotion and personal belief”.[2] It takes courage for a president to be this candid in admitting to the governance challenges of the state he leads.

His statement followed the release of damning data about the state of governance in the country, which shows that only 7% of the municipalities in South Africa are fully discharging their constitutional mandate.[3] The Auditor-General, Kimi Makwetu, confirmed this. Only 8% of the municipalities received a clean audit in the 2016-2017 financial year– a decline of 3% from the previous year.[4] In 2018, hot on the heels of the Auditor-General’s report were parliamentary briefings of the Department of Public Service and Administration (DPSA) and the Public Service Commission (PSC) which all painted a gloomier picture of the state of the public service.[5]

Added to this are the surging number of state-owned enterprises (SOEs) that have gained notoriety as conduits for patronage.[6] The Zondo Commission into State Capture has been revealing the extent of this. Advocate Terry Motau’s findings in his forensic report, “The Great Bank Heist”, have also revealed a litany of malfeasance involving municipalities colluding with the executives of the VBS Mutual Bank to siphon municipal finances intended for service delivery.[7] This was perpetrated under the guise of making an investment. All of these are worrying trends.

It appears as if the thinking was that democracy is the condition for development rather than its outcome.

IS SOUTH AFRICA AT THE TIPPING POINT?

An important determinant of a functioning state is the efficiency and the social effectiveness of its administration. Unfortunately South Africa is afflicted by numerous administrative ills. As the British political scientist, Andrew Heywood, explains, "Political systems can operate without constitutions, assemblies, judiciaries, and even parties, but cannot survive without an executive branch to formulate government policy and ensure that it is implemented".[8]

The administration of the state is key. This means a political system could be either optimised or vitiated by the way in which public affairs are managed. Politics decide a system of government while the administration of the state institutionalises how these objectives are realised. In a democracy, this is about enhancing the quality of citizens' lives. It is because of this that the economist, Alfred Marshall, said, "The state is the most precious of human possessions".[9] He was making the point that, as Micklethwait and Wooldridge put it, "the best way to solve the central paradox of capitalism – the existence of poverty among plenty – was to improve the quality of the state".[10]

The administration of the state in South Africa is fraught with the oddities and aberrations that weaken its capacity to deliver fully on the mandate of the constitutional democracy. Much is said lamenting the appalling state of governance, largely ascribing this to abrogation from the virtue of the public service. The popular grimace of disquiet in the country is manifest in the dearth of ethical leadership, rampant corruption and looting of state resources. All these are advanced as the reasons for the deteriorating quality of managing public affairs. However, aren't these manifestations of a problem rather than the cause?

In other words, do the discussions about the state of governance really untangle the Gordian knot? These questions are asked to set the context for yet another troubling question: Why is the post-apartheid state susceptible to the greediness of those who want to profit from it? Is it possible that the answer to this lies in the system of organising the post-apartheid state, which has an ideological posture that is inherently selfish? Chinese philosopher Meng Ke, known sometimes as Mencius, explained how the greed of those who are in charge of state affairs could turn pernicious. In giving counsel to one of the rulers of his time, Mencius said:

> Why must Your Majesty use the word profit? All I am concerned with are the good and the right. If Your Majesty says, "How can I profit my state?" your officials will say: "How can I profit my family?" and officers and common people will say: "How can I profit myself?" Once the superiors and inferiors are competing for profit, the state will be in danger.[11]

The prescience of these words lies in the contemporary reality where the state is increasingly becoming a cash cow for the unscrupulous elites. The post-apartheid state was consummated at the altar of neoliberalism – a system of organising society in which the markets are left unbridled and their principles thrust into various aspects of managing the affairs of the state. The mantra is that government should be run like a business. Corporatisation and privatisation of the public service are the praxis of this. Many in society do business with, and profit from, the state.

Post-apartheid South Africa is the function of the intersection of neoliberal prescriptions with the colonial edifice. This spawned an ill-fated system of managing public affairs. The core of the problem of governance in the administration of the state in South Africa lies here. However, in many instances, the causes of this are conflated with their manifestations.

> Politics decide a system of government while the administration of the state institutionalises how these objectives are realised.

To exemplify this let us ask a question about corruption: Is this administrative evil a *manifestation* of the failure of governance or a *cause* of it? And why is it becoming increasingly rampant in the administration of the state?

The answer lies in the system of managing public affairs, as argued earlier, which allows public services to be provided by the private providers through contractual arrangements that in many instances appear to facilitate the looting of public resources. Sometimes the looters are caught, prosecuted and jailed, but the system that spawned them continues to churn out many others. Therefore, the cause of the collapse of governance in South Africa is the function of this system.

NEOLIBERALISM AND FORMATION OF THE POST-APARTHEID STATE

The collapse of communism in Eastern Europe in the 1980s allowed neoliberalism to become an ideological arsenal peddled as a panacea by the international financial institutions and liberal scholarship.[12] This is summed up by Francis Fukuyama's now infamous proclamation decades ago that we had reached, "the end of history as such; that is, the end point of man's ideological evolution and the universalization of Western liberal democracy".[13]

His contention was that the market economy and a democratic political system are the only means to achieve sustained growth and development. These ideas shaped the incarnation of the post-apartheid state. The ANC took over running the state with zero experience. Despite having largely backed ideas associated with social democracy, it embraced a neoliberal approach to state formation. As Ben Turok explained, "The victory of the ANC should create a situation where monopoly capital would be challenged in the new South Africa and the socio-economic challenges of poverty and unemployment should be overcome through a major state intervention in the economy".[14]

In the early years of democracy, the focus of the ANC was on building a democratic state.[15] It appears as if the thinking was that democracy is the condition for development rather than its outcome.[16] It was only years later that the concept of a developmental state resurfaced, first at the ANC's 51st National Conference Resolutions in Stellenbosch in 2002 and again at its 52nd National Conference Resolutions in 2007 in Polokwane.[17]

The National Development Plan (NDP) embodies the concept of a developmental state, which the ANC situated within the efforts to consolidate South Africa's democracy. Of course, a developmental state is not a synonym of democracy. It is also not its antithesis. In other words, these two are not binary opposites, mutually exclusive of each other.[18] A state-led development approach was championed by many following the economic success stories of the East Asian Tigers – South Korea, Japan, Taiwan, Singapore and Hong Kong.[19] An important aspect of the developmental state as it pertains to managing public affairs is the imperative of building strong state capacity. This is achieved by creating an inexpensive, efficient and effective public service, staffed by the nation's brightest and best servants, who are innovative and capable of discharging public duties conscientiously. The public service must also be shielded from political manipulation.[20] All of these are imperative to enhancing the quality of the administration of the state. However, more than 20 years into democracy in South Africa, governance is collapsing. Where did the making of the post-apartheid state go wrong?

In an interview with *Service Delivery Review*, the former Chairperson of the Public Service Commission (PSC), Professor Stan Sangweni, made this observation: "The ANC had failed to develop in time a model of our own on how to run government. In other words, we ran into government in 1994 completely unprepared and as a result, we often got compromised into embracing the [colonial] apartheid governance model."[21] The ANC failed to deconstruct the colonial edifice of its administration.

ANTECEDENTS OF GOVERNANCE CHALLENGES

The legislation that provided the framework for the administration of the state, following the establishment of the Union of South Africa in 1910, was promulgated in 1912 as the Public Service and Pensions Act (Act 29 of 1912). Its comparison with those that came after it, as promulgated in different historical epochs of the evolution of South Africa (the Public Service Act 111 of 1984 and the Public Service Act 103 of 1994 respectively) indicate that these pieces of legislation followed the structure and content of the Public Service and Pensions Act of 1912. They did not bring much change to the philosophical orientation of the South African public service since its colonial foundation. The result is that the post-apartheid state is the function of the intersection of neoliberal prescriptions with this colonial edifice. This eroded the state's capacity to fulfil the historical mission of the liberation struggle – "uplifting the quality of life of all South Africans, especially the poor, the majority of whom are African and female".[22]

Rooted in neoliberal concepts – which distort the notion of the public good – state reforms pursued to achieve transformation tinkered at the edge leaving the edifice of what is intended to be transformed intact. In the words of Kwame Nkrumah: "In reform fundamental principles are held constant and the details of their expression are modified."[23] Or alternatively, "reform is a tactic of … preservation".[24] In neoliberal frameworks, "the sovereignty of the people is replaced by that of the market, the public good is commodified,"[25] and "the welfare of the people [ceases] to be supreme."[26] State and the citizens assume a transactional relationship, with the latter characterised as customers.

Ironically, the customer-focused approach to managing public affairs is embodied in the *Batho Pele* principles, as promulgated in the *White Paper on Transforming Public Service* in 1997. The intention was to humanise the administration of the state. The adage *Batho Pele* – people first – represents a particular value orientation based on the African philosophy of humanism. The central concept used in the White Paper to express the 'people first' is that of a 'customer'. However, aren't these antinomies? To characterise citizens as customers is to strip them of their authority to hold government accountable. It distorts the essence of the public good. The objective of promoting the welfare of the citizens, and correcting the socio-economic injustice bequeathed by colonialism and the apartheid system of governance, is obscured by a reductionist approach to the administration of the state known as the new public management (NPM).

NEW PUBLIC MANAGEMENT

NPM emerged during the 1980s as a template for state reform along neoliberal lines. It remoulded the administration of the state according to private sector principles and practices, which saw the state becoming more *service ensurer* than *service provider,* with financial recovery [for the public services delivered] becoming … "a measure of performance".[27] This approach dominated the 1980s, but waned in the 1990s. South Africa embraced it anyway, and used it to frame the post-apartheid model for state administration.[28]
The NPM approach became a staple diet in the education of students of government. They were taught that the performance of the state is the function of the economic value of efficiency, largely derived from corporatisation/privatisation practices and the reduction of public expenditure. Rather than 'social effectiveness' in which the wellbeing of the citizen is promoted, the key objective became to maximise output with minimum input costs. This approach spawned social inequality and stratification as the quality of the public services deteriorated. The hardest hit by this are the poor, who depend on the public service to survive. The business, political and bureaucratic elites, on the other hand, live lavishly.

In this way NPM "failed to fulfil its central promise of efficiency".[29] It sowed a culture of greediness characterised by fierce contestation among politicians, bureaucrats, private service providers or consultants about how to profit from the state. Comprised largely of a highly unionised workforce, the middle class who are largely in the public service use their bargaining power to get as much as possible in emoluments from the state, to maintain their status. At the lowest strata are the poor who, despite state largesse for some, linger in poverty. That 30.4 million people are living in poverty while the resources that are supposed to alleviate their plight are lost to those who largely do business with the state demonstrates the noxiousness of the market economy. NPM exposed the administration of the state to all sorts of administrative evils, which stoked societal conflict as manifest in citizen flare-ups dubbed service delivery protests. As I have argued elsewhere, "democracy in conditions characterised by inequities in socio-economic gains is not sustainable, particularly in South Africa with the history of many decades of systematic marginalization" of other races.[30]

CAN GOVERNANCE BE FIXED?

The Ramaphosa presidency gives hope. Already there is much afoot to enable the state to "do its work in the best way".[31] However, South Africa's governance challenge cannot simply be fixed by reorganising the structure of government through mechanisms such as reducing the size of the public service. It requires rethinking the ideological edifice that frames it, and a daring commitment to decolonise the administration of the state. To disentangle the hegemonic power relations, strong decolonised intellectual capital should be institutionalised to generate the ideas required to re-theorise the post-apartheid state. Of critical importance for consideration in the attempt to fix governance is Janet and Robert Denhardt's instruction that "government shouldn't be run like a business; it should be run like a democracy".[32] This gives meaning to governance beyond the economic reductionism of efficiency and effectiveness. Linked to this should be the concepts of the public good.

Iain McLean, a British professor of politics at Oxford University, offers this conception of the public good: "Any good that, if supplied to anybody, is necessarily supplied to everybody and from whose benefits it is impossible or impracticable to exclude anybody."[33] This is about dispensing social justice to secure public interest. Acting in the public interest means commitment to satisfy all aspects of human life, of which the measure of its impact is the state of happiness.[34] ››

What do all these mean? The answer is simple. As a function of managing public affairs, governance requires new narratives based on "the humanist principles underlying African society,"[35] which transcend the neoliberal prescriptions and the colonial-apartheid entrapment, to give democracy a human face. Its theoretical foundation should be the public good, and the philosophical expression of this should be embedded in the concept of *Ubuntu*. The post-colonial theorist, Onyebuchi Eze, explains that this African philosophy of humanism is:

> a demand for creative intersubjective formation in which the 'other' becomes the mirror for [one's] subjectivity. [It] suggests that humanity is not embedded [in a] person as an individual, [but] is co-substantively bestowed upon the other … [It] is a quality we owe to each other. We create each other and need [each other] to sustain this otherness creation. And if [we] belong to each other, we participate in our creations.[36]

Ubuntu should be institutionalised as a value-system to guide state action. However, to achieve this, the insinuations of colonialism, apartheid and neoliberal prescriptions, which continue to sully the ethos of the public service, should be expunged. This should include, "undoing [their] dirty history".[37] The decolonisation of the state should achieve this.

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President must establish Integrity Commission – before it's too late

By Paul Hoffman

Paul Hoffman SC is director of Accountability Now. After 26 years at the Cape Bar he became Director of the Centre of Constitutional Rights, working with the Institute for Accountability in Southern Africa on cases such as the 'Glenister Case', the 'Arms Deal Case' and the 'Bread Case'.

Paul Hoffman SC does not hold back in a hard-hitting critique of the National Prosecuting Authority. He suggests the ANC has not shown the necessary political will to combat corruption. He asks if the unity of the ANC enjoys precedence over the proper administration of the criminal justice system.

Shortly before her term of office as Public Protector ended in October 2014, Thuli Madonsela gave a parting gift to the people of South Africa in the form of her 'State of Capture' report which called for the appointment of a commission of inquiry into grand corruption, kleptocracy and state capture. Three years and five months later the Zondo Commission got underway.

The revelations to the commission by Angelo Agrizzi appear at least to have reminded the National Prosecuting Authority (NPA) that the Special Investigating Unit (SIU) asked for prosecutions of those involved in the Bosasa shenanigans. Four miscreants, including former Bosasa operations chief turned whistleblower Angelo Agrizzi, have appeared in the dock for what they did back then and the matter has been postponed.

Apart from this long overdue development, the NPA has remained as paralysed as it was when Jacob Zuma was president. Although, 14 years down the line, Zuma is now facing trial, there has been no prosecution following the removal of the NPA head, Mloxisi Nxasana. The crooked funding of Nkandla renovations also goes unpunished.

Although corruption is a serious crime and corrupt activities carry severe penalties, combating the corrupt is essentially a matter of political will. In South Africa, corruption manifests as theft from the poor. Rigged tenders, backhanded bribes, corrupt use of public money to build palaces and security walls abound. Prosecutions do not.

It seems there is insufficient political will to end the impunity enjoyed by the corrupt state capturers; that the unity of the ANC enjoys precedence over the proper administration of criminal justice. Our president pays lip service to the rule of law but does very little, beside window dressing, to tackle the corrupt. He knows many of those involved in corruption are senior members of the ANC. Why does the state not bring them to book? Is this because he fears going down in history as the leader who presided over the disintegration of the ANC?

Fealty to the tenets of the national democratic revolution continue to trump the proper implementation of the promises of the Constitution and the Bill of Rights. As long ago as 2011, Although corruption is a serious crime and corrupt activities carry severe penalties, combating the corrupt is essentially a matter of political will.

the Constitutional Court ruled that the state is obliged to keep and maintain adequately independent anti-corruption machinery of state that effectively and efficiently investigates and prosecutes the corrupt. This machinery – a dedicated, specialised, adequately resourced and well trained unit – is required. But no such entity exists: the Hawks are a risible replacement for the Scorpions, the Anti Corruption Task Team is dysfunctional and unconstitutional, while the new Investigative Directorate of the NPA has yet to get out of the starting blocks. SA is still without hope of seeing compliance with what its highest court requires to end the impunity of the corrupt.

The main reason is the lack of the necessary political will to make the decisions needed to comply with the rule of law. In March 2019, during question time in parliament, President Cyril Ramaphosa promised to mull over the notion of the best practice compliance with the court findings by establishing an Integrity Commission to investigate and prosecute grand corruption in all its forms. He found the notion, provided chapter and verse, in a letter from Accountability Now. The letter, available on the Accountability Now website, goes unacknowledged and the 'mulling over' apparently continues.

Lack of political will to counter corruption in a constitutionally compliant manner is the most reasonable explanation. The NPA remains partly captured, underfunded and lacking in experienced and properly qualified prosecutors. Its leadership spends an inordinate amount of its time and energy explaining why it can't do its job, instead of doing what it can. The president prefers to maintain party unity even if this reduces the country to junk status, scares off much needed new investment and places South Africa at risk of becoming a failed state. He would do so much better for his people, his party and his country by announcing the establishment of an Integrity Commission now, before it is too late.

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Climate change and capital together create eco-apartheid

By Bruce Baigrie

The author is an ecologist and activist in the Cape Town NGO sector. He is also a researcher at the Institute for African Alternatives

CYCLONE IDAI

On 14 March 2019, Cyclone Idai made landfall in Beira, Mozambique as a category 3 tropical cyclone (wind speed reached 194 km/hr). Winds and heavy rains caused flooding and severe devastation. More than 1,000 people died and the World Bank estimates that the storm destroyed over $2 billion in infrastructure. Three million people have been affected, with over 100,000 homes and at least a million acres of crops destroyed. A severe cholera outbreak has seen over 4,000 infected alongside rising cases of malaria. Idai is being described as the worst weather-related disaster in the southern hemisphere.

Malawi and Zimbabwe were also affected by the cyclone where 59 and 344 people respectively died. Just five weeks later Cyclone Kenneth made landfall surpassing the windspeeds of Idai and destroying another 70,000 homes.

The increased intensity of these cyclones is almost certainly the result of climate change[1] and while the initial cost of the storms was severe, it is the aftermath that will bring even higher costs. Idai and Kenneth offer a brutal case study of the multiplicity of the injustice of climate change, with private capital and traditional financial institutions playing a leading role.

THE INJUSTICE OF CLIMATE CATASTROPHES

Recently, there has been a dramatic increase in extreme weather events, with the United Nations (UN) now warning that climate disasters happen every week.[2] Reports such as this firmly dispel any notion that climate change remains an issue for the future. These events, usually storms or droughts, overwhelmingly occur in the Global South and in developing nations where populations are left vulnerable by underdeveloped physical and economic infrastructures.

This is despite the fact that many of the countries hit by climate disasters, with the exception of India, are negligible contributors to both current and historical carbon dioxide (CO_2) and greenhouse gas (GHG) emissions. Bangladesh[3] and Mozambique – two countries that have recently experienced some of the most brutal episodes of climate breakdown – have the 17th and 4th lowest historical emissions respectively.[4]

Thus, there is a stark divide between the developed and developing world, with the latter experiencing devastating effects incommensurate with their contribution to the climate crisis.

This divide is increasingly being described as 'eco-apartheid'.[5]

The ability of these countries to respond to climate disasters is limited by insufficient physical resources, and degraded environmental infrastructure, as well as under-capacitated or non-existent emergency services. (Mozambique was largely reliant on the South African Defence Force and NGOs such as Gift of the Givers in the wake of Idai).[6] Funding for such services, along with a much wider portfolio of social and infrastructure spending are both crucial for climate adaption.

The latter could include retrofitting and constructing wind-resilient housing; erecting physical barriers to flooding alongside proper drainage systems; and improving the resilience of basic services infrastructure such as water, electricity and communications systems, all of which were knocked out by Idai. These programmes would require substantial funding and what is currently available is hopelessly insufficient and absorbed by other priorities.[7] Consequently, countries such as Mozambique are required to take out emergency loans from international institutions such as the World Bank and International Monetary Fund (IMF) to cover their short-term relief efforts. These loans simply add to the crippling debt burden in developing economies and compound the deficit in social and emergency spending for the next crisis.

Mozambique offers a depressing example of how climate breakdown is exacerbating global inequalities and precipitating a deepening humanitarian crisis.

DEBT AND CAPITAL IN MOZAMBIQUE

In a familiar pattern, economic development in colonial Mozambique centred almost entirely on primary commodities intended for the metropole, in this case Portugal, and to a lesser extent to neighbouring Rhodesia and South Africa. The plantation-based economy was overwhelmingly dominated by a handful of companies with negligible investment in other sectors.[8] The only other significant income generators were fees and remittances from the large-scale dispatch of migrant labour to South African mines.[9]

After their victory in the war of independence, the Mozambique Liberation Front (Frelimo) inherited a country left destitute by the exodus of white settlers, who took what wealth they could and destroyed what they couldn't.[10] The racist regimes still in power in Pretoria and Salisbury punished the newly liberated country by constricting trade and finding other sources of migrant labour.[11]

These same regimes then supported the right-wing guerrilla movement of the Mozambican National Resistance (Renamo), which led a devastating campaign of terror in an attempt to destabilise the new government.[12] The civil war that ensued lasted more than 15 years.

By the early 1980s the economy of Mozambique had collapsed and the government was forced to rely increasingly on foreign aid. In just a few years, by the mid-1980s, Mozambique became the most indebted country in the world with foreign debt accounting for roughly 60% of GDP and servicing costs averaging 15% of revenue through the 1980s and 1990s. It continued to increase in the mid-1990s after the end of the civil war with Renamo.[13]

As a result of the significant debt burden and poor economic situation, Mozambique became heavily reliant on foreign aid. Writing in the early 90s, David Plank described the function of this foreign aid as equivalent to the, "seignorial obligations to vassals reminiscent of colonialism". [14]

Clearly the relationship of dependency left the government little room to negotiate with its donors and it largely accepted the structural adjustment policies (SAPs) prescribed by the IMF and World Bank. The SAPs included a range of measures such as privatisation and removal of subsidies, but were primarily focused on the reduction of public sector spending.[15] This significantly worsened living conditions in a country where approximately 47% of the population live in absolute poverty.[16] The comprehensive long-term failure of structural adjustment required debt cancellation for Mozambique of $4.3 billion under the Heavily Indebted Poor Countries Initiative, and in 2005 a further $2 billion under the Multilateral Debt Relief Initiative.[17]

Two decades of liberalisation under SAPs facilitated a new phase of foreign investment in Africa.[18] The Mozambican economy became one of the fastest growing in the world during the commodity boom that started in the early 2000s, yet by 2014, 22 million people were living on under $2 a day, an increase of 68% over 18 years. High growth was driven by extractive mega-projects such as the Mozal aluminium smelter, which is responsible for 30%

of Mozambique's exports. With 100% of the aluminium produced exported, the developmental impact has been strongly contested.[19]

The smelter was exempted from taxes on profit and VAT and a range of civil society organisations have estimated that for every $1 earned by the Mozambican government, $21 has left the country in profit or interest to foreign governments and investors.[20] By 2014, Mozambique's public and private sectors had amassed a net debt of USD$25 billion as result of liabilities owed for such megaprojects and, at 160% of GDP, the country has the highest debt burden in the world. The situation was also soon odiously compounded.

THE HIDDEN DEBT OF 2016

Foreign creditors accompanied the foreign investment drive, overtaking official sources as the largest lenders in Africa by 2010.[21] This has exposed the continent to new sources of financial risk. Private creditors almost always lend in dollars. As a result, debt repayments regularly increase through currency fluctuations while private creditors are not as forgiving of late-payments as traditional institutional lenders.

The on-going "Tuna Bond" scandal illustrates the immense risk of private lending in environments prone to corruption. In 2016, it was revealed that London branches of Credit Suisse and Russia's VTB Capital arranged for secret loans of $780 million to Mozambican state-owned enterprises which had no existing revenue or contracts in place to suggest future revenues. The loans were meant to be for a range of coastal and fishing developments, but after a default in 2016, a restructuring deal left the total outstanding debt at $2.2 billion.[22] Thirty-five percent of the money remains unaccounted for.[23] The loans were never approved by the Mozambican parliament and were not signed off by the Bank of Mozambique as required by law. Former Finance Minister Manuel Chang, who presided over the acquisition of the debt, was arrested along with three ex-Credit Suisse employees and the son of former Mozambican president Armando Guebuza.

Chang was arrested in South Africa. At first his extradition to Mozambique was halted by the South African Justice Minister Ronald Lamola, which prevented Chang from facing serious sanction in his home country. He now faces extradition to the US where could incriminate [24] further powerful figures. By the time of going to press Lamola had not yet made a decision.

Two of the former Credit Suisse employees have pleaded guilty in a US court to laundering funds – mostly illegal kickbacks to Mozambican officials and themselves – of up to $50 billion. Credit Suisse is laying the blame solely on the three ex-employees and refuting any responsibility. The illicit funds were provided by Privinvest, an Abu-Dhabi-based holding company, which supplied ships, services and supplies for the coastal developments.[25] Or, put more simply, a reputable Swiss Bank, based in London, facilitated an illegal loan for corrupt officials in Mozambique through kickbacks from a private company in Abu-Dhabi.

The case casts doubt on the notion that private lenders operate with propriety. It illustrates the role of private lenders in expanding the trans-national nexus for corruption in countries such as Mozambique.

The point is that the debt from these loans is owed to the UK-based bank, so despite the patent illegality of the whole transaction, the loans would only provide limited to no benefits for the people of Mozambique. As the creditors were well aware of this it is a clear-cut case of odious debt, which is defined as debt that is considered illegitimate and should be cancelled. However, according to UK law the debt's legality in the UK provides an entrepot for vulture funds, those private equity funds that invest in debt considered to be very weak or in default. Top legal firms in cities such as London, New York and Paris then sue developing nations.[26] As it stands, such funds are able to make a 270% profit on debt purchased in 2016.[27]

Fortunately, there is some resistance to the scandal from civil society. Campaigners from the Mozambique Budget Monitoring Forum (FMO) recently visited the UK with the Jubilee Debt Campaign,[28] where they highlighted the seriousness of the situation, noting:

> The London-based banks must be held to account for their role in this scandal. The loans have caused an economic crisis in Mozambique with rising prices for basic necessities, and now falling government spending. We are appalled that UK authorities have failed to take any action against Credit Suisse and VTB. We are coming to the UK to demand that they do so. The people of Mozambique had no say over, and no benefit from, these loans. We should not have to pay one cent on them. It is the individuals and companies inside and outside Mozambique that benefitted who should be made to pay.

FIRST AS A TRAGEDY

Mozambique's history has followed a cruel path and, as things currently stand, its future will offer no respite. The debilitating legacies of colonisation and under-development have been escalated by war, economic sabotage, incapacitating structural adjustment, narrow extractivism and now, blatant parasitic financial practices compounded by the ravages wrought by climate change. Yet, when the country experiences devastating natural disasters it does not qualify for debt relief. Instead the IMF has provided

yet another loan (albeit at 0% interest) despite it holding over $30 billion in its reserves. The millions of people in the 6th poorest country in the world[29] did not cause the climate crisis, but they will continue to pay for it, increasingly with their lives.[30]

This gross injustice demands that loans must become grants. Funding is urgently required for developing nations to adapt to, and mitigate, impending climate disasters and it should be taken for granted that such funding should be sourced by governments historically accountable for greenhouse gas emissions.

The World Bank and the IMF in particular, whose major contributors are such governments, should not be allowed to continue to offer "aid" to indebted countries in the form of loans. In a break with the neoliberal nature of SAPs, the grants could come with strict conditions for investing in critical infrastructure and public services required for adaptation and mitigation. However, under the current system where the size of member contributions is proportional to voting power, it raises the question as to whether an institution like the IMF could ever become such an ethical global force. Yet, without such a shift in the political economy of international aid and its institutions, climate change will rapidly intensify our existing state of global eco-apartheid.

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US universities investigating their own process of decolonisation

By Kyle Adams

Kyle Adams is currently an undergraduate at Wake Forest University in North Carolina, US. He recently visited South Africa and was an intern at IFAA for two months. During his visit, he observed the course of the debate on decolonising the University of Cape Town (UCT).

The author writes of the decolonisation efforts taking place at his university in the US, drawing comparison to that of UCT. He introduces the situation of his school and then compares it to the pioneering work done at Brown University, a prestigious Ivy League university in the US. Finally, he concludes with notes on the vital role of students in effecting positive change.

As an American undergraduate student who attends a predominantly white institution in the southeastern region of the United States, I am quite familiar with the situation of a university grappling with its own troubled history, particularly with issues of racism, slavery and white privilege. I recently completed my second year studying at Wake Forest University, a small liberal arts university located in the state of North Carolina.

In February 2019, the governor of my home state, Virginia, was found to be wearing blackface in a yearbook photo from 1984.[1] This discovery prompted many American universities to search their own yearbooks for racist iconography, including Wake Forest. Later that month, Wake Forest made national headlines when our Dean of Admissions, a Wake Forest alumna, was discovered posing in front of a Confederate flag, a common white supremacist symbol, in a yearbook photo from 1982.[2] An Associate Dean of Admissions was also found posing in a similar picture. Both pictures were taken in affiliation with a university-chartered fraternity, the Kappa Alpha Order.

This discovery caused uproar amongst much of the Wake Forest student body, and the Vice President for Diversity and Inclusion responded by hosting a public forum for the campus to engage in conversation about the situation. The forum lasted over three hours, and students, primarily those affiliated with the Wake Forest Anti-Racism Coalition (similar to the #RhodesMustFall movement), poured out their emotions for the panel of administrators to hear. The students demanded change, and the panel of administrators seemed perplexed with how to respond.

This forum was followed by various virtual and physical protests in which students of colour vented their fatigue and frustration with the university's sluggish pace of change. Our university president and several other »

> **Wake Forest made national headlines when our Dean of Admissions, a Wake Forest alumna, was discovered posing in front of a Confederate flag, a common white supremacist symbol…**

administrators attended the physical protests, and they listened to the many recollections of discrimination that students of colour (particularly black students) experience on campus. But this listening has largely failed to translate into anti-racist policymaking. Rather, the recurring response is a plan for continued evaluation.

In May, towards the end of the semester, it came to light that Wake Forest was in fact founded on a repugnant decision. The university's first Board of Trustees raised the funds for Wake Forest's initial endowment through the sale of 17 enslaved people. Joseph Soares, a sociology professor who led the fact-finding mission with his undergraduate students, hosted a sombre remembrance ceremony for the 17 enslaved people. However, there was minimal awareness of the event outside of top university administrators and select faculty members. I was fortunate to have crossed paths with a Vice President who suggested that I attend, just 10 minutes before the event began.

The majority of the campus community understands that Wake Forest has an unfortunate history with race, but barely anyone realises that the very foundation of the institution was derived from direct involvement in the transatlantic slave trade.

Fortunately, Wake Forest's president, Nathan Hatch, has begun to respond to students' calls for investigation and change. In May 2019, President Hatch announced the creation of a Presidential Commission on Race, Equity and Community to assess the university's situation. There are 30 campus members (equally divided among students, staff and faculty) serving on the Commission, including myself. The Commission will be supplemented by the Wake Forest Slavery, Race and Memory Project as well as the Committee on the Intersection of Bias, Conduct and Free Expression. President Hatch has requested for the Commission to produce a comprehensive report by the end of the academic year (May 2020).

To confront the issues of race at Wake Forest, I've found that the first and most important step is to show up and listen – everywhere. It's crucial to listen to the full range of grievances that pervade the campus, and to observe the ways in which certain groups interact (or how they don't interact at all). In addition to absorbing the emotions and ideas of students, I spent time individually with faculty and administrators to debrief about the campus climate. One of my chief aspirations was to earn the trust of the many stake-holding groups at Wake Forest; I wanted to be seen as a listener and a translator to all.

After I felt confident about my grasp of the campus climate, I began to compile evidence to present. I collected stories, statistics and my own observations. I constructed a timeline of the various events linked to racial discrimination and inequity on campus. From there, I proposed actionable solutions for the school's administration and governing board to pursue, many of which were inspired by efforts from other universities. Although many of these solutions are difficult for administrators and board members to hear, I believe that my groundwork of building relationships and compiling research helped my ideas hold credibility.

On the topic of decolonising a university's curriculum, there is little precedent in the global sphere of higher education, at least publicly. However, there are several institutions that have attempted to address their campuses' histories pertaining to colonialism and racism outside of curriculum change. In 2014, the University of Virginia's President's Commission on Slavery and the University decided to create the Universities Studying Slavery (USS) consortium. The aim of this consortium, which now has over 50 member institutions worldwide, is to cultivate a collaborative effort to examine the "original sin" of slavery and its entanglement with the academy.

This effort for a university to investigate its own history was first pioneered in 2006 by Brown University, an Ivy League school located in Rhode Island. Ruth Simmons, Brown's president from 2001-2012, appointed a Steering Committee on Slavery and Justice in 2003 to probe the university's involvement in the transatlantic slave trade, looking especially at the Brown family for whom the university is named. It's probably stunning to read that such an effort was made over a decade ago. It should be even more surprising to know that this pioneering effort is still considered the most successful effort to date, as Brown's report is revered as the "gold standard" for American universities.

Brown's trailblazing effort was likely the result of appointing a trailblazer as its president. Dr Simmons was in fact the first black American to serve as a president for an Ivy League university. Before Brown, she was the president of Smith University, making her the first black female in American history to be a university president. Thus, Dr Simmons was accustomed to breaking the normative culture of higher education. Another contributing factor is that Dr Simmons is a descendant of slaves in both her maternal and paternal lineages. Unfortunately, the vast majority of university administrators in the United States and South Africa are old, heterosexual white males. This contributes significantly to higher education's slothful pace of reform.

However, after various student protests, several American universities (eg Georgetown University, the College of William & Mary, Furman University) have taken a newfound interest in Brown's early precedent. When Georgetown University president, John DeGioia, decided to create a Working Group on Slavery, Memory and Reconciliation in 2015, the Working Group chairperson, Rev David Collins, noted in an interview that "reading Brown's report was one of the first things [he] did".[3]

"To confront the issues of race at Wake Forest, I've found that the first and most important step is to show up and listen – everywhere.

The chief value of Brown's report is derived from its intellectual humility and transparency. From the outset of the document, the Steering Committee emphasises their mission, under president Simmons's charge, to "examine the University's historical entanglement with slavery and the slave trade and to report our findings openly and truthfully". [4] After an introduction of the Committee's initial goals and subsequent activities, the report delves into the history of the transatlantic slave trade at the international, national, and local scales (ie the involvement of the Brown family in their university). This includes the disturbing details that 30 members of the Brown Corporation are confirmed to have owned or captained slave ships.

On campus, there is evidence that reveals that University Hall, the school's oldest building, was built by four slaves. And the Committee affirms that the University's construction and growth was undoubtedly a product of slavery and the slave trade. The Brown family members were scrupulous record keepers, so the Steering Committee presents many of their conclusions with direct evidence from the University's founders themselves. Throughout the report, the Committee reminds readers that these gruesome details were previously erased from the accounts of Brown's history, and forgotten, as is the case at many American institutions.

Most universities are likely to conclude such a report after these admissions of wrongdoing. However, Brown's Steering Committee wrote this monumental document to not only admit wrongdoing, but to cultivate a holistic national dialogue about transatlantic slavery, crimes against humanity and the concept of retrospective justice (ie reparations). The report is especially successful because of how it weaves the chronological specifics of Brown's history with their historical contexts.

Yet, the report also never excuses the school's wrongdoings as "products of the time". Rather, the Committee writes that such history must be confronted, condemned and taught publicly. There isn't any obscure academic theory; instead, the Committee uses ample statistical evidence and documented human experiences to establish credibility and convey its message.

The final and arguably most valuable component of the report is the Committee's set of recommendations addressed to the university administration and governing board. In the final pages of the document, the Committee charges the University to do the following: "acknowledge and apologise for Brown's entanglement with slavery; tell the truth in all its complexity; memorialise the University's painful history with slavery to invite reflection; create a center for continuing research on slavery and justice; maintain high ethical standards in regard to university investments and gifts; expand opportunities at Brown for those disadvantaged by the legacies of slavery; use University resources to help ensure a quality education for the children of Rhode Island; and appoint a committee to

> **Although I am familiar with how racism can undergird a university's existence, I am quite unfamiliar with a university explicitly addressing the protests of its student body in the manner that UCT did.**

monitor the implementation of these recommendations".

Brown's report is exemplary in its specificity and practicality. The Steering Committee makes clear what issues have historically plagued and continue to afflict the University, and it then provides logical action for the University to take. The higher education world would benefit greatly if more institutions emulated the candid, thorough and courageous approach that Brown forged in 2006. In the words of Brown's Steering Committee:

> Brown is a university. Universities are dedicated to the discovery and dissemination of knowledge. They are conservators of humanity's past. They cherish their own pasts, honoring forbears with statues and portraits and in the names of buildings. To study or teach at a place like Brown is to be a member of a community that exists across time, a participant in a procession that began centuries ago and that will continue long after we are gone. If an institution professing these principles cannot squarely face its own history, it is hard to imagine how any other institution, let alone our nation, might do so.

I hope that other universities can reckon with their traumatic pasts in a similar vein.

UCT and Wake Forest are on the cusp of enacting change, but the individual universities must tailor the processes to their specific situations. Both schools can look to Brown's example for how to investigate their own histories and how to write an all-encompassing report. At UCT, the effort will centre on reimagining curricula and fields of study so that they are more accessible to all of UCT's students and faculty. UCT must also seek to dismantle the silent structures of apartheid segregation that continue to pervade the university's tradition and culture. Wake Forest, on the contrary, must focus more on proactively engaging its history with the transatlantic slave trade and ensuing anti-black discrimination (eg Jim Crow), as well as discerning how the mechanisms of the university and its social life operate to exclude people of colour on campus. The changes of UCT and Wake Forest will be different, but the end goal should be the same: to foster a university culture in which all campus members can proudly claim ownership and belonging.

For proper institutional change to occur at any school, it's vital that students help lead and construct the change itself. After all, this change should foremost serve students. Students must therefore transcend their role as consumers of their education and instead become agents of it. This involves coalition among student groups, and it also requires collaboration with the faculty and administrators at one's university. The vision must come from students, but the execution has to be seen through by the campus members who are not limited to the 3-4-year graduation cycle. Although Brown's report is exemplary, the follow-through on the Steering Committee's recommendations has been lacklustre, and the campus community's knowledge of the Committee's herculean effort from 2003-06 is relatively nonexistent today.[5]

The effort required to do this work is gruelling, no matter who you are. As students, fixing our universities is not in the job description. But if we don't, nobody will – or at least not properly. This is important work, and it's a tremendous opportunity to help redirect the trajectories of these major institutions, whether it's Wake Forest, UCT, Brown, or any other university. It's through such action that we can make history, rather than fall victim to it.

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New constraints create 'profound crisis' for independent media

By Bruce Kadalie

The author is the events organiser at the Institute for African Alternatives (IFAA), and writes for its flagship journal, *New Agenda*. He has a background in journalism and activism.

A public forum on "The Future of the Independent Media in South Africa" was hosted by IFAA, with the support of the Rosa Luxembourg Foundation. The gathering was chaired by Professor Ben Turok, Director of IFAA, and addressed by a panel of media experts who discussed the relationship between media, governance and human rights, especially given recent incidents of harassment and intimidation of journalists in South Africa.

The previous restrictions that journalists worked under during Apartheid and the years of struggle against it have been replaced by an entirely new, usually high tech, array of challenges which now constrain today's media. Instead of draconian legislation, journalists now come up against corporate media ownership that places the drive for profit above the responsibility of providing public access to information. There is also the upsurge of digital communication, which is increasingly squeezing out professional journalism and often replacing it with fake news created by bots instead of trained journalists. Additionally, there are multiple threats against journalists who expose corruption in corporates and at all levels of government, which are easily disseminated by social media.

There has also been a spate of recent incidents of harassment and intimidation against journalists in South Africa.

The gathering was chaired by Professor Ben Turok, Director of IFAA, and addressed by a panel of media experts comprising high profile journalist and political analyst Karima Brown, Associate Professor Wallace Chuma from the Department of Media Studies at the University of Cape Town and Micah Reddy, a journalist with Amabhungane. The speakers focused on the question of whether media freedom as prescribed in our Constitution – is under threat.

The speakers collectively sketched the structural crisis, both global and national, currently facing independent journalism.

Reddy described the dystopian spectre of managers cosying up to political elites – just as they did under Apartheid.

He gave as an example the Independent Media group under the leadership of Iqbal Survé, and highlighted the online harassment and regular threat of physical attacks faced by sources and whistleblowers, especially investigative journalists who in the past few years have uncovered and exposed serious, even criminal, wrongdoing by those in power, not only nationally but also among the authorities in local communities.

Wallace Chuma, echoing the view that the traditional media is facing unprecedented structural challenges, nevertheless pointed to the relative strength and vibrancy of South African media institutions compared to other African countries, given our solid liberal regulatory framework. However, citing research that shows that the traditional media tends to give voice to elites, he cautioned that this social gap creates the space for populist forces to mobilise. Corporate pressures on the media, he remarked, are the modern incarnation of the previous restrictions journalists faced under Apartheid.

Karima Brown, recently the subject of public harassment and intimidation, offered microscopic views on the daily hazards faced by journalists who confront controversial public issues and corruption in the public sector, especially women journalists. »

Journalists' fight today is to separate the facts from the falsehoods

<u>*By Karima Brown*</u>

Karima Brown is a veteran journalist, editor and most recently Chief Content Officer at Independent Media.

At a debate on the media organised by the Institute for African Alternatives (IFAA), veteran journalist Karima Brown warned that we have a media environment that is no longer trusted by the public; that social media has created a crisis because citizens can no longer distinguish between the truth and a lie.

The model for news as a business is broken and there is no silver bullet that can fix it. I have been in discussions from Russia to the Netherlands, the UK, US and Switzerland, and no one can figure out how to make this industry profitable. Ultimately, that is the inevitable outcome of capital and the reason why the people who own news outlets have changed.

While there is a crisis about ownership in the media and people are trying out various models, in my experience the media are united around two things: It is no longer about making money, because it is no longer possible to make money using media. It is about buying influence, in particular influence over the policy decisions of a government.

A similar model is employed in India where people essentially buy face time to help their rise to power, and challenge their detractors. Iqbal [Surve's] newspapers are a good example of that model.

I have worked in the public space at the SABC for nine years, and I have worked at almost every media house in this country except Naspers/Media 24. I also launched Forbes Women Africa, the first stand-alone Forbes magazine dedicated to women on the continent.

When I worked at the SABC, I was lucky to come in on the cusp of the glory days, if you like, where the SABC had just been opened and there was a space where we could actually engage with each other. But then I had the misfortune to be banned from speaking by the former managing director of news and current affairs at the SABC.

When I left the SABC to go to the private sector, a colleague who had left the private sector to go the SABC said to me, "Don't think it's any different out there". When I was the political editor at *Business Day* my editors decided that I could no longer be a columnist.

I believe my column was profitable because we weren't hunting with the rest of the pack. At that stage we were tracking, in granular detail, Jacob Zuma's path to power. At that time no-one wanted to believe it. But we were proven right in 2007 when Zuma didn't only win, but he also annihilated a particular way in which people understand the ANC. He also set in motion the state capture project from which we are now trying to recover.

What is the effect of journalism? We live in one of the most unequal societies in the world, so the need for journalism is huge, despite the fact that it operates within the context of a broken news model.

Journalists are not homogenous. We are not all united. We don't all share the same world views. In fact, some of us try to hide that and say that objectivity exists. I believe that is complete horse shit. In my view, there is no such thing as objectivity. The best one can hope for is balance, fairness, accuracy and context.

It is also important to consider the fuss around social media. I'm not on Twitter because I think its a place for sadists. It's certainly not a place for engagement and it is not a democratic space.

More importantly, in the age of the

creation of automated bots, it presents a huge threat. It assists what Noam Chomsky refers to as "manufactured consent" around the issues, and we see political parties, political elites and business elites making effective use of that.

The Guptas used it with Bell Pottinger and the EFF is probably now the party that makes the most use of Twitter as a weapon. Of course there is the so-called 'black twitter' that, in my view, delegitimises any argument that doesn't correlate with the futility of identitarian politics in some ways and delegitimises voices.

I don't see Twitter as a democratic space. I see it as a place to do something far more harmful that will be in the interest of the elites. This, in turn, helps to create an atmosphere where citizens cannot tell truth from a lie.

For me, that is the most serious threat to the quality of the democracy that we have created. The chasm between what people read, watch, listen to, consume and distribute, and what is actually real, is huge, which creates a massive problem. I would say it is the biggest problem we have at the moment.

For example, the EFF recently put out bots that suggest that certain judges whose rulings the party disagrees with are bought. During women's month, for example, we had two women judges ruling against the EFF in cases in which the party was involved. The first woman was a white judge so she was disregarded as a racist; the second was a black judge who had apparent difficulty reading her judgment in English. She was considered illiterate and it was alleged that she didn't write her own judgment.

There was no critique of the EFF from the media because every one of its press conferences is turned into a mass meeting. Journalists become cheerleaders, hanging on to every word that Julius Malema says because he dished the dirt on Jacob Zuma. Many people have written books based on Malema as their source. He then turned on them and he called them "little white boys" ... and now all hell has broken loose.

There is also a particularly misogynistic theme that has emerged in the threats levelled at journalists. I don't think male journalists face the same threats as female journalists. This seems particularly pertinent in the context of the femicide that we face in the country. For example, I have never heard gossip about a male journalist's sexual history or his links to certain politicians. But women journalists are slut shamed, and their credibility is questioned.

Going back to the question of objectivity, in other countries the tradition is for newspaper houses to identify with one or other world view. In the UK, for example, people who read the *Guardian*, even if they oppose Jeremy Corbyn, are generally considered to be close to the Labour Party. If you read the *Telegraph*, you know you are reading a Tory perspective.

Here in South Africa, there is an active dislike of that kind of journalism. If I take sides I am often accused of being a politician and not a journalist. My answer is that, if I am a political journalist and I don't have politics, then I am not worth my salt; I should not be covering politics.

The Italian revolutionary, Antonio Gramsci, explains this well:

"I hate the indifferent. I believe that living means taking sides, those who really live being a citizen and a partisan. Indifference and apathy are parasitisms, perversions, not life. That is why I hate the indifferent."

It is a statement with which I completely concur. I take a position on state capture. I took a side against mainstream media that didn't give democratic government a fair shake. I take sides on the fact that there is growing fascism in the so-called constitutional politics that we have, and that is being demonstrated by the EFF. Unlike my colleagues, I don't pander to their nonsense. As a result, I was harassed and threatened, but was also the first journalist to take such matters to court.

I take sides and I own my politics. And I think that there is no contradiction between having political convictions and being a journalist. This is something South African journalists need to wrestle with.

We all have agendas and we cannot forget that. Because we are allowed to present ourselves as if we live in a vacuum outside of the contestations that are happening in society does not make that reality.

I am a Marxist and I have caught a lot of flak for supporting the struggle of workers. But I don't care.

What I find really scary is the fact that we have a media environment that is no longer trusted by the public; that we have social media – Twitter and the rest – that is infiltrated by individuals who sit somewhere in a room and send out messages that create potential havoc.

This is a crisis – and a crisis for journalism. It is a crisis fuelled by elites across economic and political lines who are essentially trying to create an atmosphere where citizens cannot distinguish between the truth and a lie. The fight to distinguish truth – verifiable fact – from lies is supposed to be the journalists' fight. NA

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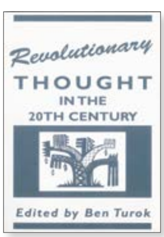

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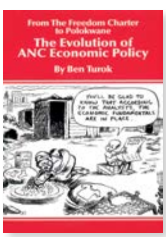

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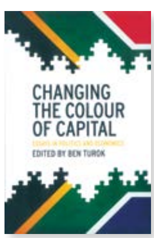

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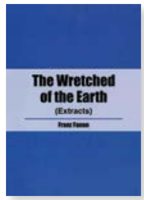

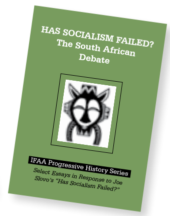

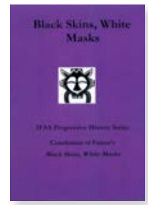

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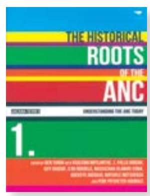

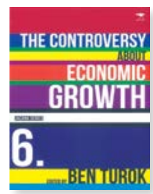

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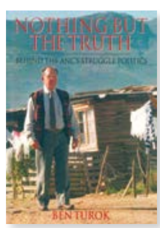

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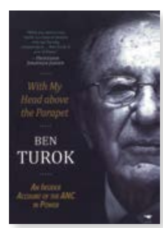

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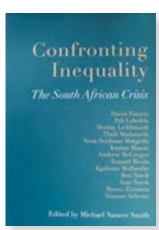

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