

Marikana narratives and South African political economy

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Politics and International Studies seminar

26 October 2012

1) Marikana

2) SA political economy

3) SA and Africa

'Resource Cursed'



**'The unacceptable face of capitalism'
British PM Edward Heath, 1973**

**Tiny
Roland**



what happened at Marikana on 15 August 2012?

Cyril Ramaphosa

emailing Lonmin about

August 10-14 violence:

“The terrible events that have unfolded cannot be described as a labour dispute. They are plainly dastardly criminal and must be characterised as such. There needs to be concomitant action to address this situation.”



- ***former National Union of Mineworkers and ANC general secretary***
- ***co-owner of Lonmin, paid R3mn/year for “general empowerment advice”***
- ***incriminating emails asking police and mining ministers for intervention***

what happened at Marikana on 16 August 2012?



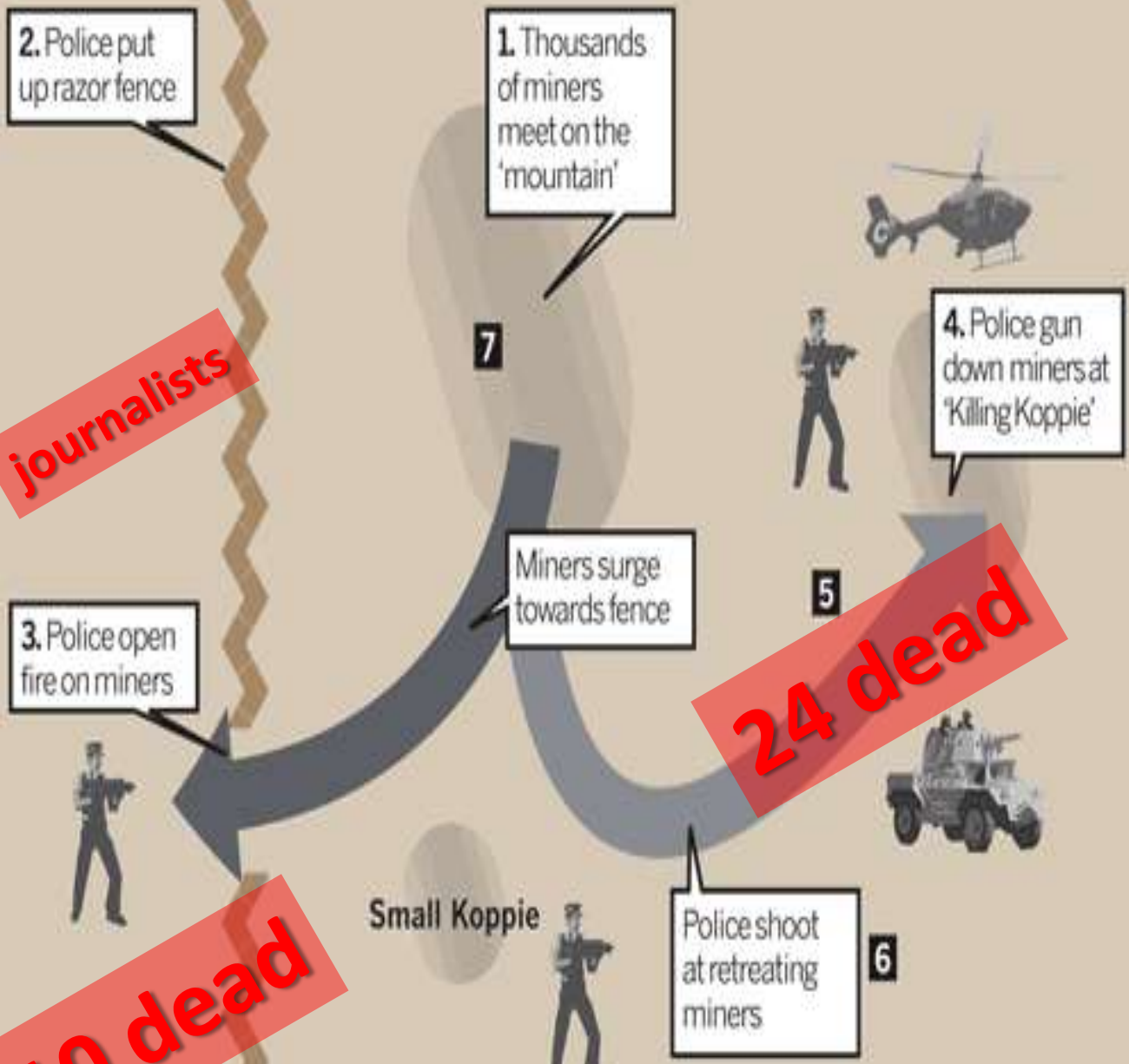
first impressions of the massacre

- What happened:**
- 1 Strikemine workers on the... They start... the Wond... phos...
 - 2 Nervous police officers put up barbed wire fencing between them and the protesters
 - 3 More than 1 000 strikers move to avoid the barbed wire barricade
 - 4 Police try to disperse the crowd using water cannons and tear gas
 - 5 Approximately 3 000 strikers, armed with pangas and assegais, storm the 423-strong police force
 - 6 Police open fire, first with rubber bullets and then with automatic machine guns and pistols
 - 7 34 people die and more than 78 are injured. Only one policeman is injured



*CityPress
newspaper's
(partial) view*





Journalists

10 dead

24 dead

Strikers were surrounded by heavily armed police and soldiers, and killed while fleeing from gunfire. The state forces were not “protecting themselves”. They participated in well-organised, premeditated slaughter.

We interviewed surviving miners and looked at physical evidence on the site of the massacre. What we found is even more shocking than the story presented in the media, even here in South Africa. Follow numbered events on the map above.

1: On the day of the killing about 3,000 striking miners were gathered on and just below the “mountain” (actually a small hill). Joseph Mathunjwa, president of their union, the AMCU, came and pleaded with them to leave to avoid a police attack. The miners refused.

2: Within 15 minutes of Mathunjwa leaving, the police and army laid razor wire, separating the strikers from the Enkanini informal settlement, where many of them live. Casspirs (armoured cars), horses and water cannon moved up to encircle the workers.

3: Some workers walked down to the razor wire to see if they could still get out through a gap. Witnesses say police near the “small koppie” (hillock) opened fire on them, probably with rubber bullets. Some workers fled through a five metre gap in the razor wire. They were met with a barrage of live fire from the police and many died. Images of this shooting were broadcast around the world.

4: Terrified strikers scattered in all directions, with a large number heading for cover by a koppie about 300 metres in the opposite direction from the wire. This “killing koppie” is where the largest number of strikers died.

No cameras recorded this slaughter. But evidence remained on Monday, four days after the massacre. There are remnants of pools of blood. Police markers show where corpses were removed. We found markers labelled with letters up to ‘J’.

5-8: Other strikers were killed as they fled across the fields. Some examples are marked on the map. Shots were fired from helicopters and some workers, heading for hillock, were crushed by Casspirs.

By Monday the whole area had been swept clean of rubber bullets, bullet casings and tear-gas canisters. We also saw patches of burned grass, which local workers claim are the remains of police fires used to obscure evidence of deaths.

researchers Thapelo Lekgowa, Botsang Mmope and Peter Alexander after worker interviews











Mgcineni Noki











IBTIMES
NEWS

SOUTH AFRICAN POLICE GUN DOWN STRIKING



- ***South African police ordered several thousand striking platinum mineworkers – rock drill operators – off a hill where they had gathered as usual over the prior four days, surrounding the workers with barbed wire and firing teargas;***
- ***the hill was more than a kilometer away from Lonmin property, the mineworkers were not blocking mining operations or any other facility, and although they were on an ‘unprotected’ wildcat strike, the workers had a constitutional right to gather;***
- ***as they left the hill, 34 were killed and 78 others suffered bullet-wound injuries, all at the hands of police weapons, leaving some crippled for life, with 10 of the 34 shot dead while moving through a small gap in the fencing, and the other two dozen murdered – some apparently by police shooting from helicopters – in a field and on a smaller hill nearby, as they fled;***
- ***no police were hurt in the operation – although it appears that a sole miner with a pistol fired the first shot;***
- ***270 mine workers were arrested that day, followed by a weekend during which state prosecutors charged the men with the ‘murder’ of their colleagues (under an obscure apartheid-era doctrine of collective responsibility), followed by an embarrassed climb down by the national prosecutor after the society registered utter disgust***



Nomngcobo Jiba



Johan Smit



PLATINUM PRICE RISES ON SUPPLY FEARS AS MINERS CRASH

The spot price of platinum in US\$/ounce started rising sharply on fears of a decline in supply shortly after the strike at Lonmin's Marikana mine began, and climbed steeply through last Thursday's shootings at the mine that left 34 workers dead. The market value of platinum mining shares continued to decline, showing further weakness after the shootings.



Aug 8: Poor earnings hit Aquarius and Impala shares

Aug 9: HSBC cuts 2013 platinum forecast \$200 to \$1 625/oz

Aug 14: Death toll at Lonmin reaches nine Eastern Platinum reports \$85m loss

Aug 15: Lonmin CEO Ian Farmer in hospital with "serious illness"

Aug 16: Police open fire on miners at Marikana, capturing global attention. Loss of life reaches 44

WE'RE HERE
FOR THE CLEANSING
CEREMONY...



WE'RE NOT
FIGHTING BUT
THEY SHOOT US
AMA POLISA





MAG 20-9-12 ZAPIRO®



women's power at Marikana



reproduction of labour power in context of residual apartheid-type migrancy



women's leadership: the late Paula Masuhlo, ANC town councillor shot by police on 25 August



women's courage: march of 800 from Nkaneng to Marikana police station, under extreme duress



WHAT DO YOU
WANT IN OUR
HUSBANDS IN
LONMIN?

I HATE YOU POLICE



Building for the Future



- **People:** Caring for the social well being through transformation of employees, contractors and communities.
- **Planet:** Fostering environmental stewardship through resource management, efficiency and impact management.
- **Profit:** Enhancing equitable prosperity through resource optimisation, financial performance, product stewardship and procurement processes.

Integrated Sustainable Development Approach

We realise that our sustainability performance is of interest to a diverse range of stakeholders and are therefore committed to reporting publicly and regularly on how we are performing with respect to sustainable development.

Sustainability is commonly defined as "development that meets the needs of the present without compromising the ability of future generations to meet their needs". We believe that our business can make an important contribution to the on-going, global transition to sustainable development.

Sustainable development supports the delivery of our corporate objectives through the fostering of a safe production culture, operational excellence and building growth to supply a robust market demand for PGMs. Through transformation and sound sustainable development practices, we capitalise on diversity and quality of our workforce.

Recognition for sustainability

- Gold achieved in the South African carbon disclosure project
- Excellent ranking by Ernst and Young for 2010 Sustainable Development Report
- C+ ranking by Oekom research agency¹
- Retained inclusion on FTSE4Good and JSE SRI indices
- Ranked 3rd by Sustainability Services² for GRI performance
- GRI application level A+

- Excellent ranking by Ernst and Young for 2010 Sustainable Development Report
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**in a Resource-Cursed site like
South Africa, can Corporate Social
Responsibility make a difference?**

OECD Guidelines

for Multinational Enterprises

A tool for responsible business conduct

Chapter IV Human Rights

Enterprises should respect human rights, both in practice and through a policy commitment. They should carry out human rights due diligence to assess and address actual and potential human rights impacts, and have processes that enable remediation.

.....

Chapter V Employment and Industrial Relations

Enterprises should honour fundamental labour rights standards and provide decent working conditions and wages that satisfy the basic needs of workers and their families.

.....

Chapter VI Environment

Enterprises should identify, prevent and mitigate adverse impacts to the environment and public health and safety. They should establish an environmental management system and continually improve environmental performance, including reducing greenhouse gas emissions.

IFC brags about Lonmin



IFC ADVISORY SERVICES IN
Sustainable Business
CREATING VALUE FOR COMPANIES, COMMUNITIES,
AND THE ENVIRONMENT

Strategic Community Investment

WHAT WE DO

IFC's Strategic Community Investment teams work with firms to increase benefits to the local communities in which they operate as well as mitigate local risks. We work with the natural resources, agribusiness, forestry, and infrastructure industries to increase their investment in local communities and convey benefits through their supply chains and tax/royalty payments.

HOW WE DO IT

IFC works with companies to move beyond compliance with IFC's performance standards by:

- Building company capacity to launch initiatives that benefit both the company and the local community.
- Developing and disseminating good international practices.
- Facilitating corporate-community engagement;
- Encouraging participatory planning and monitoring for community development.
- Working with companies to identify the business case for investing in communities.
- Increasing participation of local businesses in the supply chain.

IFC works with governments and other organizations to:

- Build local government capacity to manage tax/royalty payments to improve community welfare.
- Support civil society organizations to ensure that local governments are accountable for how they spend tax resources.

We work with companies, leading industry organizations, international financial institutions, civil society, and service providers. We also train regional and local partners and consultants to help companies implement their community investment strategies.

PROJECT EXAMPLES

Skills development for mining suppliers in South Africa

In South Africa, IFC worked with its mining client Lonmin Plc to create a program focused on skills development for local suppliers and contracting of local businesses as suppliers to Lonmin. To date, 305 contracts have been awarded to 45 SMEs, totaling US\$45.4 million. These SME contracts have created around 330 jobs.



BACKGROUND

IFC projections indicate that approximately \$610 million will be spent over the next five years on community investment programs by IFC's infrastructure department alone. This presents an important opportunity for IFC to help firms improve the quality and impact of their community spending.



Employees of IFC's client Lonmin Plc.

CIEL Calls on World Bank to Revisit Investment in Lonmin, Operator of Violence-Plagued South African Mine

For Immediate Release
August 17, 2012



WASHINGTON, D.C.—In the wake of tragic violence at the Marikana platinum mine in South Africa this week, the Center for International Environmental Law is calling on the World Bank to revisit its investment in the company that operates the mine.

The World Bank Group owns at least \$15 million USD worth of shares in Lonmin, the British operator of the mine, where at least 34 mine workers were killed yesterday by the country's police force and where two policemen were slain earlier in the week.

In 2006, the International Finance Corporation—the private sector lending arm of the World Bank—approved the investment in Lonmin, which consisted of access to a \$100 million USD loan, an initial equity investment of \$15 million USD with an option to invest up to \$35 million within the first year of the deal. In addition to seeking a full investigation into the violence and what led to it, CIEL has called on World Bank President, Jim Yong Kim, to revisit the Bank's investment in this project in light of recent events, specifically, and its approach to lending in the extractive industries more generally.

"Our hearts go out to the community and to the people of South Africa in the face of this national tragedy," said Kristen Genovese, Director of CIEL's Law and Communities Program. "And we urge the World Bank to recognize this as a wake up call on the profound risks of mining investments."

The mine has had a troubled history with the communities and its workers. A stakeholder perception survey commissioned by Lonmin in 2005 shortly after it acquired the mine and before IFC's investment showed that most respondents regarded the mine with "negativity combined with mistrust, suspicion and in some cases hatred." In fact, the conflict between the unions, which is thought to have sparked the violence this week, was visible even seven years ago. The survey reported a history of mistrust between all three unions. Participants reported union favoritism and discrimination at the mine and urged Lonmin to "treat people equally, regardless of race, job level or union affiliation."

South Africa's Resource Curse: mineral belt and infrastructure

Marikana



- Mineral deposits
- Heavy concentration of small irrigation dams
- New deep-water port projects

Fragmented distribution and energy transfer network

- Main existing electric power lines
- Oil and gas pipelines

Major infrastructure projects

- Construction, renovation or widening of roads, motorways, railways and major water transfer s



a way to frame poli-econ in South Africa?

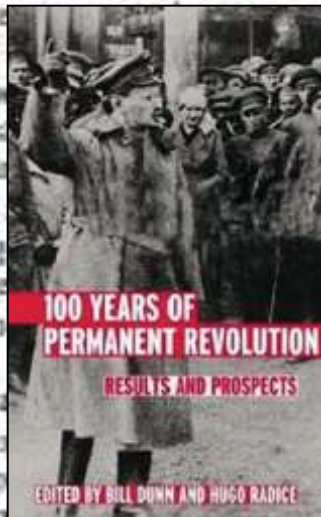
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Explaining Uneven and Combined Development in South Africa

Patrick Bond and Ashwin Desai

In *Results and Prospects*, Leon Trotsky's notion of permanent revolution represented a profound critique of the Russian bourgeoisie on scepticism that genuine democracy and the land question be solved through their leadership. How well does the argument travel to South Africa a century later, at a time of a marked political-economic reasoning by socialists? The theory underlying permanent revolution, namely uneven and combined development is entirely appropriate for South Africa. Here, a mix of market and non-market coercion permitted a permanent system of race-gendered primitive accumulation to take root. Trotsky was analysing Russian social relations in his broader theory and a comparison with neo-Marxist intellectual approaches to uneven development of accumulation and class formation in Africa. Can we vanquish both the 'two economies' of South Africa? African National Congress and the stage of development of the official centre-left? This chapter makes an affirmative, without yet attempting to draw conclusions.

According to George Novack, 'The law of uneven and combined development is a general law of the history of the world. The theory of permanent revolution is a product of the period of transition from the



THE CRISIS IN SOUTH AFRICA: NEOLIBERALISM, FINANCIALIZATION AND UNEVEN AND COMBINED DEVELOPMENT

Sam Ashman, Ben Fine and Susan Newman

It is now widely accepted that neoliberalism has entailed a global class project to shift the balance of economic and social power in favour of capital and away from labour. Neoliberalism is complex and uneven, ranging across economic, social and political dimensions, raising doubts over whether it is a legitimate term analytically or strategically. It has varied in time, space and issue, yet perpetuates various mythologies – a truly variegated capitalist system. Its ascendancy within national and international institutions (the US) and international institutions is responsible for the boom and ensuing economic crisis of the 2000s. The dominant ideology and policy practice of the 2000s, in the broader conjuncture including the collapse of development projects in the South, and the erosion of democracy. In spite of this multi-dimensional nature of neoliberalism cannot be understood without reference to the processes and influences of what is now referred to as 'financialization'. Finance has become the dominant component and mechanism underpinning the global economy. Financialization as a term is associated with the growth of financial markets, institutions and actors that



THE CRISIS THIS TIME

Edited by Leo Panitch, Greg Albo and Václav Čibulka

SOCIALIST REGISTER 2011

100 SA 'independent-left' books, 2000-12

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Sampie Terreblanche

LOST IN TRANSFORMATION

SOUTH AFRICA'S SEARCH FOR A NEW FUTURE SINCE 1986

In this latest book, Terreblanche takes a critical look at the issue of South Africa's transformation and evaluates the performance of the ANC-led government since 1994, focusing on its policy choices that in his opinion have perpetuated the Poverty Unemployment and Inequality Problem.

Emeritus Professor of Economics at Stellenbosch University, Sampie Terreblanche, well known for his *A History of Inequality in South Africa, 1652 to 2002* will be in conversation with Professor Nicoli Nattrass, author of *The AIDS Conspiracy: Science Fights Back* and *Mortal Combat: AIDS Denialism and the Struggle for Antiretrovirals in South Africa*.

asks that we
“come to our
senses about the
implications of
being integrated
into the structures
of global
capitalism-
corporatism and
about the
implications of
being a neo-
colonial satellite
of the US-led
neoliberal
empire.”



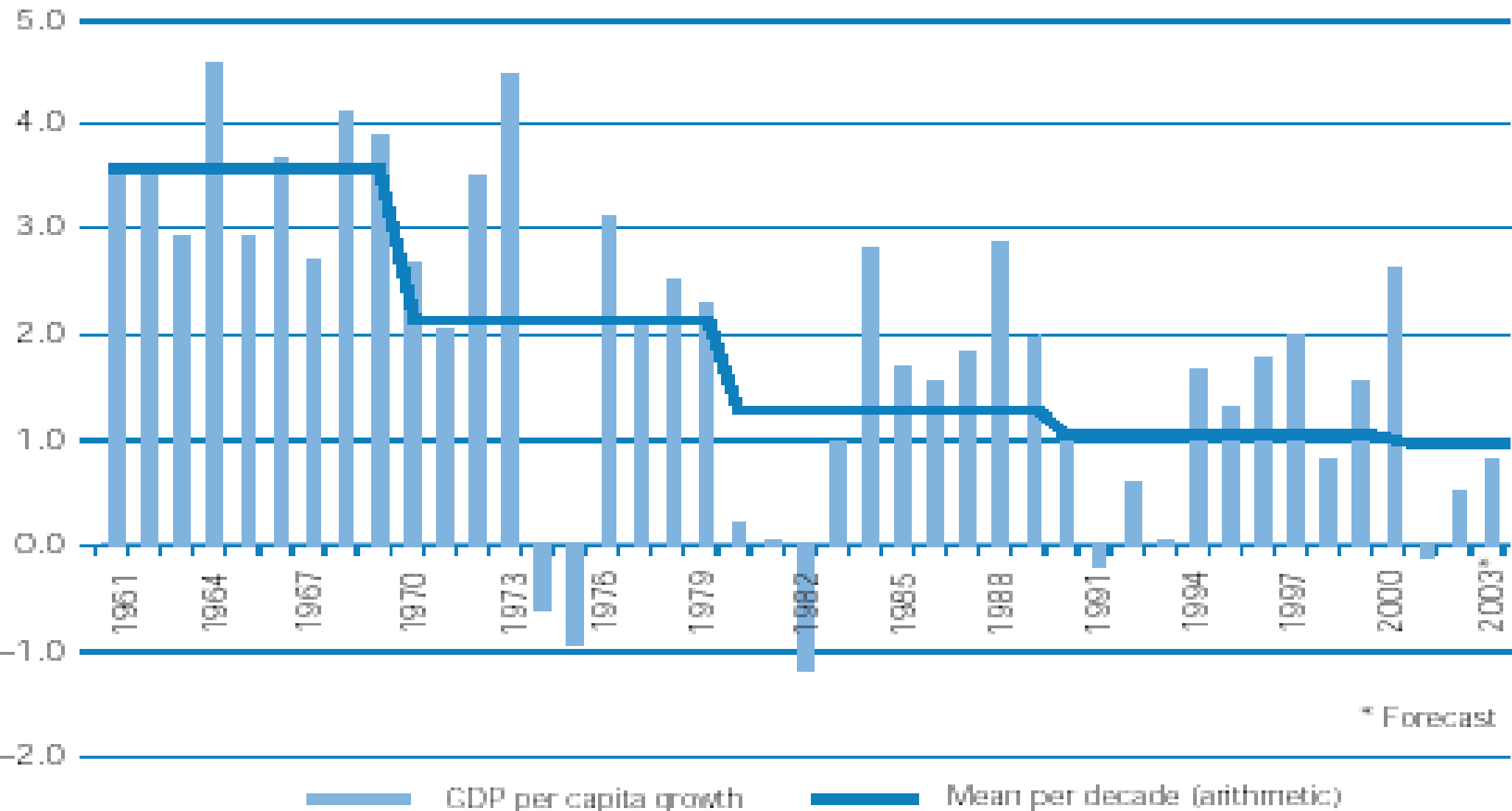
**Prof. Noriel Roubini,
New York University
School of Business:
one of the few who
predicted 2008-09
financial crisis**

*“Karl Marx had it right. At some point, capitalism can destroy itself. You cannot keep on **shifting income from labor to capital** without having an **excess capacity** and a lack of aggregate demand. That’s what has happened. We thought that markets worked. **They’re not working.**” --*

Wall Street Journal, 12 August 2011

stagnation in world GDP growth, 1960s-2000s

World GDP per capita growth, 1961-2003 (annual change in per cent)

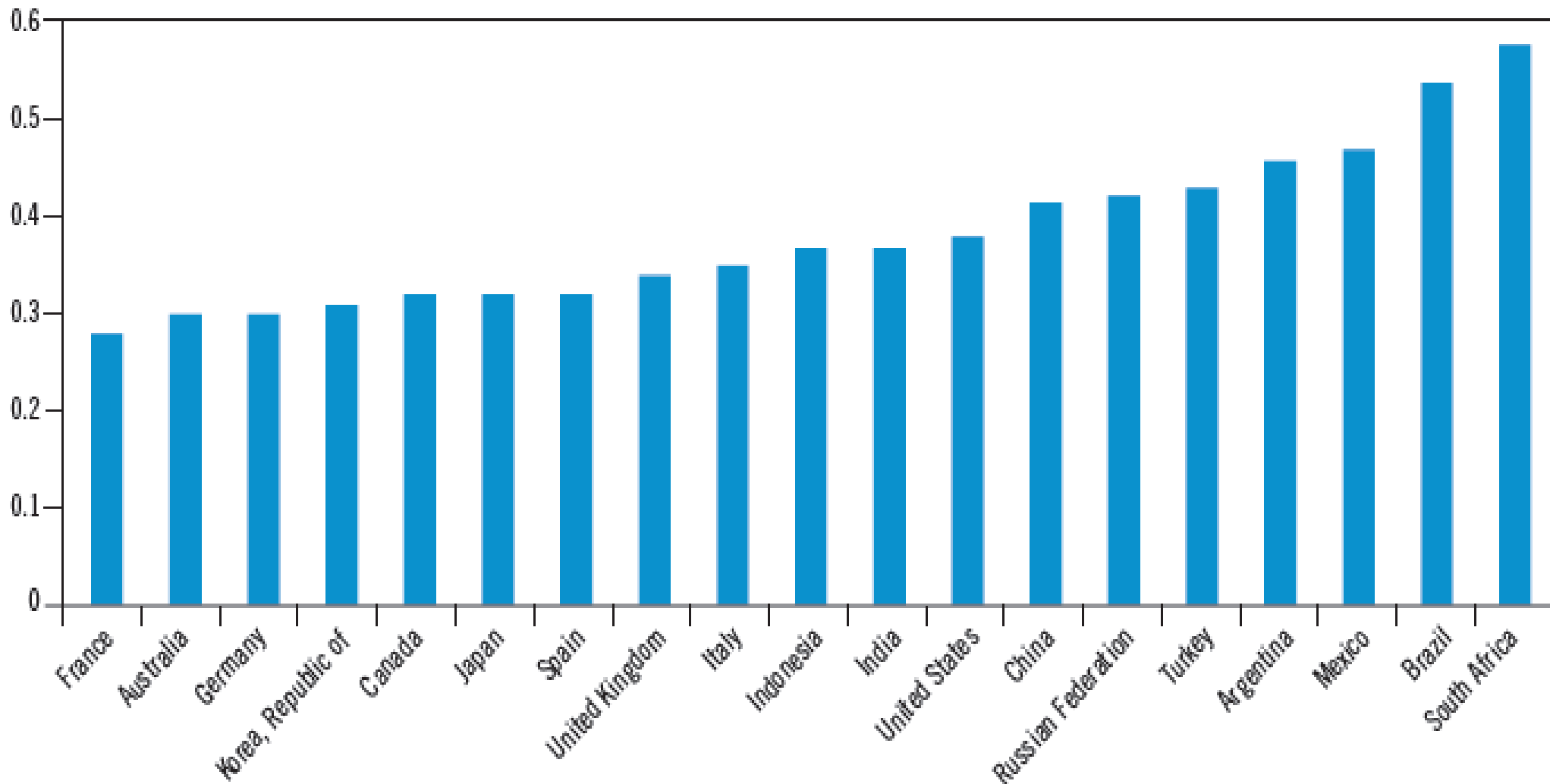


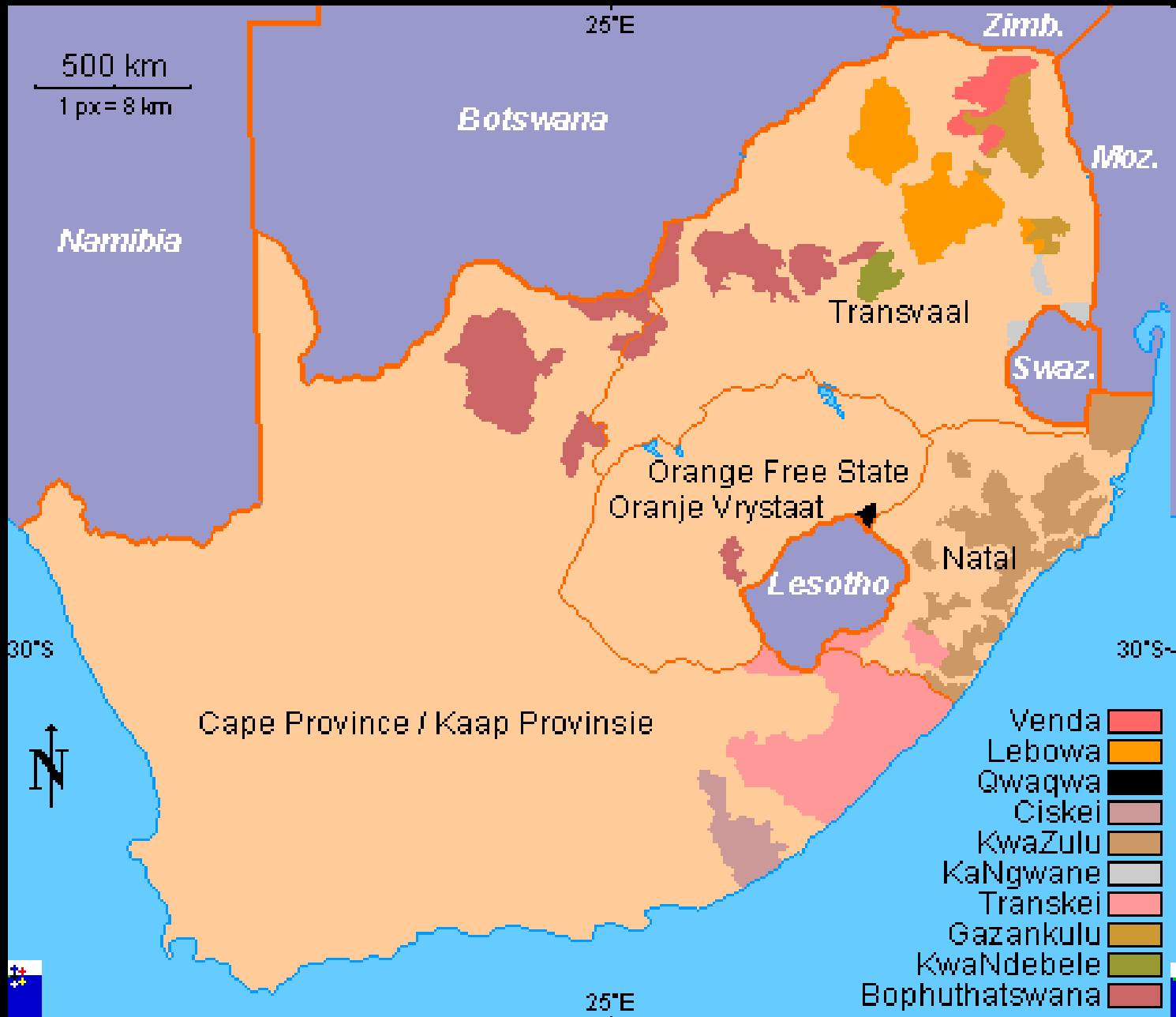
* Forecast

Sources: World Bank, *World Development Indicators 2003* (online version) and World Bank, *Global Economic Prospects 2004*.

inequality in 2011

the worst amongst large societies

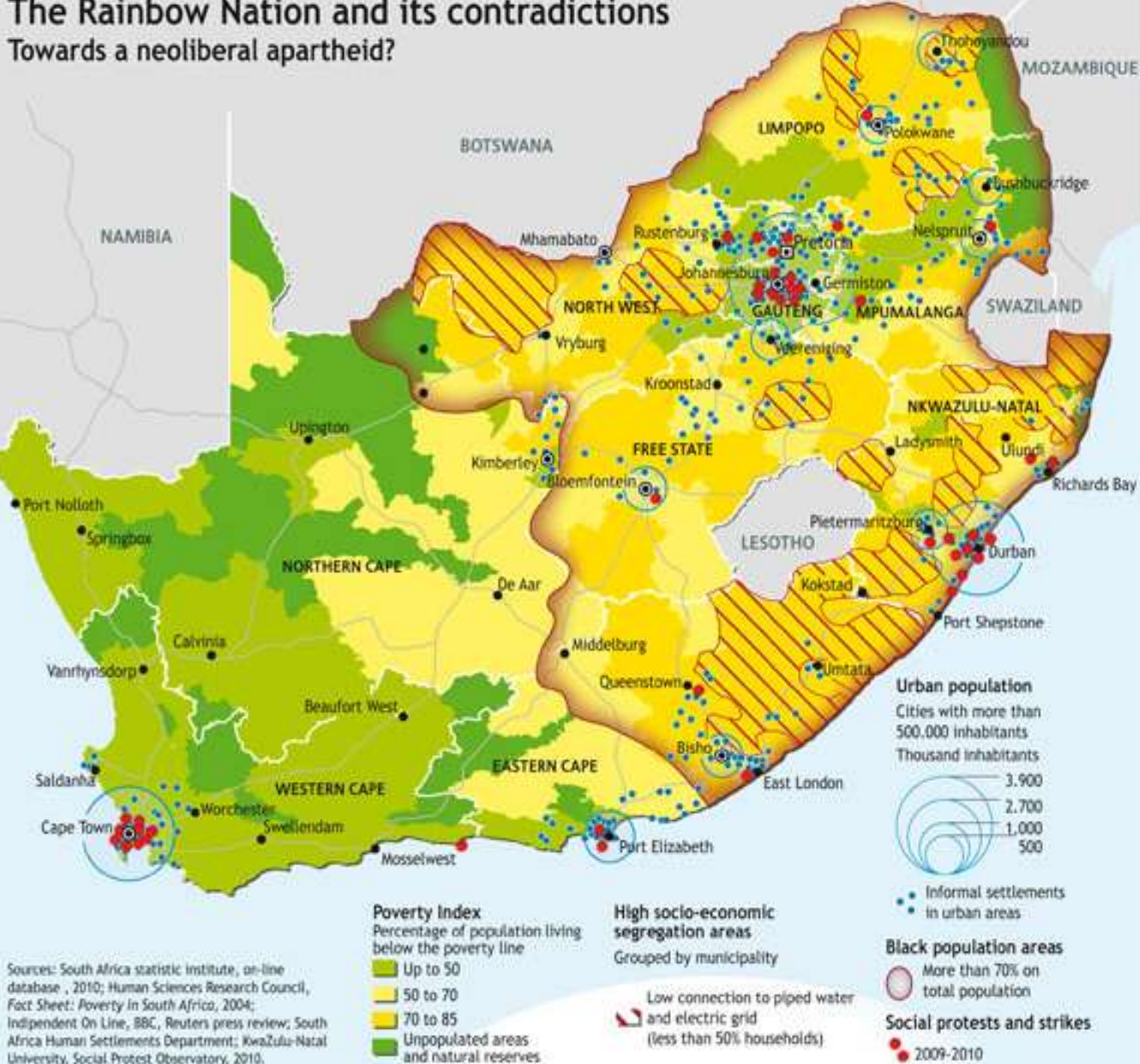




*racial-apartheid
‘Swiss
cheese’
geography
of white (and
‘Indian’ and
‘coloured’)
areas, with
bantustans for
rural black
Africans*

The Rainbow Nation and its contradictions

Towards a neoliberal apartheid?



*class-apartheid
'Swiss cheese'
geography
of formerly white areas
and former bantustans:
correlation of
poverty and
state service
shortages*

Sources: South Africa statistic institute, on-line database, 2010; Human Sciences Research Council, Fact Sheet: Poverty in South Africa, 2004; Independent On Line, BBC, Reuters press review; South Africa Human Settlements Department; KwaZulu-Natal University, Social Protest Observatory, 2010.

declining SA manufacturing profit rate

Rate of Profit (as % of capital stock)

deep-rooted capitalist stagnation due to 'overaccumulation crisis' (and then 1985 banking crisis) finally responsible for late 1980s break between white Johannesburg capital and racist Pretoria government

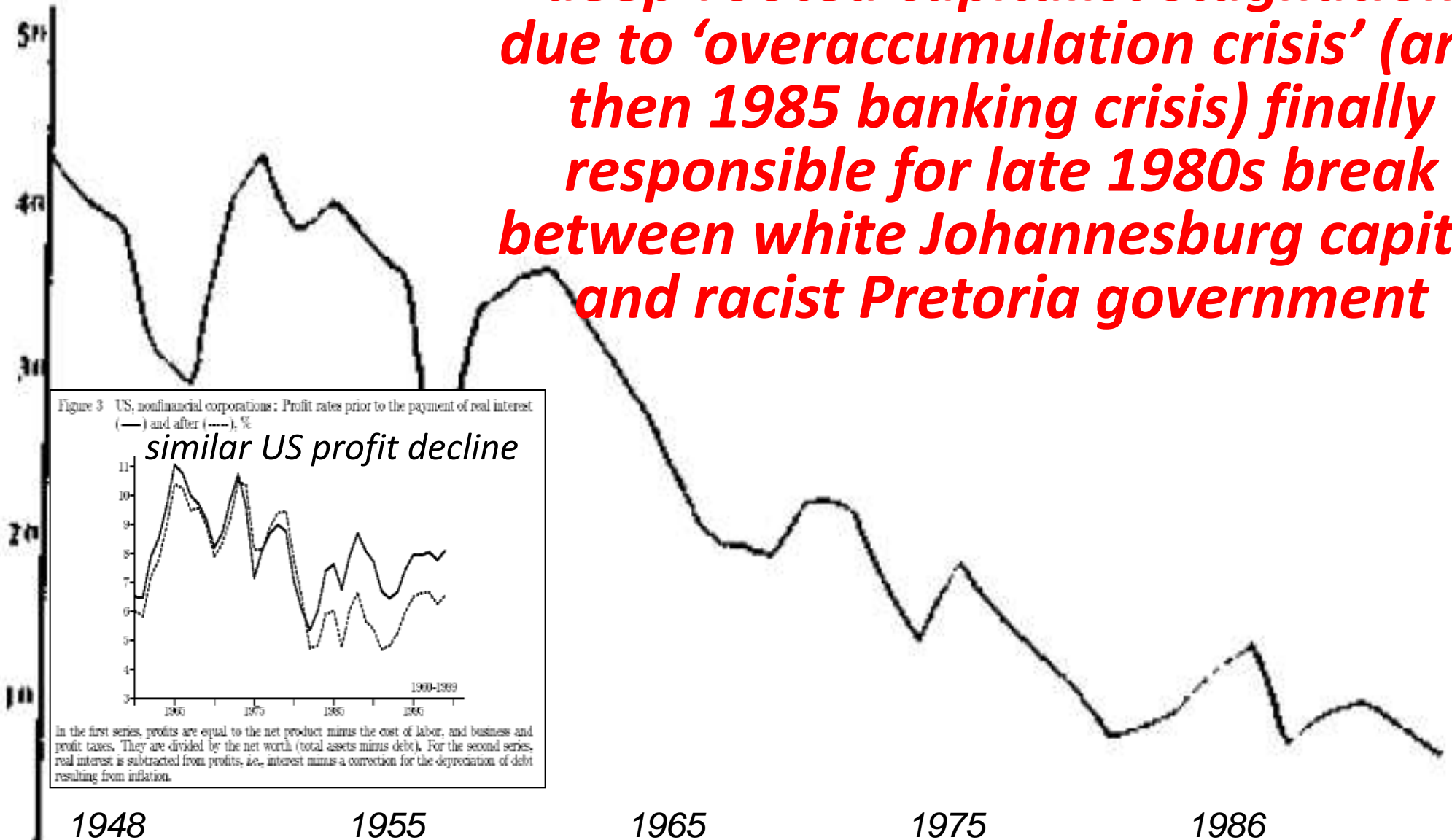


Figure 3 US, nonfinancial corporations: Profit rates prior to the payment of real interest (—) and after (----), %

similar US profit decline

In the first series, profits are equal to the net product minus the cost of labor, and business and profit taxes. They are divided by the net worth (total assets minus debt). For the second series, real interest is subtracted from profits, i.e., interest minus a correction for the depreciation of debt resulting from inflation.

Source: Nicoli Nattrass, Transformation 1989

pre-1994 roots of neoliberalism: *unilateral late-apartheid regime shift*

- 1) **sanctions** bite English-speaking business, 1985;
- 2) F.W. DeKlerk transferred power **from 'securocrats' to 'econocrats'** by 1989;
- 3) **inward-oriented** siege economy – state investments, border industrial zones, subsidies, low interest rates – phased out, late 1990s;
- 4) **IMF** macroeconomic advice adopted, 1989;
- 5) longest **depression** in SA history, 1989-93;
- 6) **IsCOR** (state iron company) privatised, 1989;
- 7) **Value Added Tax** installed, 1991;
- 8) **Normative Economic Model** adopted, 1993;

1990-94 roots of neoliberalism:

African National Congress technocrats co-opted

1) more than a dozen **World Bank 'reconnaissance missions'** ('Knowledge Bank') from 1990-94 in all sectoral areas (ANC made radical Mass Democratic Movement allies cooperate);

2) ANC allowed **intermediary agencies** like Anglo American Corporation's Urban Foundation thinktank and the Development Bank of Southern Africa to play crucial role in shaping transition in hotly contested fields like housing, water, energy, land, healthcare and education;

3) October 1993 agreement to repay **apartheid debt** - \$25 billion in foreign loans from commercial banks, and somewhat more domestically – prevented subsequent ANC government from social spending;

1990-94 roots of neoliberalism

4) **Interim Constitution** in November 1993 assured property rights and 'independent' Reserve Bank (i.e. banker-biased, democracy-insulated);

5) **International Monetary Fund** set the stage for other neoliberal economic policies – e.g. public sector wage and spending cuts – as condition for December 1993 \$850 mn loan;

6) IMF manager Michel Camdessus told Nelson Mandela to **reappoint apartheid-era finance minister (Derek Keys) and central bank governor (Chris Stals)**.

post-apartheid neoliberal consolidation

- 1) General Agreement on Tariffs and Trade (soon became the **World Trade Organisation**) hit South Africa hard in mid-1994, as fast-declining manufacturing protection reversed the anticipated gains of liberation for workers;*
- 2) in early 1995, dissolution of the dual exchange rate system (a **'financial rand'** used to deter international capital flight during the prior decade) and encouragement of stock market investment by international finance meant a huge inflow;*
- 3) then, on five separate occasions in the subsequent fifteen years, dramatic outflows and **currency crashes** of at least 25%;*
- 4) first of these runs, in February 1996, followed a rumour (unfounded) that Mandela was ill, and left the president and his team so psychologically shaken that they **ditched their last left vestige, the Reconstruction and Development Programme** ministry, and within four months imposed macroeconomic **'Growth, Employment and Redistribution'** neoliberal policies.*

“I am sure that Cecil John Rhodes would have given his approval to this effort to make the South African economy of the early 21st century appropriate and fit for its time.”

- Nelson Mandela, launching the Mandela Rhodes Foundation, 25 August 2003

results of neoliberalism

- *society became much more **unequal**, with the Gini coefficient up from an extremely high 0.60 in 1994 to 0.72 in 2006;*
- ***unemployment** doubled to a rate around 40% (if those who have given up looking for work are counted, around 25% otherwise);*
- *state delivery of houses, water/sanitation, electricity, healthcare and education are considered either **inferior or more expensive** than during apartheid;*
- *a '**general decline in the state of the environment**' since 1994, according to the leading state regulatory official following a 2006 ecological audit;*

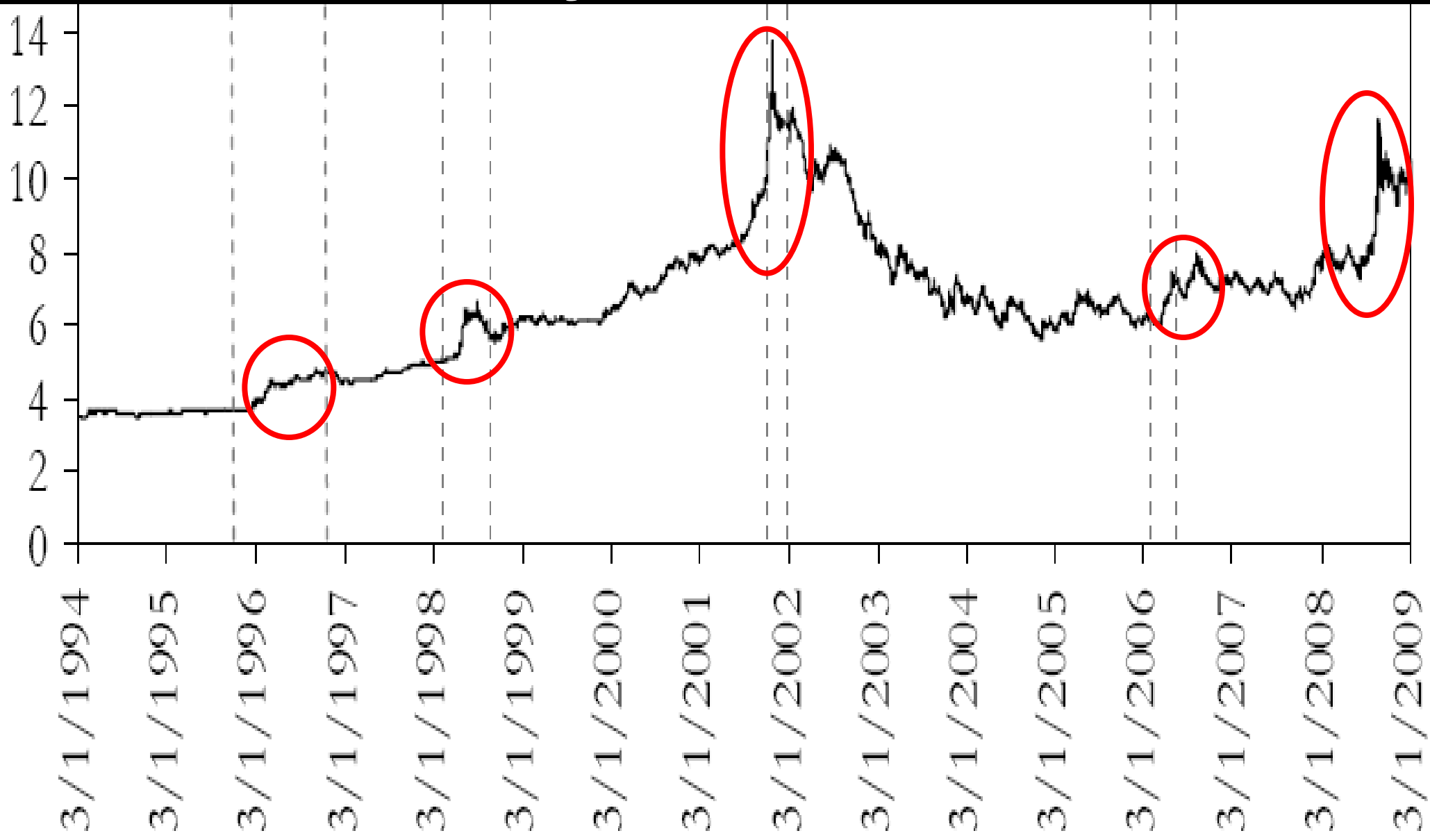
results of neoliberalism

- *to finance state infrastructure spending and steady tax cuts for corporations (down from a rate of nearly 50% in 1994 to less than 30% today), Manuel engineered a **parasitical growth process** that looks impressive at surface level – a 5 percent GDP increase for much of the 2000s – but isn't;*
- *GDP growth fails to incorporate the **depletion of non-renewable resources**, and if such calculation is adjusted, SA would have a net negative per person rate of national wealth accumulation, according to even the World Bank;*
- *most profitable sectors of the SA economy, as everywhere, have been **finance, insurance and real estate, as well as communications and commerce**, due to speculative and trade-related activity associated with late neoliberalism;*
- *labour-intensive sectors such as **textiles, footwear and gold mining** shrunk by 1-5% per year, and overall, manufacturing as a percentage of GDP also declined;*
- ***private gross fixed capital formation** was a meager 15-17 percent from 1994-2004.*

root cause of crisis and neoliberalism

- SA's sustained **overaccumulation** problem in existing (highly-monopolised) industry, with manufacturing capacity utilization down to the high 70s percentage range during the early 2000s;
- instead of funding new plant and equipment in this environment, corporate profits were redirected into **speculative real estate and the Johannesburg Stock Exchange**: there was a 50% increase in share prices during the first half of the 2000s, and the property boom which began in 1999 had by 2007 sent house prices up by a world record 400% (in comparison to just 100% in the US market prior to the burst bubble and 200% in second-place Ireland);
- **free-market macroeconomic and microdevelopment policies** logically accompanied these structural shifts.

five currency crashes, 1996-2008



Source: I-Net Bridge

interest rate reactions

highest 'real' (after-inflation) rate in SA history

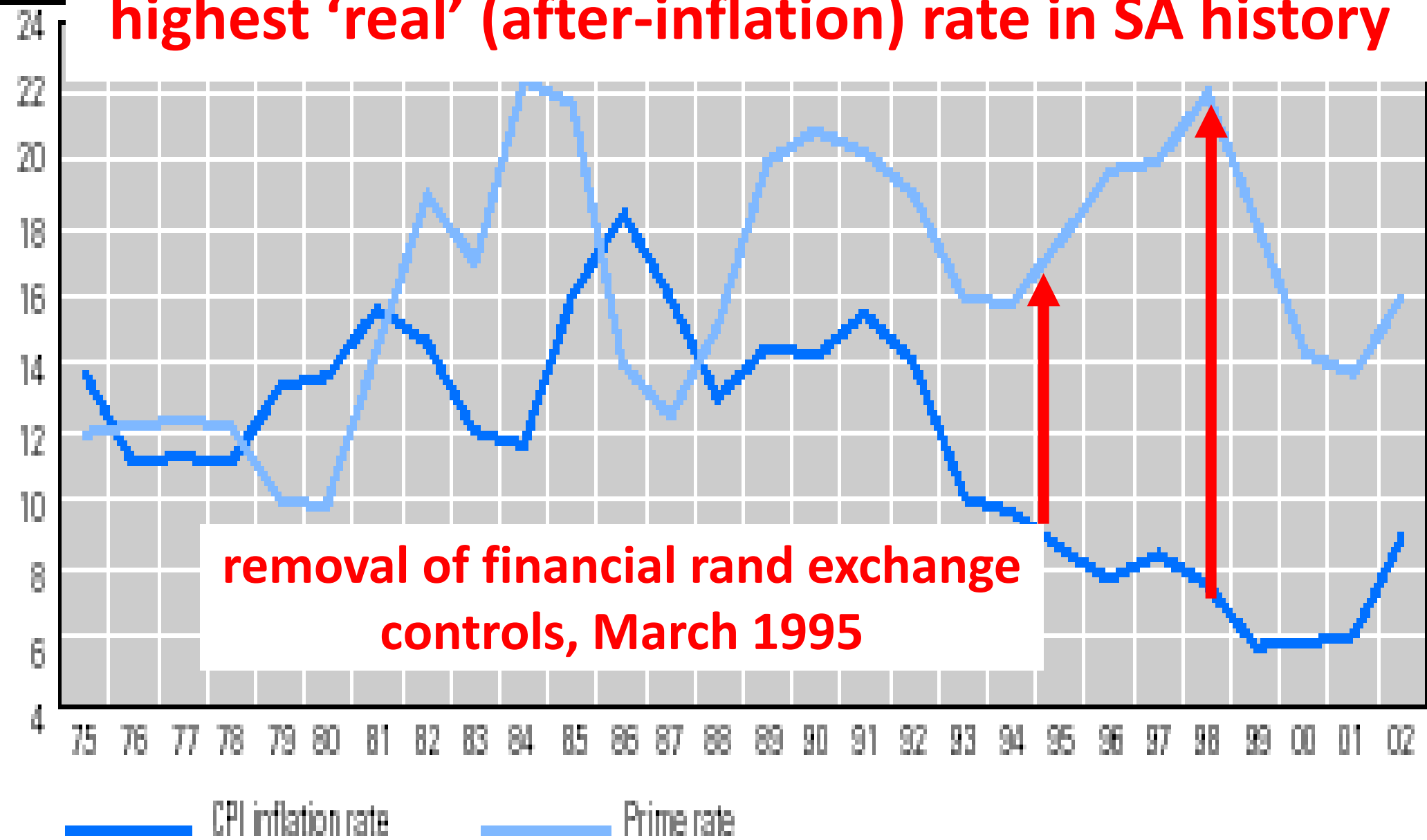
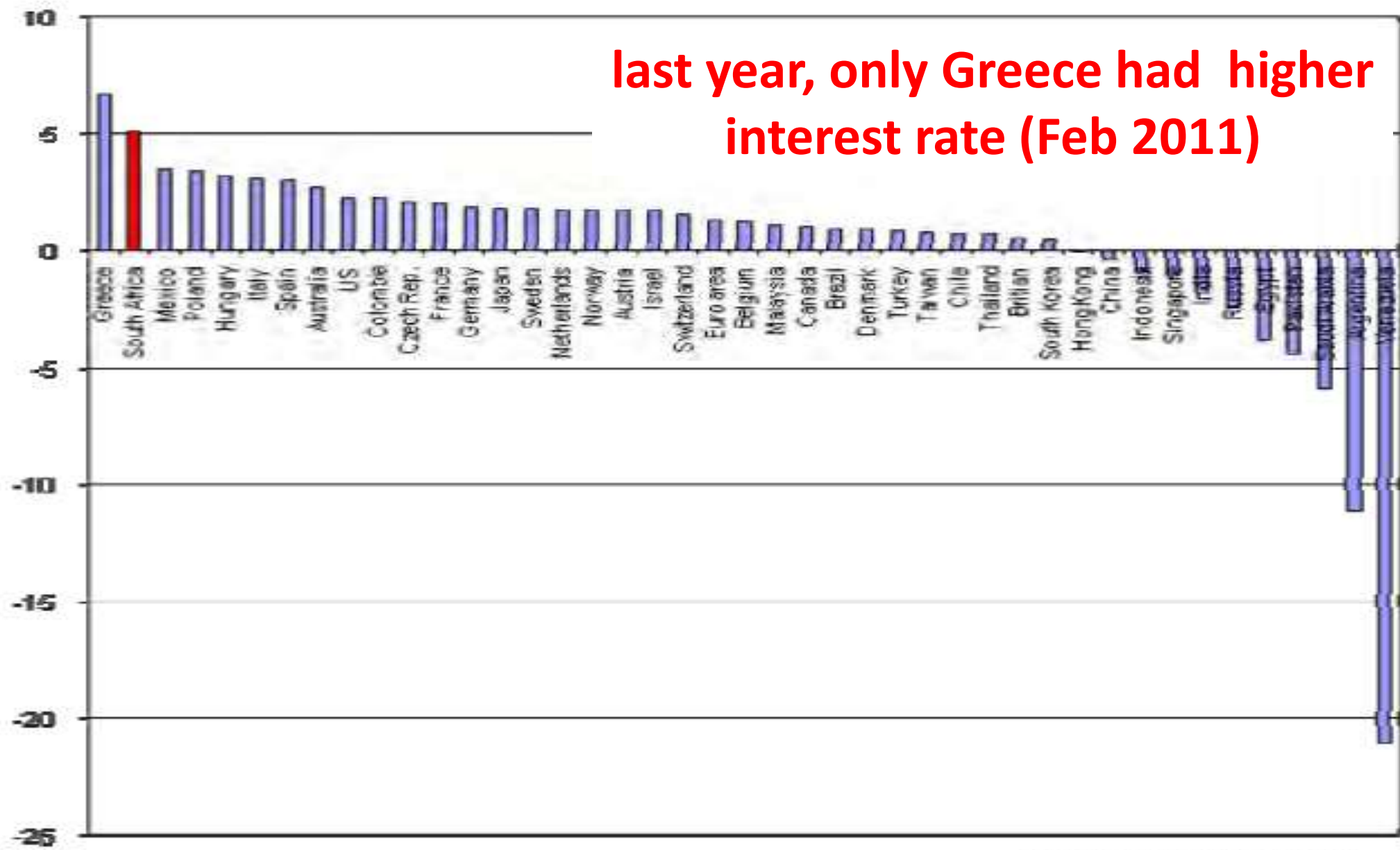


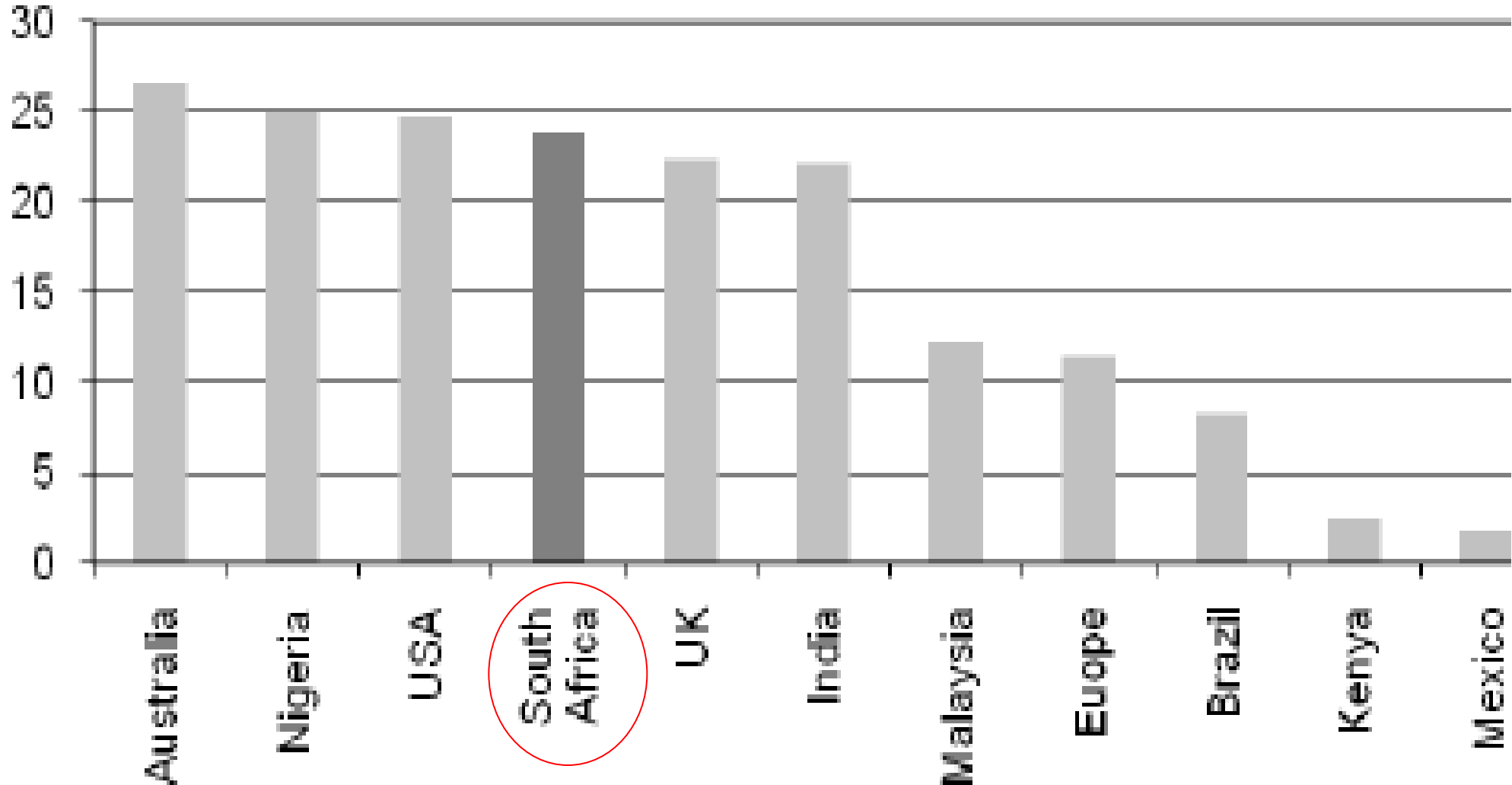
Figure 6.1: Cost of Capital: Long-Term Real Interest Rates in South Africa and our Main Trading Partners, February 2011



last year, only Greece had higher interest rate (Feb 2011)

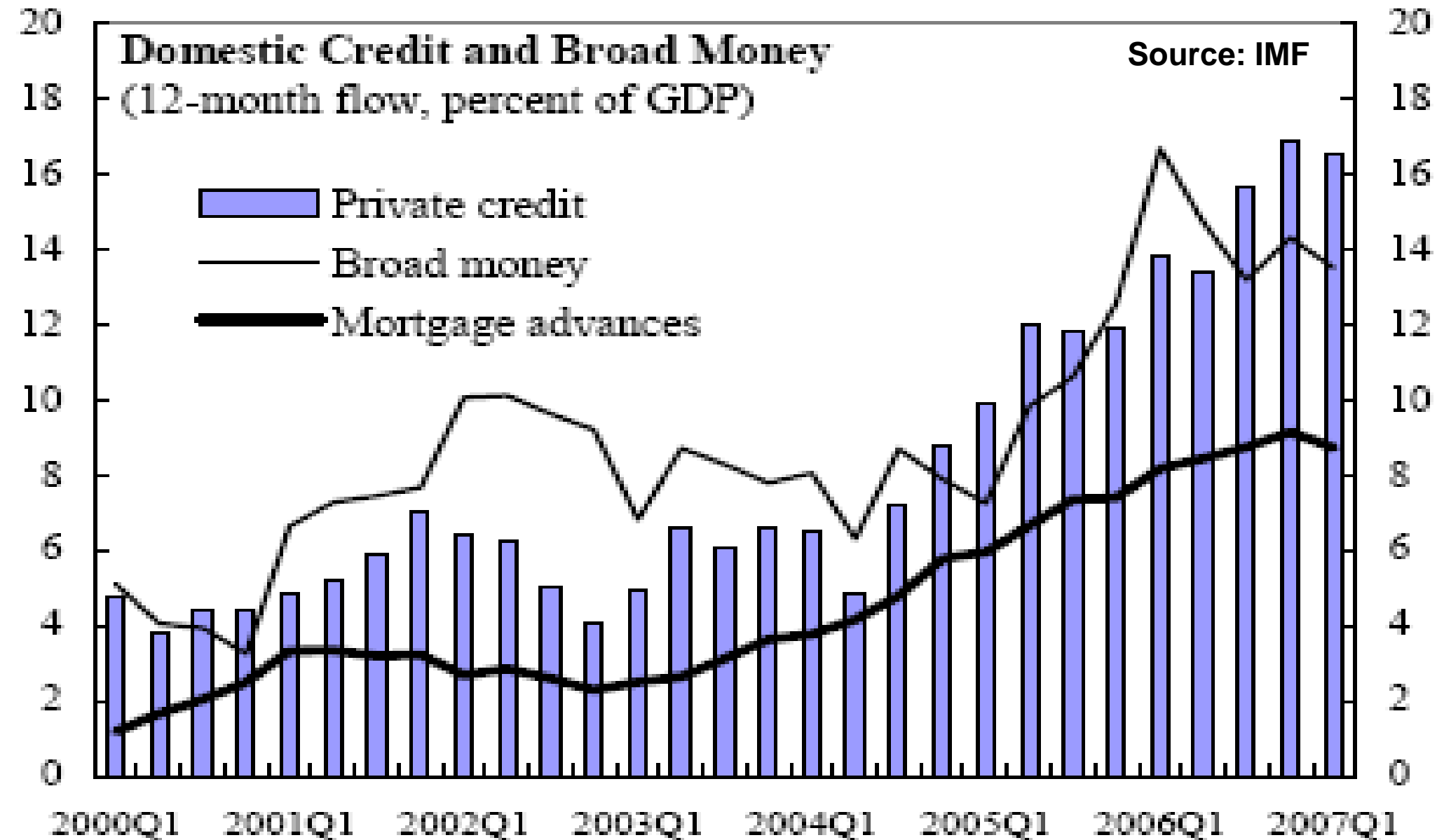
Source: The Economist.

SA banking profits amongst world's highest (return on equity, 1996-2005)



Source: ABSA Bank testimony to Competition Commission

SA economy driven by consumers, in turn driven by credit surge



The Economist's house-price indicators

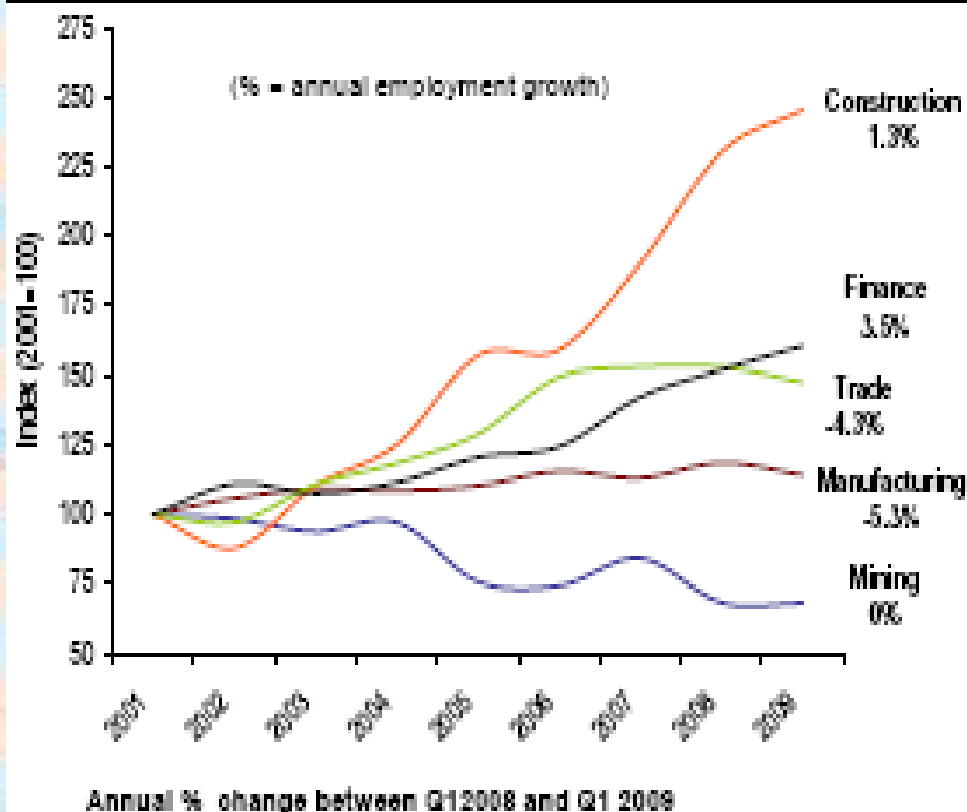
% change

	Latest Q4 2007 on a year earlier	1997- 2008
Switzerland	3.7	24
Italy	1.1	104
France	0.8	152
China	-0.9	na
South Africa	-1.3	389
Sweden	-1.6	145
Japan	-1.8	-33
Canada	-1.9	66
Germany	-2.5	na
Spain	-3.2	184
Australia	-3.3	163
United States (OFHEO)	-4.5	84
Singapore	-4.7	na
Denmark	-4.9	119
Netherlands	-5.2	90
New Zealand	-8.9	102
Ireland	-9.8	193
Hong Kong	-14.0	-35
Britain	-17.6	150
United States (Case-Shiller national index)	-18.2	66
United States (Case-Shiller ten-city index)	-19.2	102

World's biggest property bubble:

389% increase, 1997-2008

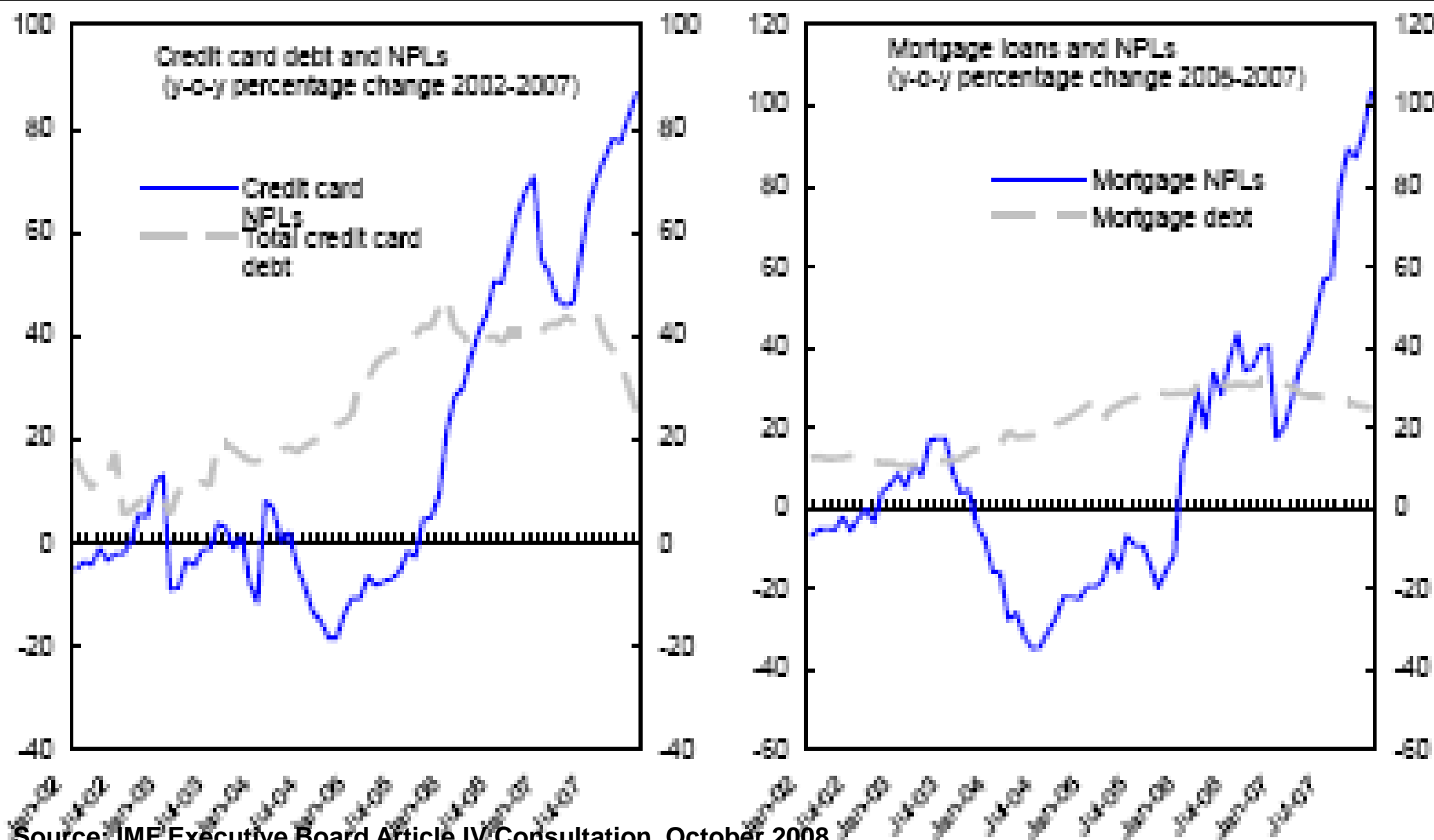
Responsible for construction and finance (motor of economy, jobs)



consumer debt reaches unprecedented heights

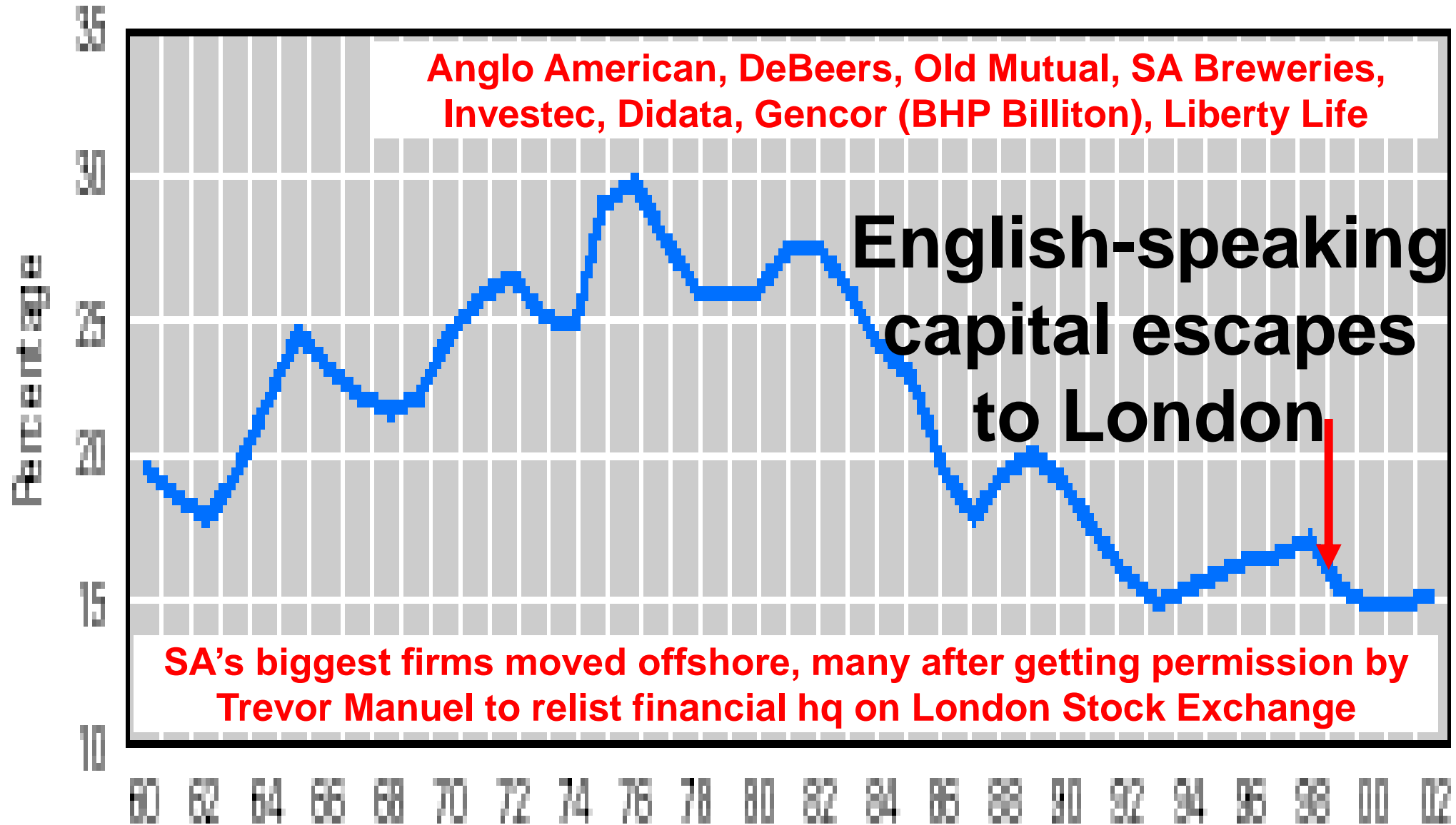


but credit card and home mortgage bond **'non-performing loans' soared since 2007**



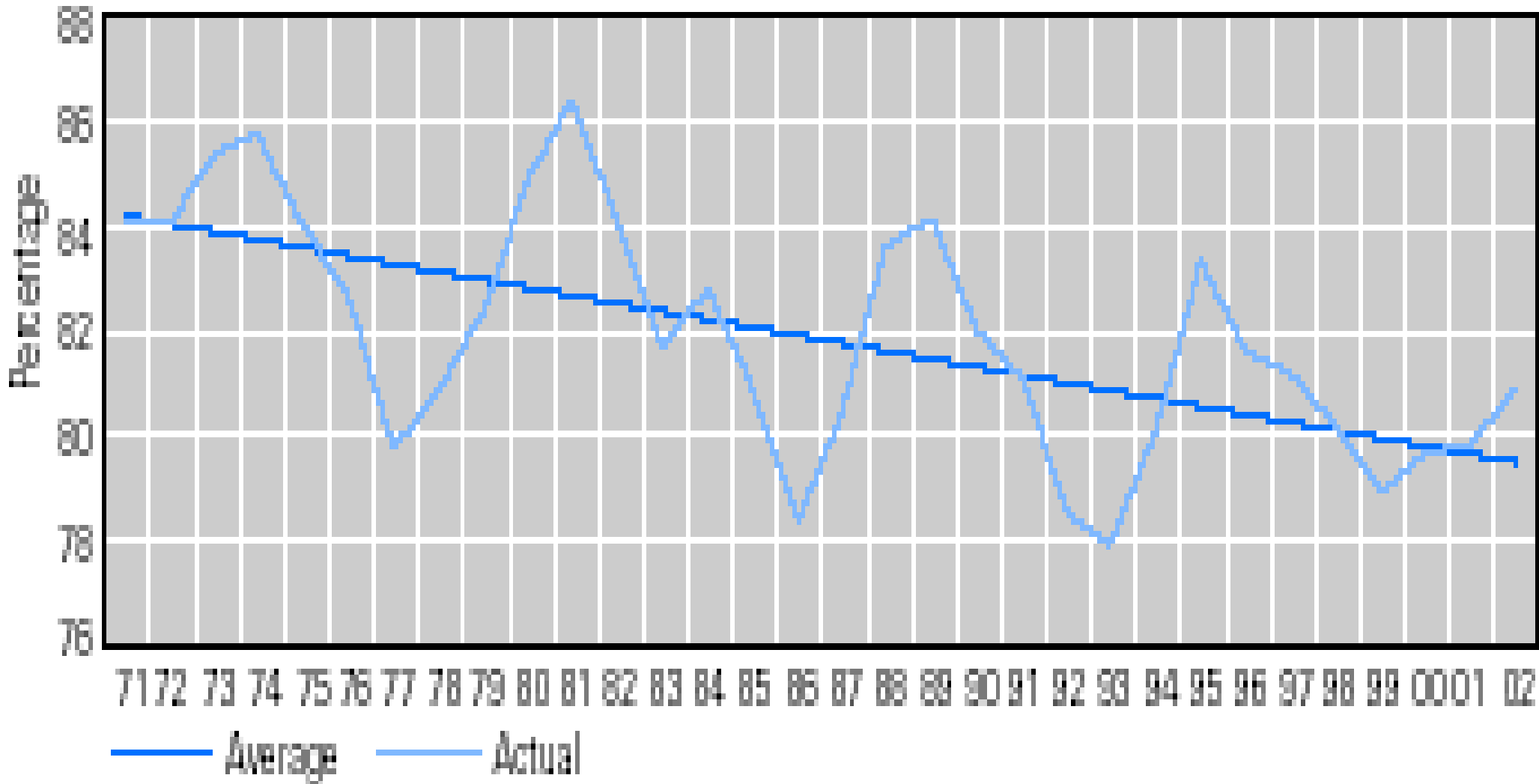
Source: IMF Executive Board Article IV Consultation, October 2008

investment reaction to stagnation: capital strike



overproduction

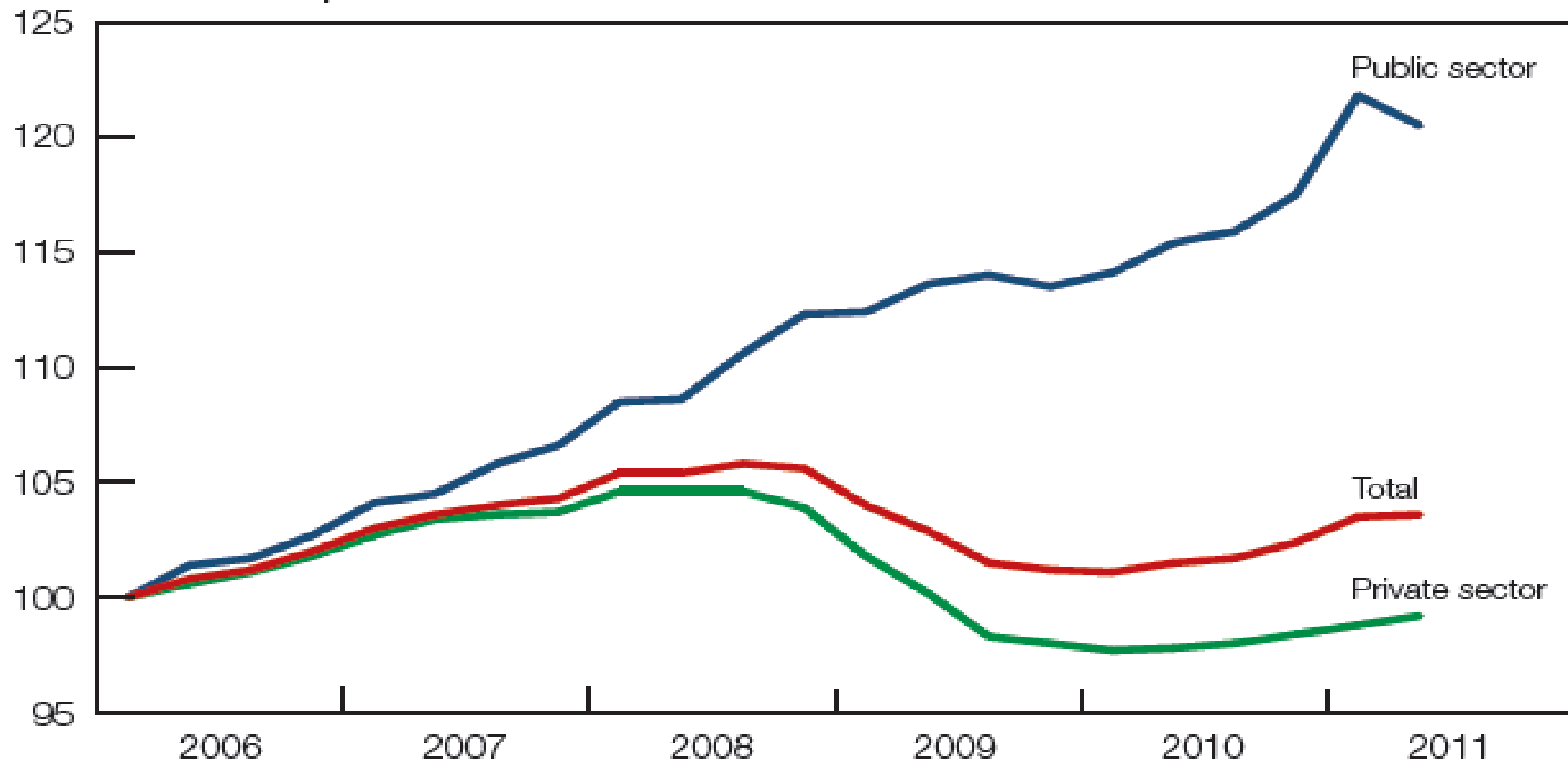
(proxy: manufacturing capacity utilisation)



private-sector jobs crisis continues

Employment in the formal non-agricultural sector

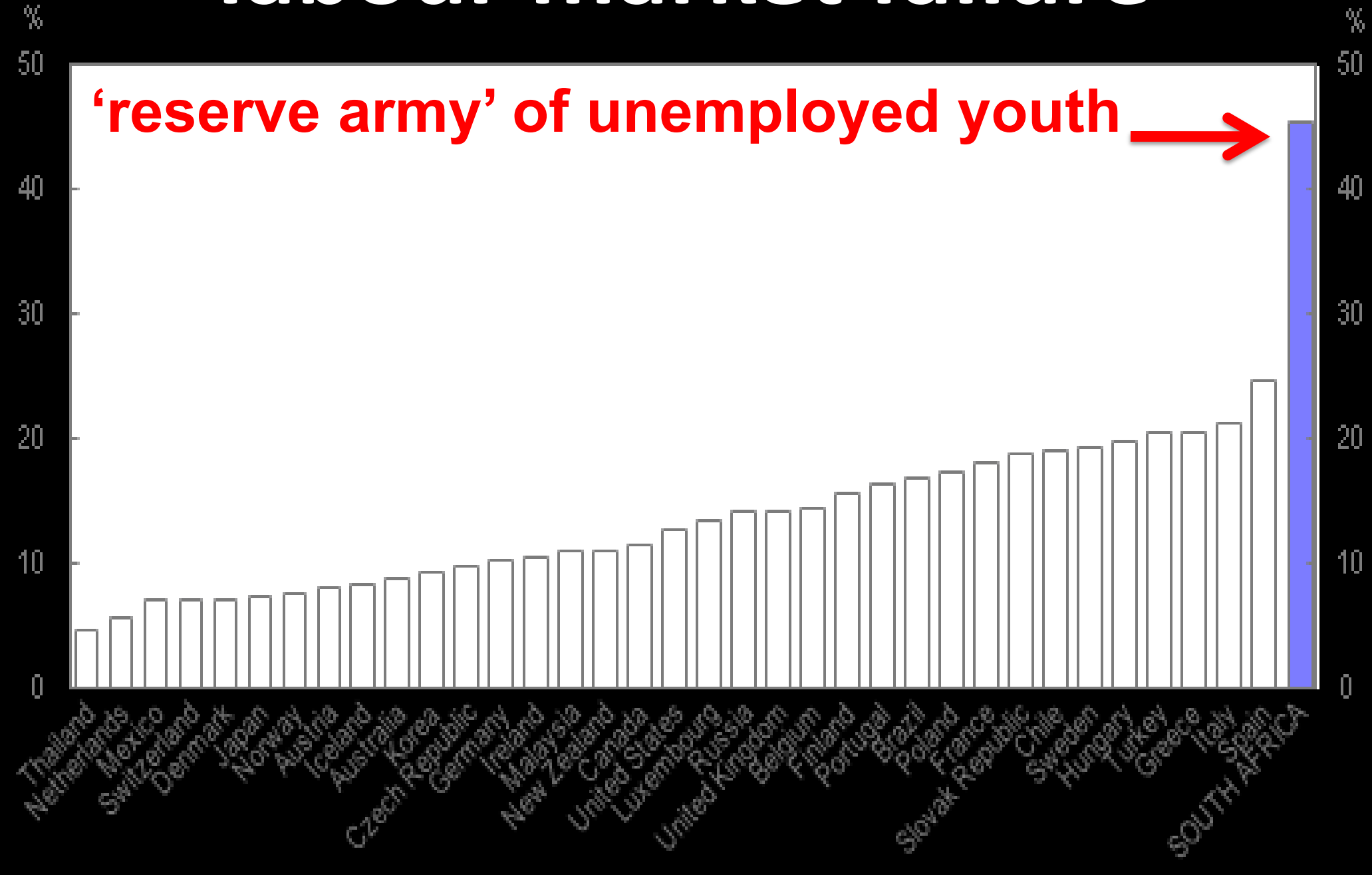
Indices: First quarter 2006 = 100



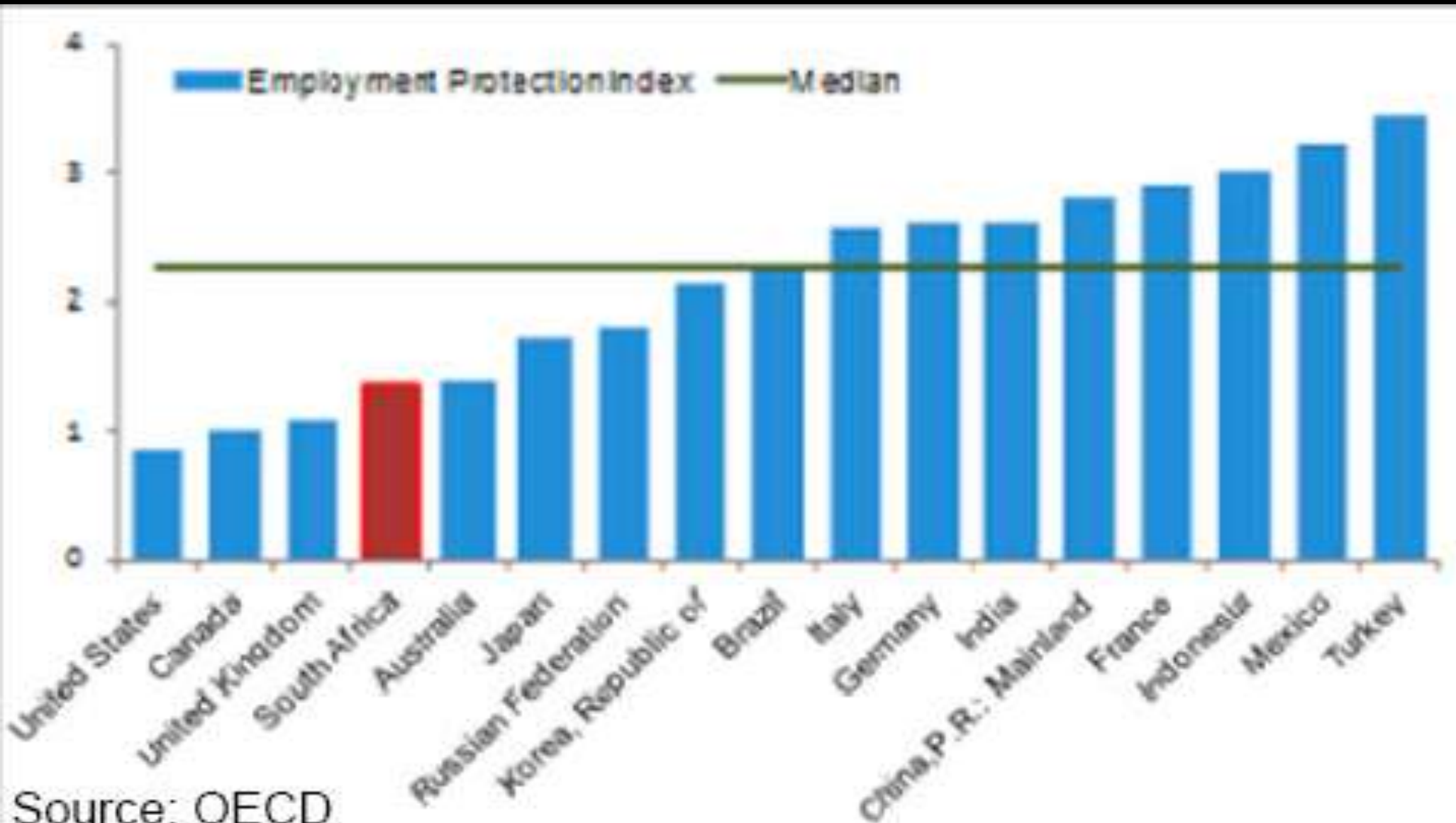
Seasonally adjusted

Source: Statistics South Africa, *Quarterly Employment Statistics* survey

labour market failure



our labour market is TOO flexible: SA workers amongst G20's least protected



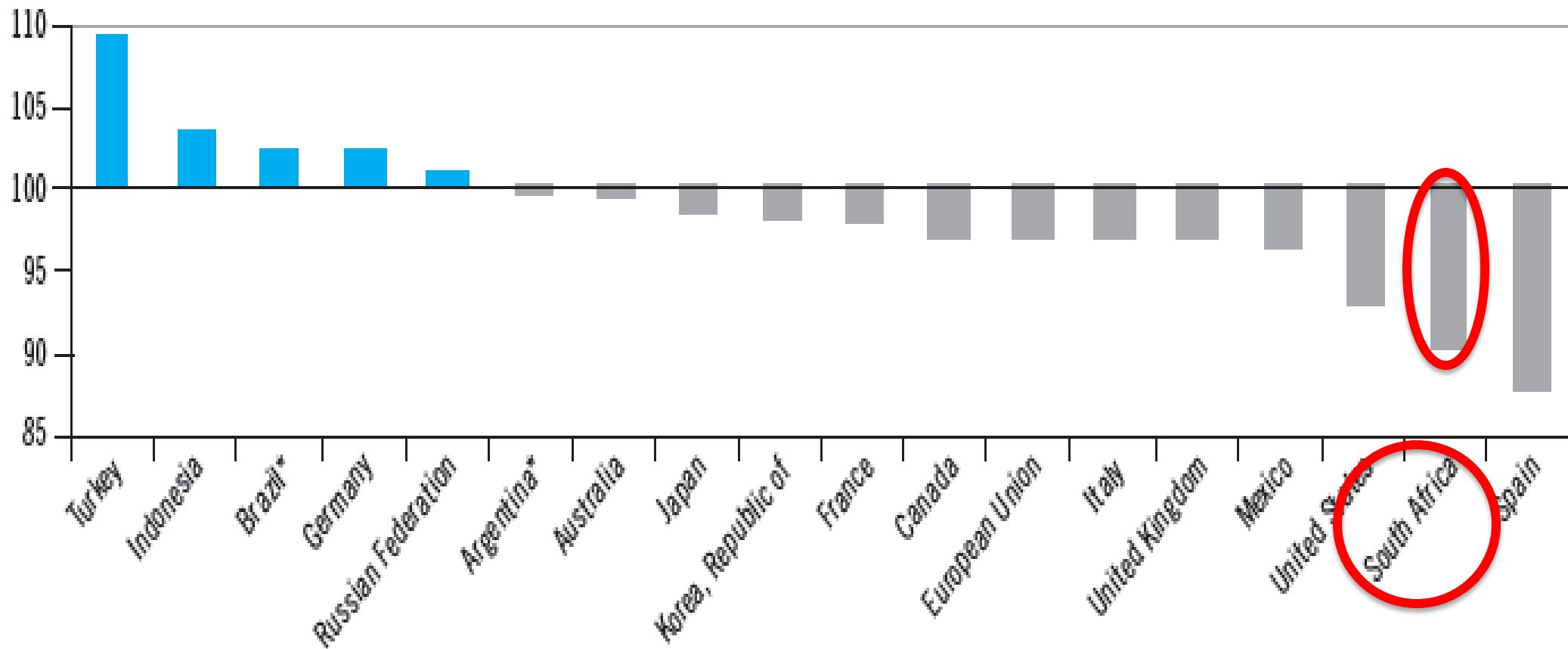
Short-term employment and labour market outlook and key challenges in G20 countries

A statistical update for the G20 Meeting of Labour and Employment Ministers

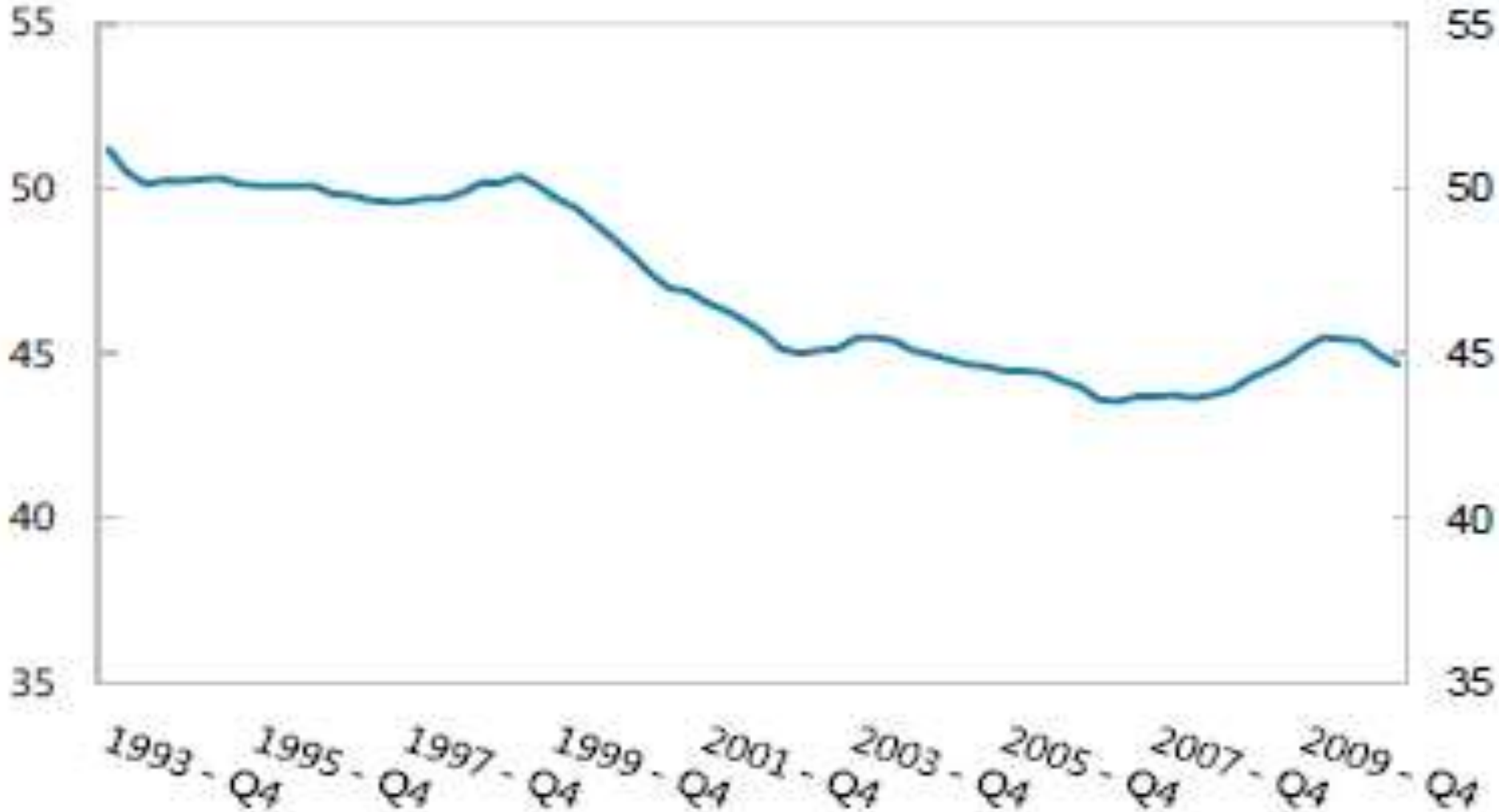
Paris, 26-27 September 2011

from 2008-11, SA lost more formal jobs than any G20 economy aside from Spain

A. Employment rates (index 100 = 2008 Q1)



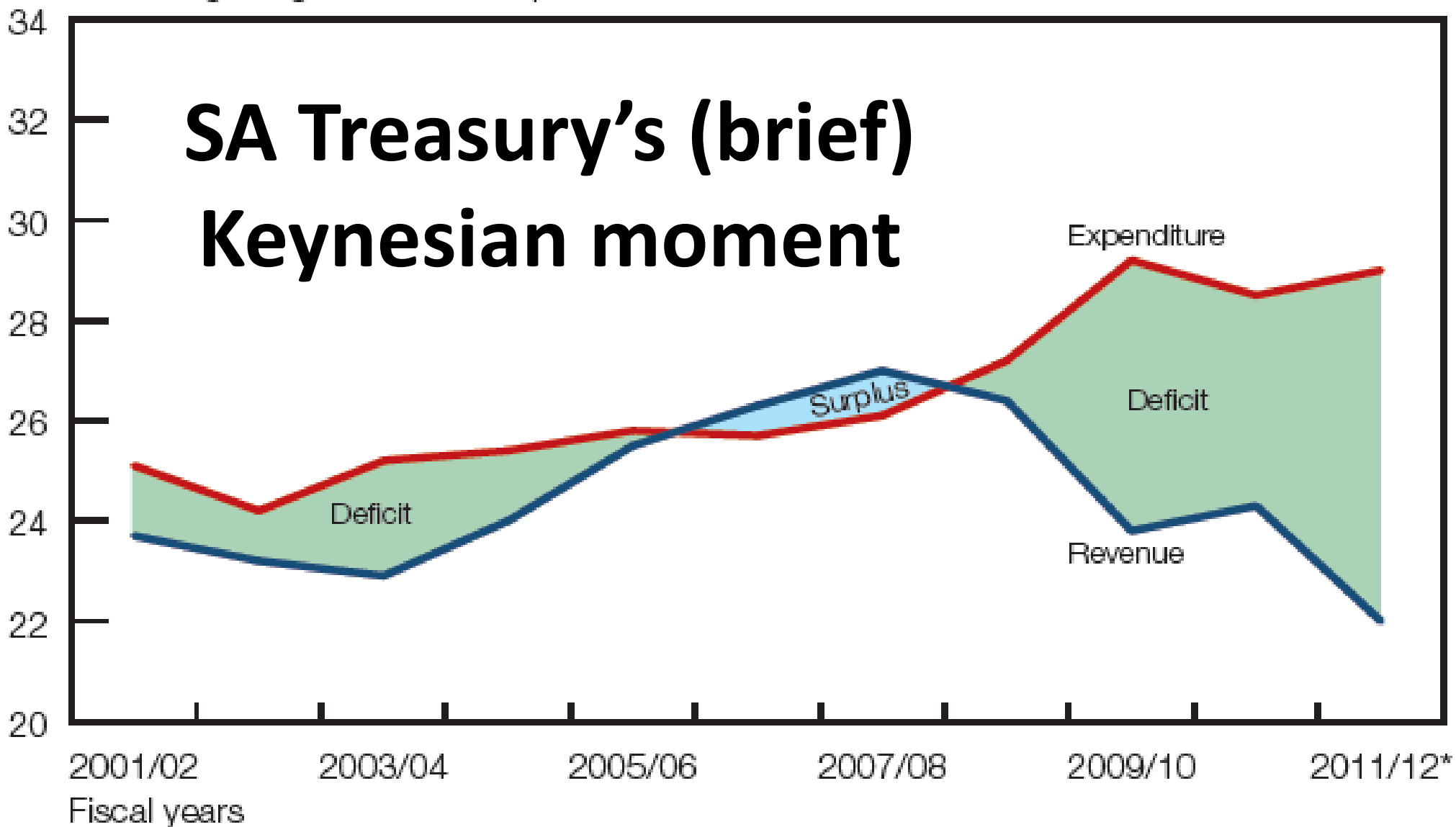
overall, SA workers lost wages compared to capital's profits



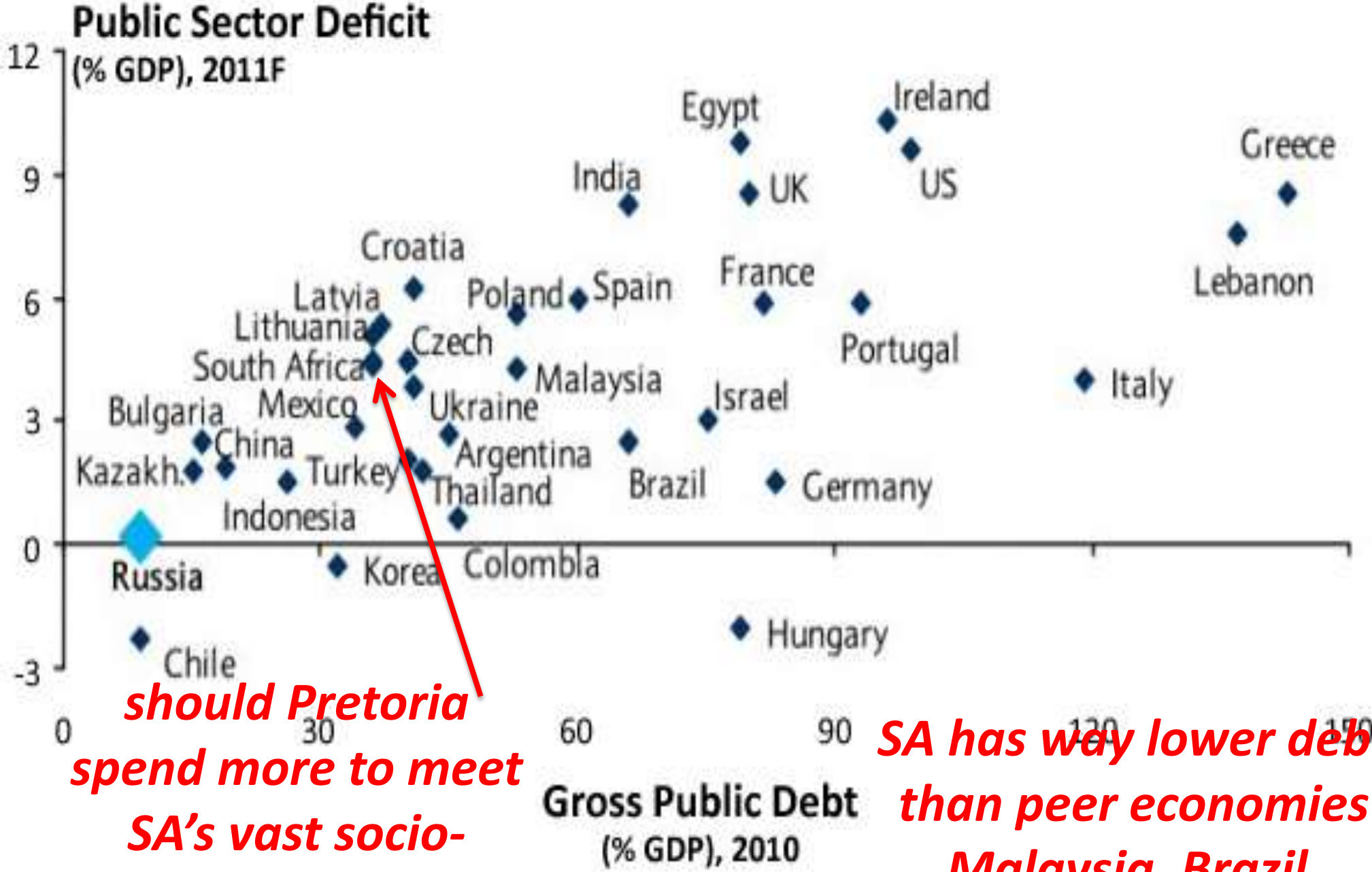
National government finances

Percentage of gross domestic product

SA Treasury's (brief) Keynesian moment



* April–September 2011



should Pretoria spend more to meet SA's vast socio-economic needs?

SA has way lower debt than peer economies Malaysia, Brazil, Argentina, Thailand

Source: Barclays

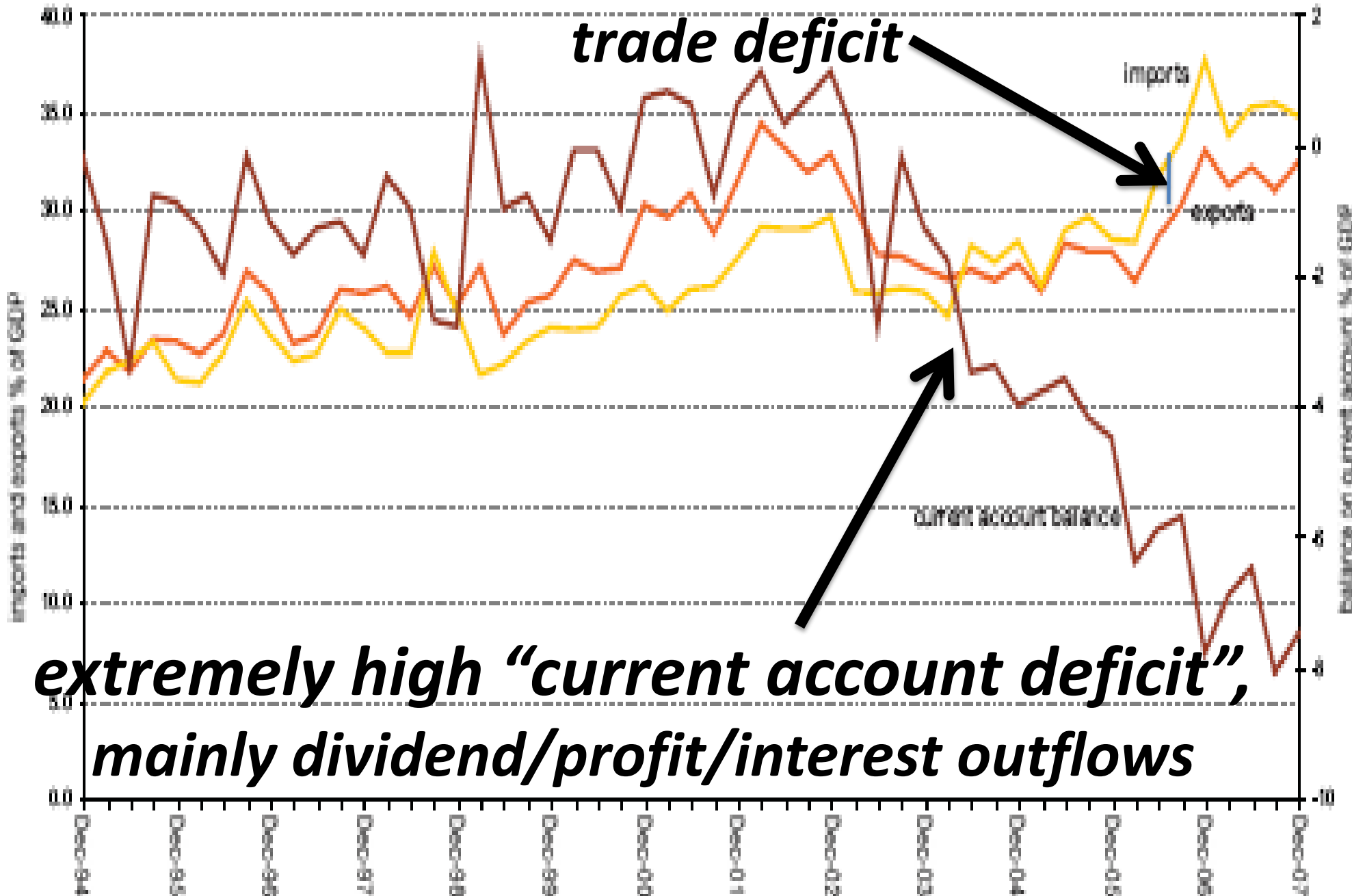
Moeletsi Mbeki:



“Big companies taking their capital out of South Africa are a bigger threat to economic freedom than ANC Youth League president Julius Malema.”

FOREIGN TRADE AND PAYMENTS

our capital outflow



***extremely high "current account deficit",
mainly dividend/profit/interest outflows***

current account deficit recently left SA

Country	Current-account as % of GDP*	Short-term debt as % of reserves*	Banks' loan/ deposit ratio	Overall risk ranking†
South Africa	-10.4	81	1.09	17
Hungary	-4.3	79	1.31	16 =
Poland	-8.0	38	1.03	14 =
South Korea	1.3	102	1.30	14 =
Mexico	-2.5	39	0.95	12 =
Pakistan	-7.8	67	0.90	12 =
Brazil	-1.5	22	1.36	10 =
Turkey	-2.3	70	0.83	10 =
Russia	1.5	29	1.51	9
Argentina	0.2	51	0.74	8
Venezuela	-0.8	58	0.75	7
Indonesia	1.2	88	0.62	6
Thailand	0.1	17	0.88	5
India	-1.4	9	0.74	4
Taiwan	7.9	26	0.87	3
Malaysia	11.3	15	0.72	2
China	5.2	7	0.68	1

ranked by The Economist as 'most risky emerging market'

The Economist, 25 Feb 2009

Sources: HSBC; Economist Intelligence Unit

* 2009 forecast

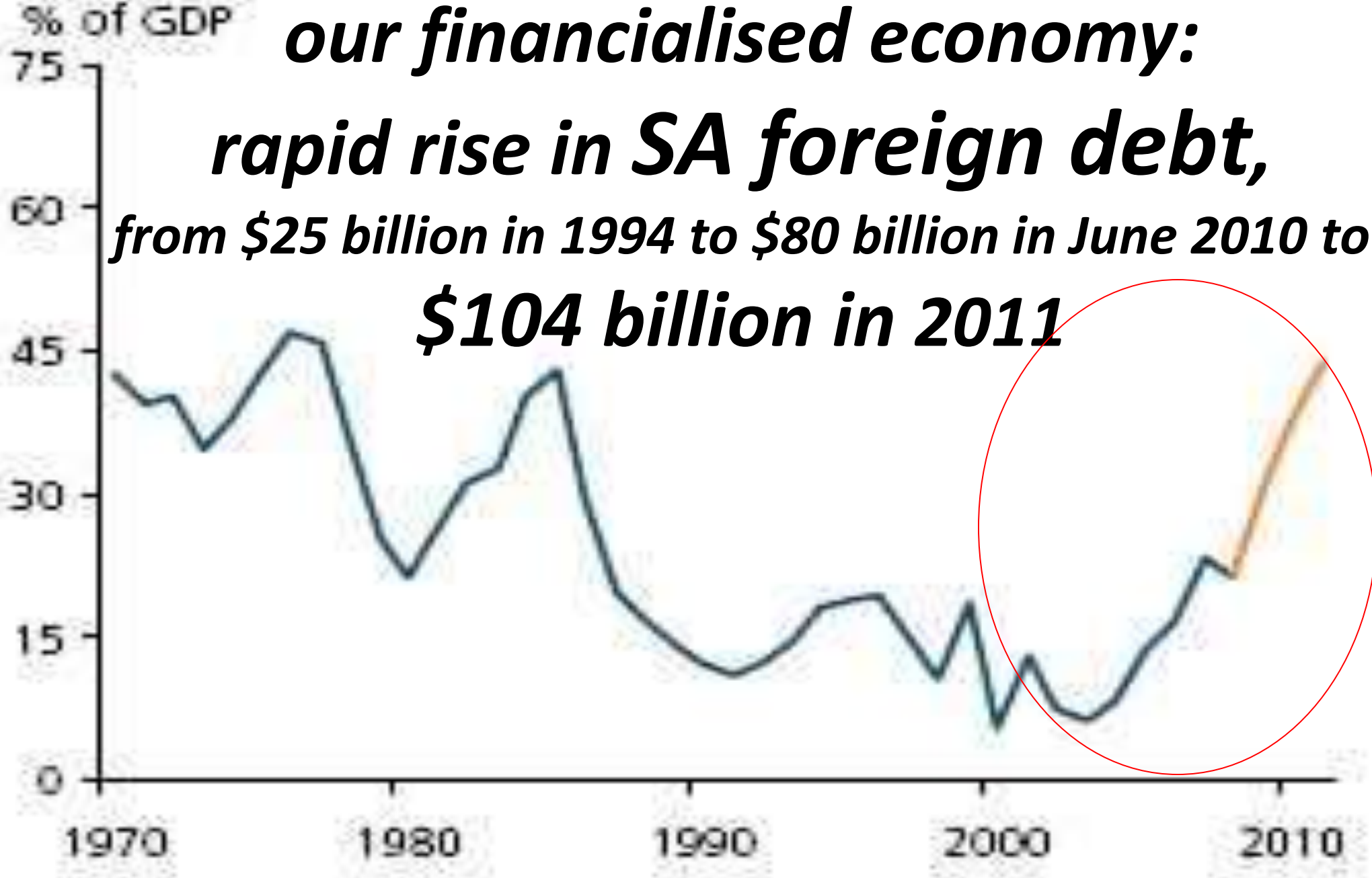
† Higher score implies higher risk

our financialised economy:

rapid rise in SA foreign debt,

from \$25 billion in 1994 to \$80 billion in June 2010 to

\$104 billion in 2011



7th pillar: Labor market efficiency

Cooperation in labor-employer negotiations



Insight Report

The Global Competitiveness Report 2012-2013

Klaus Schwab, World Economic Forum



The Global Competitiveness Index in detail

INDICATOR	VALUE	RANK/144
1st pillar: Institutions		
1.01 Property rights	5.4	26
1.02 Intellectual property protection	5.3	20
1.03 Division of public funds	3.0	84
1.04 Public trust in politicians	2.4	85
1.05 Irregular payments and bribes	4.6	47
1.06 Judicial independence	5.3	27
1.07 Favoritism in decisions of government officials	2.6	110
1.08 Wastefulness of government spending	3.4	62
1.09 Burden of government regulation	2.7	123
1.10 Efficiency of legal framework in settling disputes	5.0	17
1.11 Efficiency of legal framework in challenging regs.	4.8	16
1.12 Transparency of government policymaking	4.8	25
1.13 Gov't services for improved business performance	3.1	106
1.14 Business costs of terrorism	6.2	29
1.15 Business costs of crime and violence	2.9	134
1.16 Organized crime	4.3	111
1.17 Reliability of police services	3.8	90
1.18 Ethical behavior of firms	4.3	48
1.19 Strength of auditing and reporting standards	6.6	1
1.20 Efficacy of corporate boards	5.8	1
1.21 Protection of minority shareholders' interests	6.0	2
1.22 Strength of investor protection, 0-10 (best)	8.0	10
2nd pillar: Infrastructure		
2.01 Quality of overall infrastructure	4.5	58
2.02 Quality of roads	4.9	42
2.03 Quality of railroad infrastructure	3.4	86
2.04 Quality of port infrastructure	4.7	50
2.05 Quality of air transport infrastructure	6.1	15
2.06 Available airtime cost/km/week, millions*	1,146.3	24
2.07 Quality of electricity supply	3.9	94
2.08 Mobile telephone subscriptions/100 pop.*	126.8	25
2.09 Fixed telephone lines/100 pop.*	8.2	99
3rd pillar: Macroeconomic environment		
3.01 Government budget balance, % GDP*	-4.6	105
3.02 Gross national savings, % GDP*	16.5	81
3.03 Inflation, annual % change*	5.0	76
3.04 General government debt, % GDP*	28.8	98
3.05 Country credit rating, 0-100 (best)*	61.4	48
4th pillar: Health and primary education		
4.01 Business impact of malaria	5.1	100
4.02 Malaria cases/100,000 pop.*	31.8	89
4.03 Business impact of tuberculosis	3.5	113
4.04 Tuberculosis cases/100,000 pop.*	981.0	10
4.05 Business impact of HIV/AIDS	3.0	120
4.06 HIV prevalence, % adult pop.*	17.2	103
4.07 Infant mortality, deaths/1,000 live births*	12.1	107
4.08 Life expectancy, years*	52.1	108
4.09 Quality of primary education	5.9	132
4.10 Primary education enrollment	115	115
5th pillar: Higher education and innovation		
5.01 Science and tech in education, %*	90.8	53
5.02 Tech in education, % of total gross %*	15.4	101
5.03 Quality of tertiary education system	2.2	140
5.04 Quality of tertiary education system	2.0	141
5.05 Quality of management schools	5.3	33
5.06 International focus in schools	3.1	111
5.07 Availability of research and training services	4.4	71
5.08 Extent of staff training	4.4	71

INDICATOR	VALUE	RANK/144
6th pillar: Goods market efficiency		
6.01 Intensity of local competition	5.1	51
6.02 Extent of market dominance	4.2	39
6.03 Effectiveness of anti-monopoly policy	5.3	5
6.04 Extent and effect of taxation	4.0	31
6.05 Total tax rate, % profits*	33.1	48
6.06 No. procedures to start a business*	5	29
6.07 No. days to start a business*	19	80
6.08 Agricultural policy costs	4.2	47
6.09 Prevalence of trade barriers	4.7	36
6.10 Trade tariffs, % duty*	6.5	79
6.11 Prevalence of foreign ownership	5.3	31
6.12 Business impact of rules on FDI	4.7	31
6.13 Burden of customs procedures	4.3	56
6.14 Imports as a percentage of GDP*	34.8	99
6.15 Degree of customer orientation	4.7	31
6.16 Buyer sophistication	4.1	32
7th pillar: Labor market efficiency		
7.01 Cooperation in labor-employer relations	2.9	144
7.02 Flexibility of wage determination	2.8	140
7.03 Hiring and firing practices	2.2	143
7.04 Redundancy costs, weeks of salary*	9	33
7.05 Pay and productivity	2.9	134
7.06 Reliance on professional management	5.6	11
7.07 Brain drain	3.8	47
7.08 Women in labor force, ratio to men*	0.76	86
8th pillar: Financial market development		
8.01 Availability of financial services	6.4	2
8.02 Affordability of financial services	5.2	7
8.03 Financing through local equity market	5.4	4
8.04 Ease of access to loans	5.3	5
8.05 Venture capital availability	3.3	37
8.06 Soundness of banks	4.7	12
8.07 Regulation of securities and derivatives	5.5	11
8.08 Legal rights index, 0-10 (best)	7	1
9th pillar: Technological innovation		
9.01 Availability of high-tech services	5.7	39
9.02 Firm-level technology absorption	5.4	38
9.03 FDI in technology transfer	5.0	38
9.04 Fixed broadband internet, %*	21.0	66
9.05 Mobile broadband subscriptions/100 pop.*	1.8	66
9.06 Internet bandwidth, kb/s per user*	18.9	33
9.07 Mobile broadband subscriptions/100 pop.*	9.8	33
10th pillar: Market size		
10.01 Domestic market size index, 1-7 (best)*	3.4	103
10.02 Foreign market size index, 1-7 (best)*	3.4	103
11th pillar: Business sophistication		
11.01 Local supplier development	5.0	43
11.02 Local supplier development	5.1	34
11.03 Quality of infrastructure	4.0	47
11.04 Infrastructure competitive advantage	4.0	107
11.05 Quality of infrastructure	3.2	106
11.06 Government procurement	4.5	26
11.07 Process process sophistication	4.2	43
11.08 Extent of marketing	5.1	29
11.09 Willingness to delegate authority	4.3	33
12th pillar: Innovation		
12.01 Capacity for innovation	3.5	41
12.02 Quality of scientific research institutions	4.6	34
12.03 Company spending on R&D	3.5	39
12.04 University-industry collaboration in R&D	4.5	30
12.05 Gov't procurement of advanced tech products	3.1	106
12.06 Availability of scientists and engineers	3.4	122
12.07 PCT patents, applications/million pop.*	6.8	37

Notes: Values are in US dollars unless otherwise indicated with an asterisk (*). For further details and explanation, please refer to the section "How to Read the Global Competitiveness Profiles" on page 85.



protest - from racial apartheid...



a scene from Soweto, 1976

... to class apartheid



a few kms from Soweto, a scene from Riverlea, next to Soccer City, October 2009

*ubiquitous
'service
delivery
protests'*







environmental degeneration: SA now amongst world's worst five countries for eco-stewardship

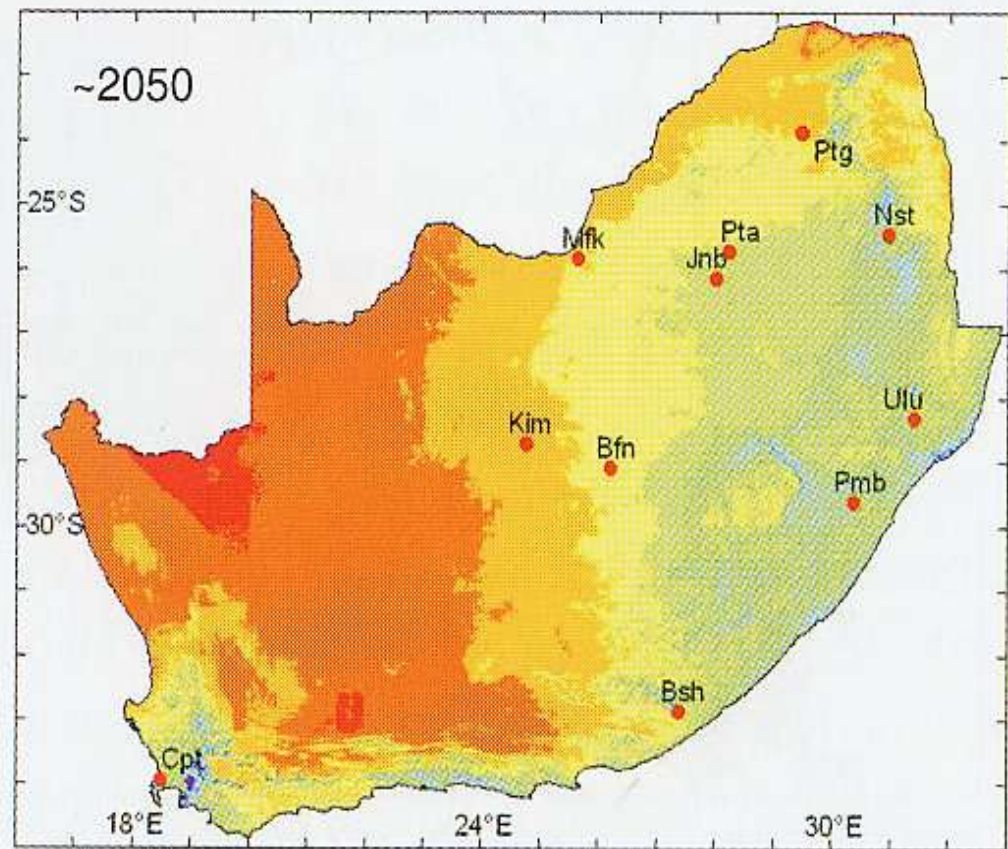
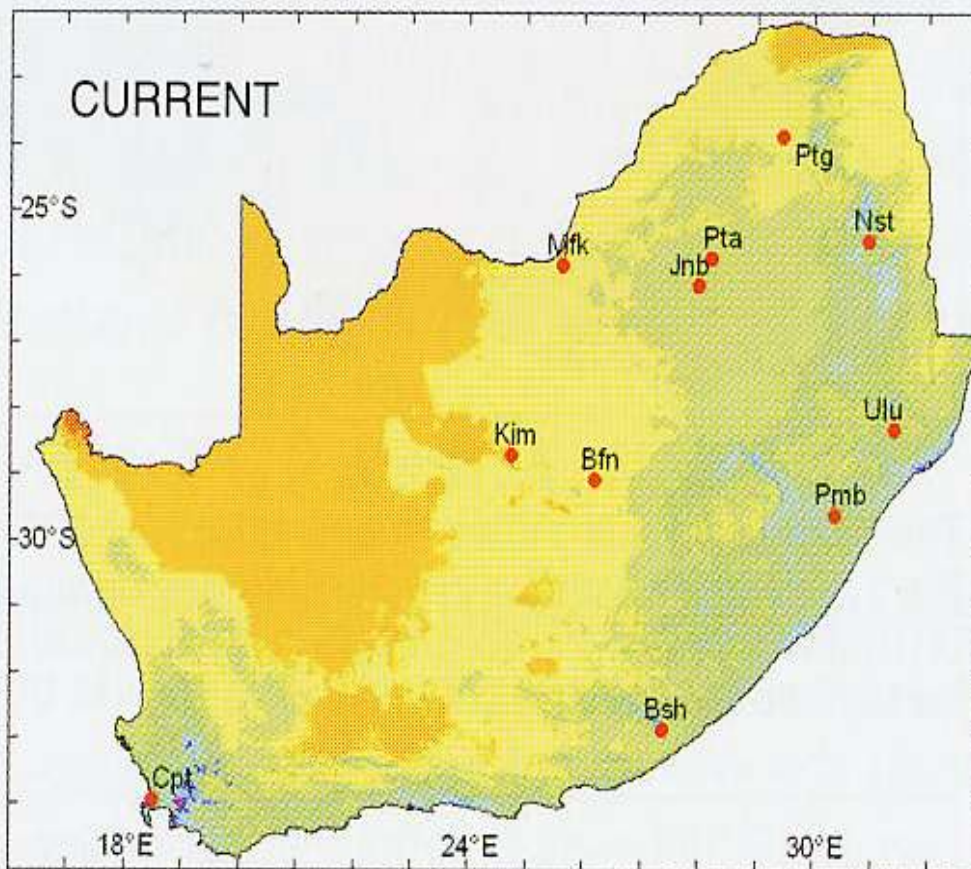
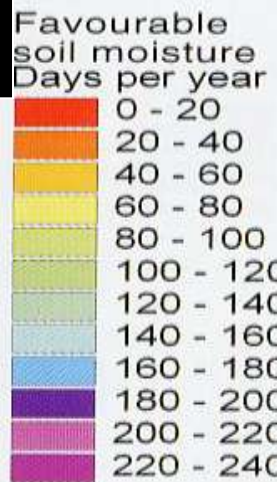
Yale/Columbia Universities' Environmental Performance Index, 2012

Level of Aggregation	Performance Score	Rank
Environmental Performance Index	34.5	128
Air (Ecosystem Effects)	12.0	121
SO2 per Capita	11.7	118
SO2 per GDP	12.3	122
Climate Change	21.0	114
CO2 per Capita	35.0	98
CO2 per GDP	24.8	109
CO2 per KWH	0.0	127
Renewable Electricity	0.7	112



SA soon to be ravaged by climate change

The effect of global climate change on '**soil moisture days**' in South Africa
(number of days when both soil moisture and temperature are suitable for plant growth)



APARTHEID

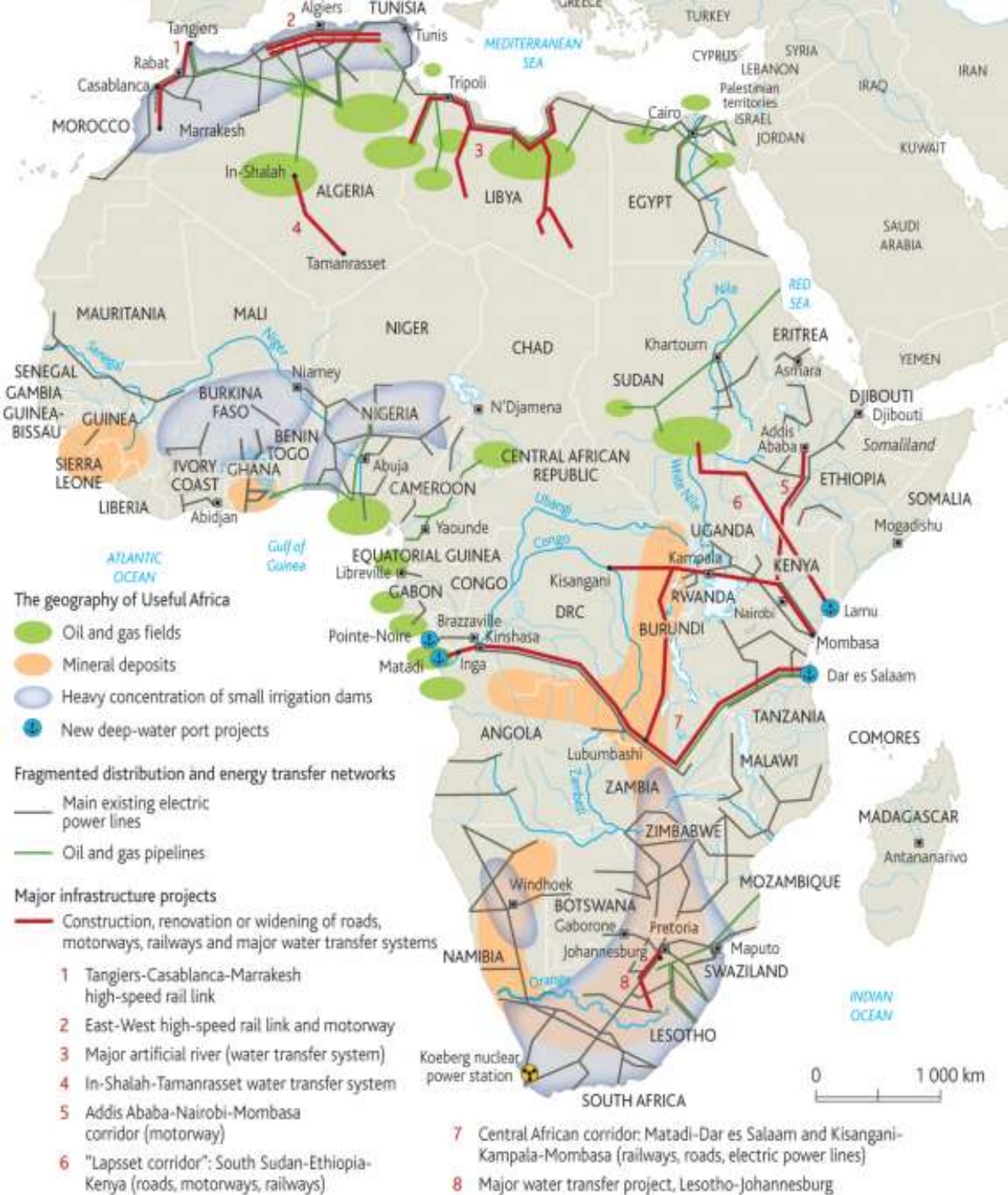
AMATEUR!

GLOBAL
APARTHEID



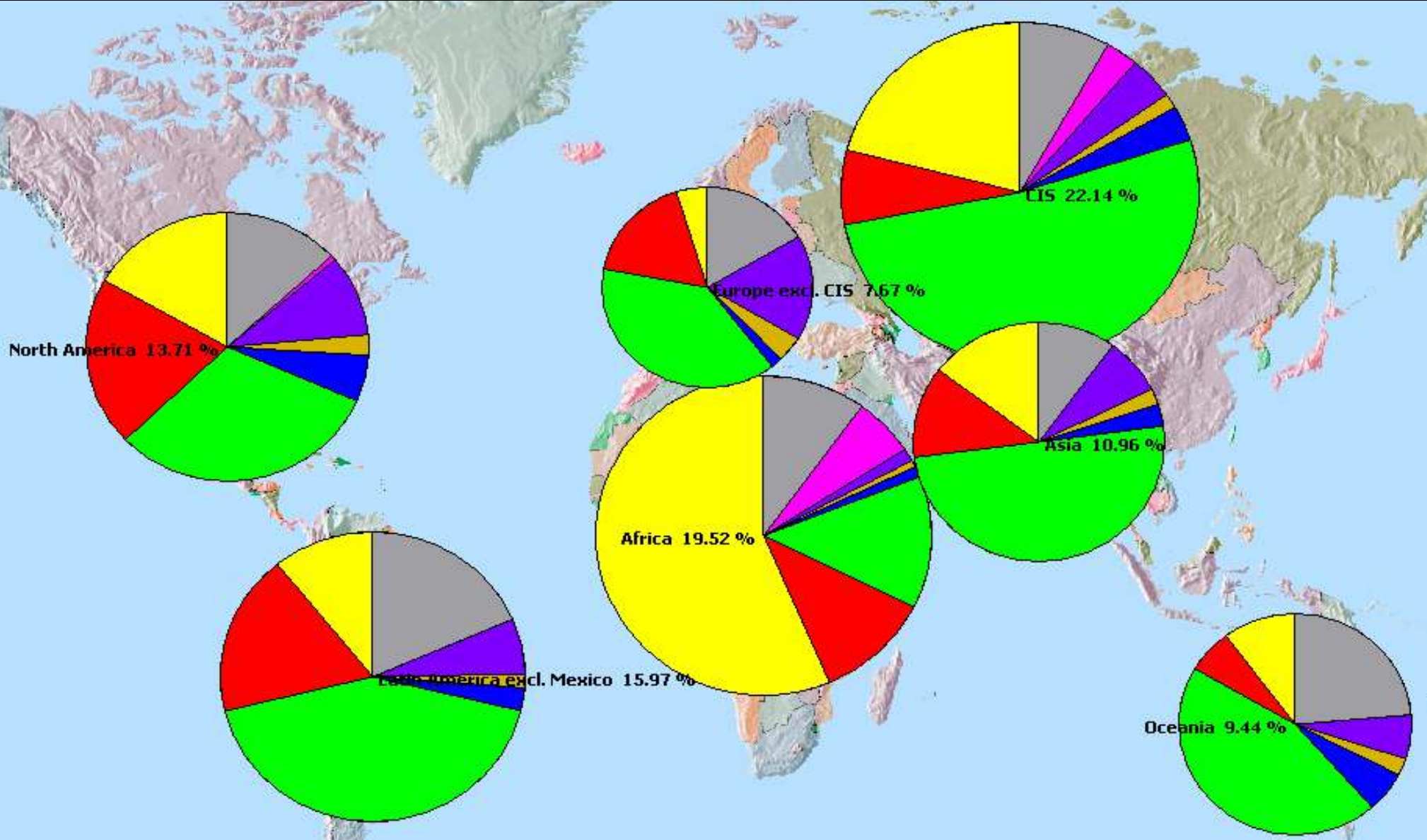
Zepi

Africa 'Resource Cursed'



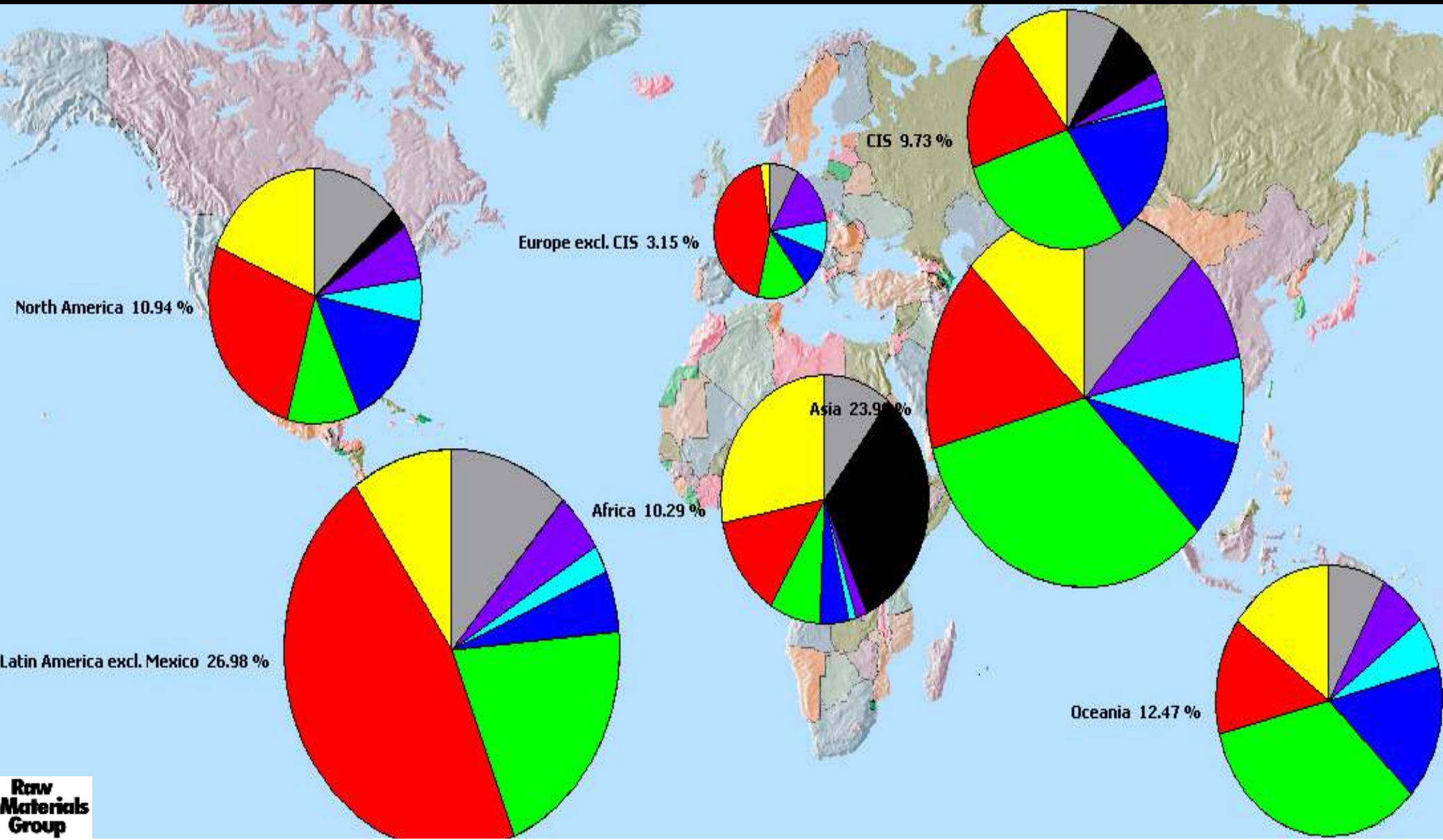
*'Useful Africa',
Le Monde
Diplomatique,
February 2011*

Africa's share of world mining – 19.5% in 1984



Legend: Shares of total value
gold (yellow) copper (red) iron ore (green) nickel (blue) lead (orange) zinc (purple) PGMs (pink) other (grey)

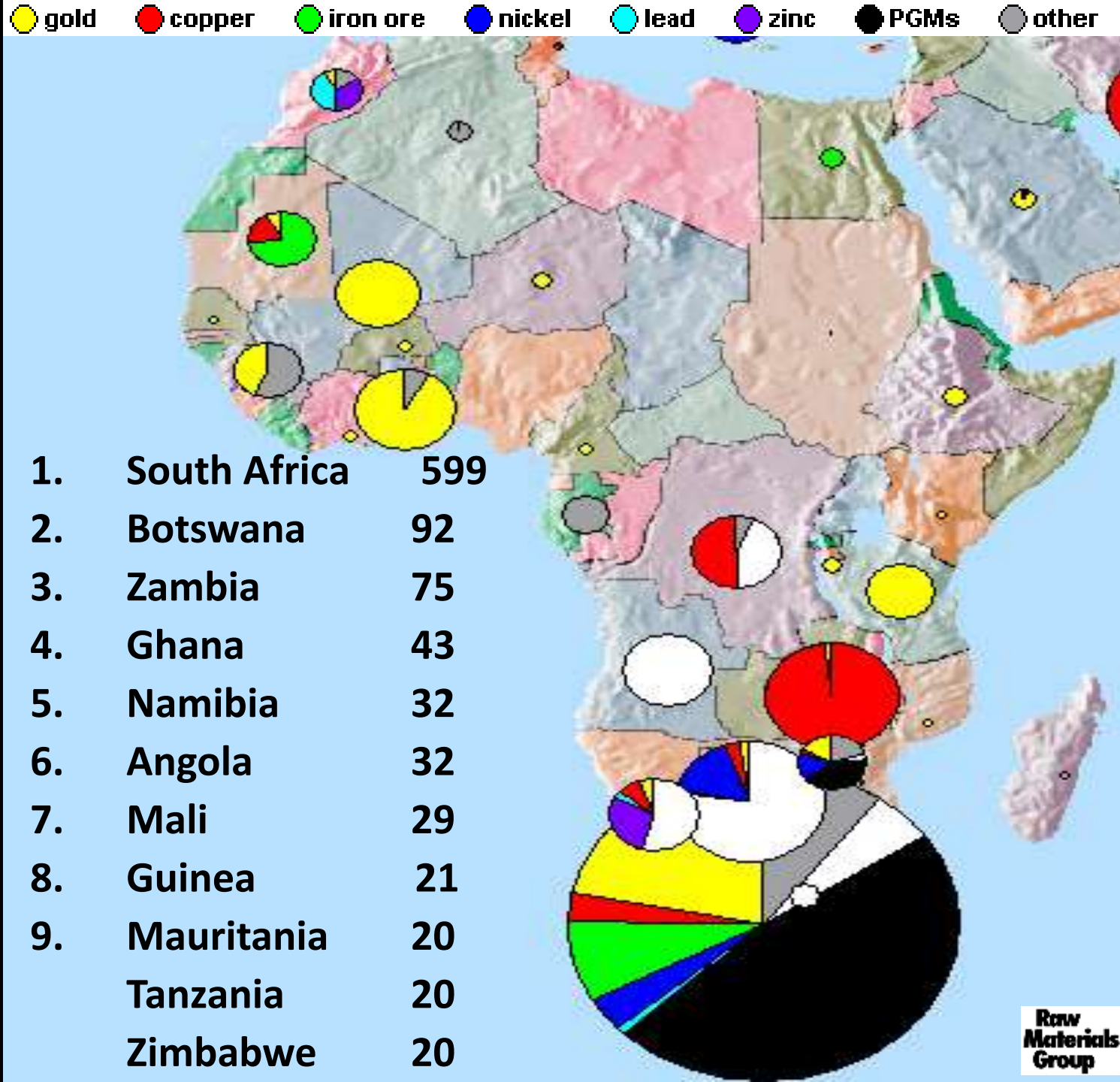
Africa's share of world mining – 10.3% in 2008



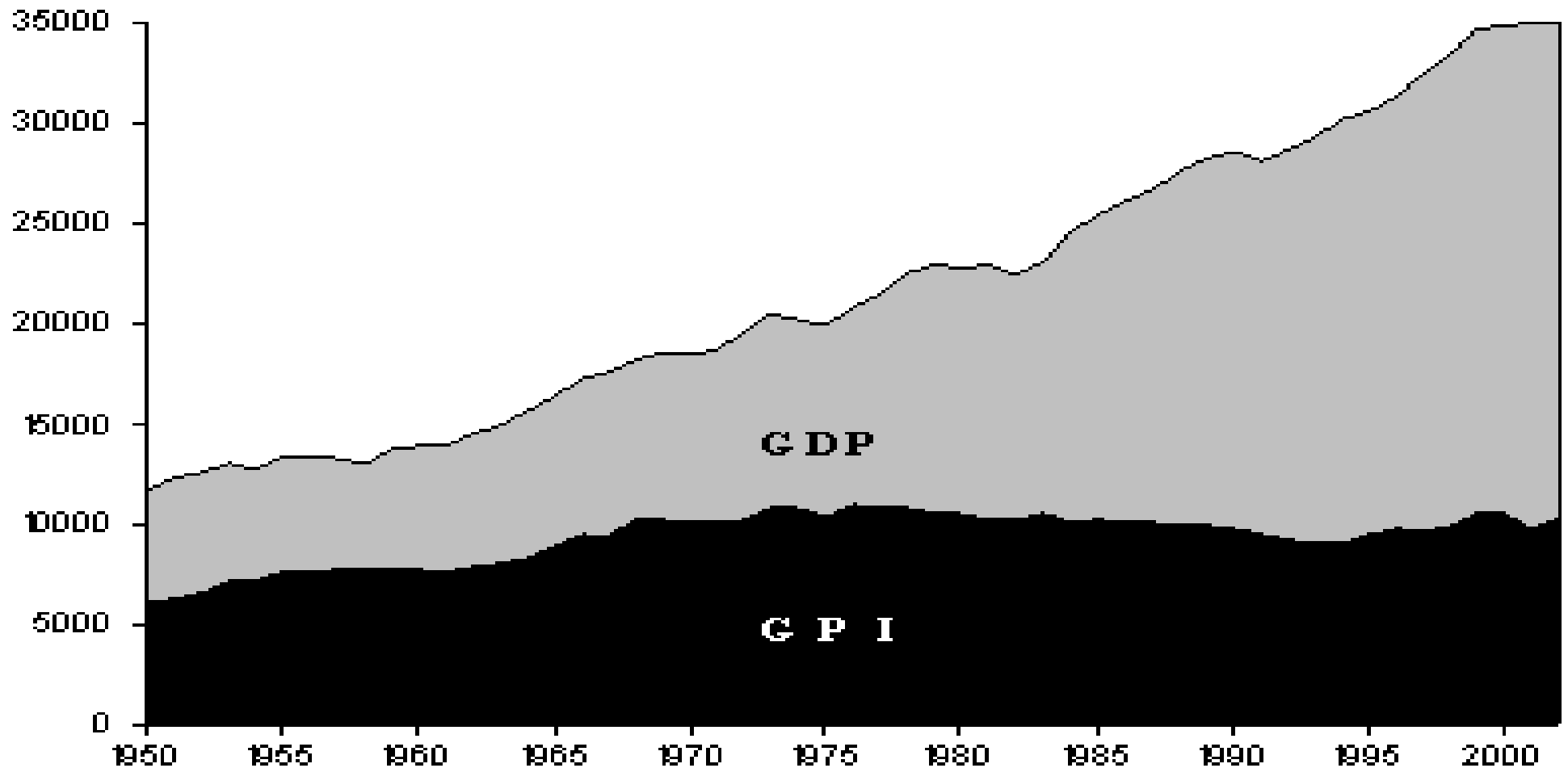
Raw
Materials
Group



Africa's mining production by country, 2008



it is time to **correct GDP bias** (global)
for pollution, resource extraction, etc



A "genuine progress indicator" corrects the bias in GDP Source: redefiningprogress.org



SUMMIT FOR SUSTAINABILITY IN AFRICA



CONSERVATION
INTERNATIONAL



THE GABORONE DECLARATION

We, the participants at the Summit for Sustainability in Africa, meeting from 24 to 25 May 2012 in Gaborone, Botswana,

REAFFIRM OUR COMMITMENT TO IMPLEMENT ALL CONVENTIONS AND DECLARATIONS THAT PROMOTE SUSTAINABLE DEVELOPMENT, IN

COMMUNIQUÉ ON NATURAL CAPITAL ACCOUNTING

Recognizing the limitations of GDP as a measure of well-being and sustainable growth that values environmental and social aspects of progress;

TO ENSURE THAT THE CONTRIBUTIONS OF NATURAL CAPITAL TO SUSTAINABLE ECONOMIC GROWTH, MAINTENANCE AND IMPROVEMENT OF SOCIAL CAPITAL AND HUMAN WELL-BEING ARE QUANTIFIED AND INTEGRATED INTO DEVELOPMENT AND BUSINESS PRACTICE;

Through:

- Integrating the value of natural capital into national accounting and corporate planning and reporting processes, policies, and programmes, in agreed efforts, including the appended Communiqué on Natural Capital Accounting,
- Building social capital and reducing poverty by transitioning agriculture, extractive industries, fisheries and other natural capital uses to practices that promote sustainable employment, food security, sustainable energy and the protection of natural capital through protected areas and other mechanisms,
- Ecosystem restoration measures, as well as actions that mitigate stresses on natural capital,

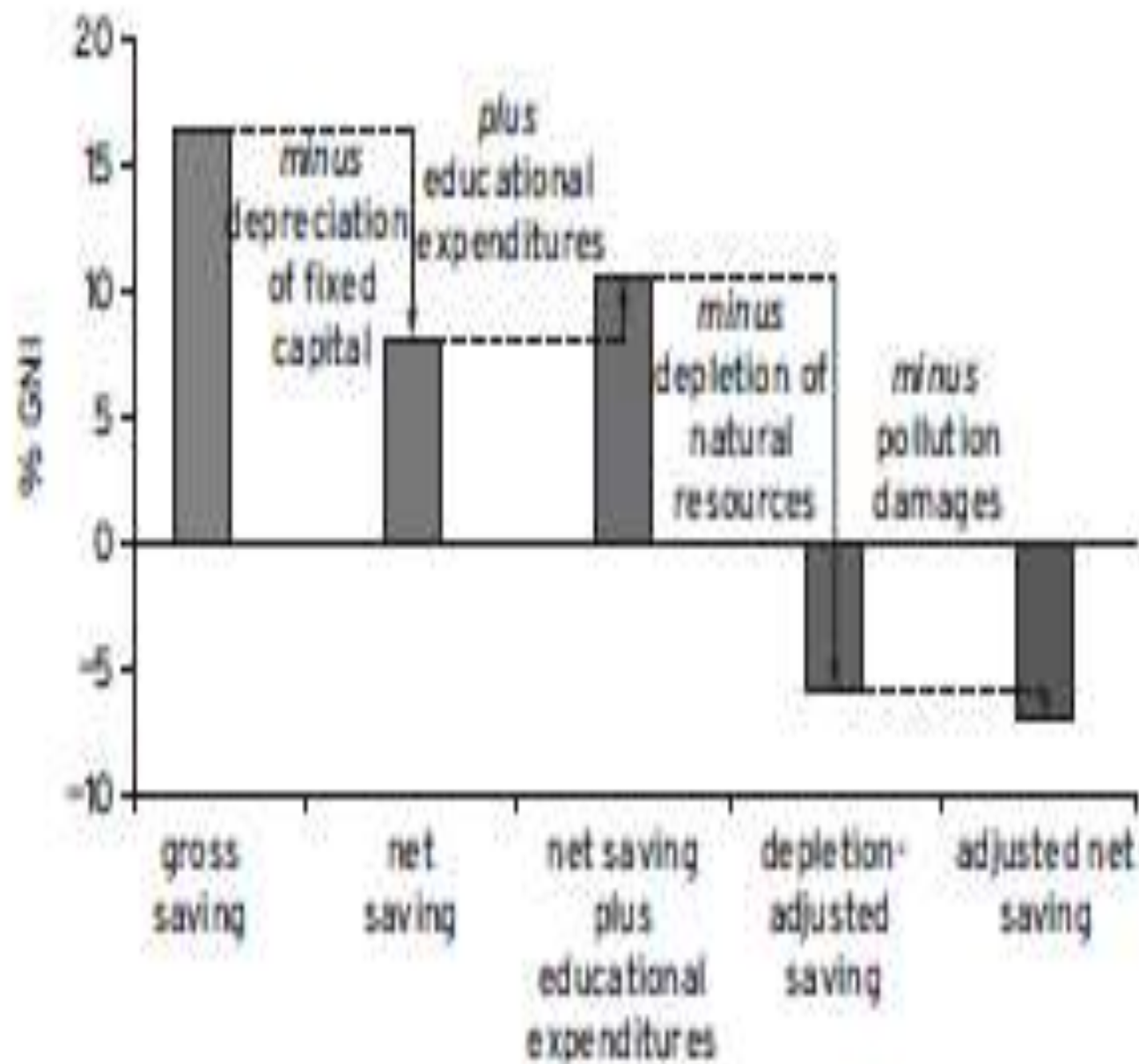
extraction!
***Where is the
 Wealth of Nations?***

**World Bank
 method for
 adjusting savings
 to account for a
 country's tangible
 wealth and
 resource
 depletion:
 The case of Ghana, 2000
 (per capita US\$ measure)**

Tangible wealth		Adjusted net saving	
Subsoil assets	85	Gross National Saving	40
Timber resources	280	Education expenditure	7
		Consumption fixed	
NTRFR	78	capital	19
Protected areas	7	Energy depletion	0
Cropland	855	Mineral depletion	4
Pastureland	43	Net forest depletion	8
Produced capital	886		
<hr/>			
Total tangible		Adjusted net saving	18
wealth	2022		
Population growth	1.7%	Δ Wealth per capita	-18

Note: Data for 2000. NTRFR: nontimber forest resources.

Calculating Adjusted Net Saving for Sub-Saharan Africa, 2008



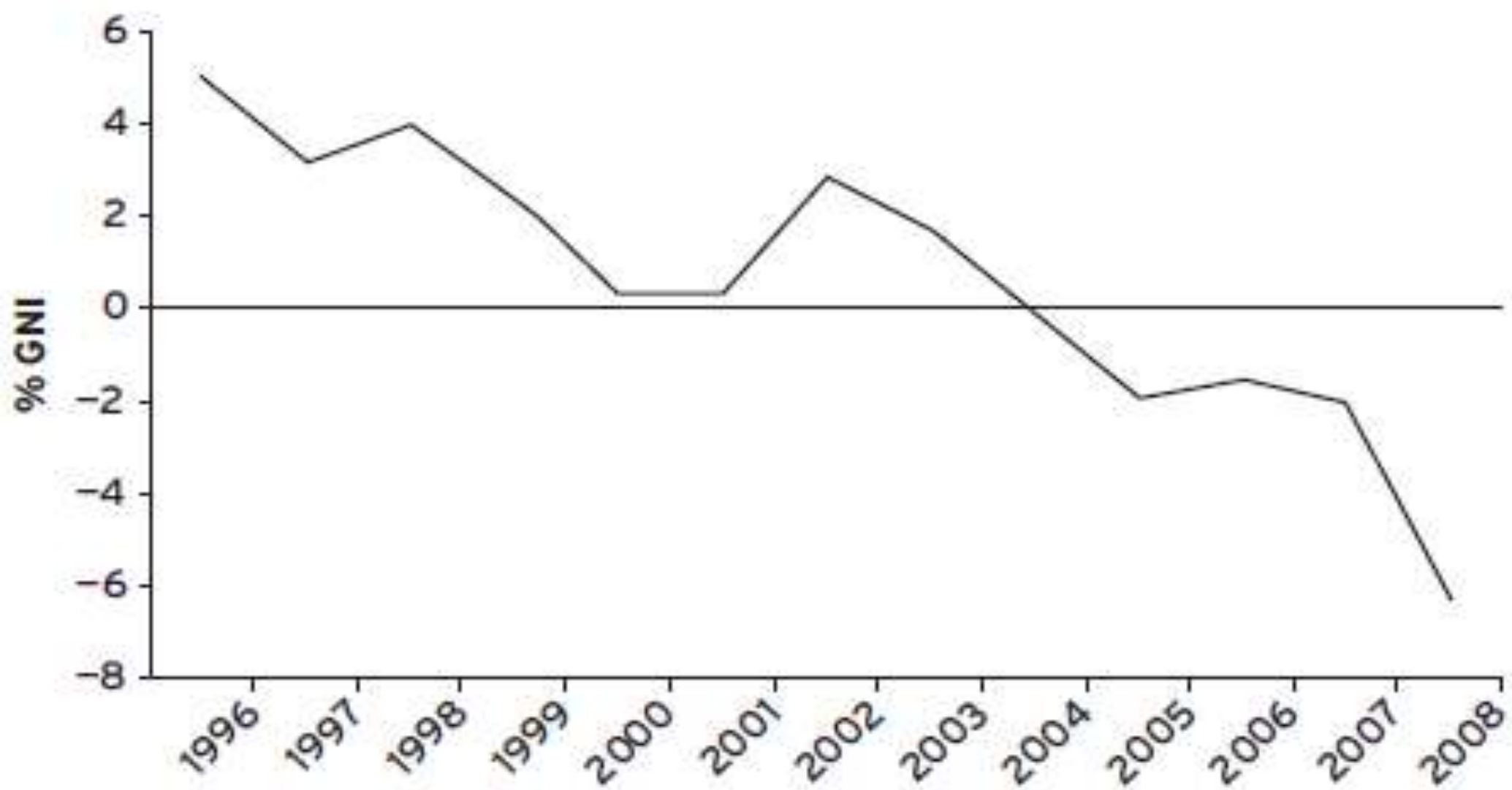
**World Bank
(minimalist)
adjustments
to 'genuine
savings'**
fixed capital (-),
education (+),
natural resource
depletion (-), and
pollution (-)

	GNI per capita	Population growth rate (%)	Adjusted net saving per capita	Change in wealth per capita
Benin	360	2.6	14	-42
Botswana	2925	1.7	1021	814
Burkina Faso	230	2.5	15	-36
Burundi	97	1.9	-10	-37
Cameroon	548	2.2	-8	-152
Cape Verde	1195	2.7	43	-81
Chad	174	3.1	-8	-74
Comoros	367	2.5	-17	-73
Congo, Rep. of	660	3.2	-227	-727
Côte d'Ivoire	625	2.3	-5	-100
Ethiopia	101	2.4	-4	-27
Gabon	3370	2.3	-1183	-2241
Gambia, The	305	3.4	-5	-45
Ghana	255	1.7	16	-18
Kenya	343	2.3	40	-11
Madagascar	245	3.1	9	-56
Malawi	162	2.1	-2	-29
Mali	221	2.4	20	-47
Mauritania	382	2.9	-30	-147
Mauritius	3697	1.1	645	514
Mozambique	195	2.2	15	-20
Namibia	1820	3.2	392	140
Niger	166	3.3	-10	-83
Nigeria	297	2.4	-97	-210
Rwanda	233	2.9	14	-60
Senegal	449	2.6	31	-27
Seychelles	7089	0.9	1162	904
South Africa	2837	2.5	246	-2
Swaziland	1375	2.5	129	8
Togo	285	4.0	-20	-88
Zambia	312	2.0	-13	-63
Zimbabwe	550	2.0	53	-4

Where is Africa's wealth?

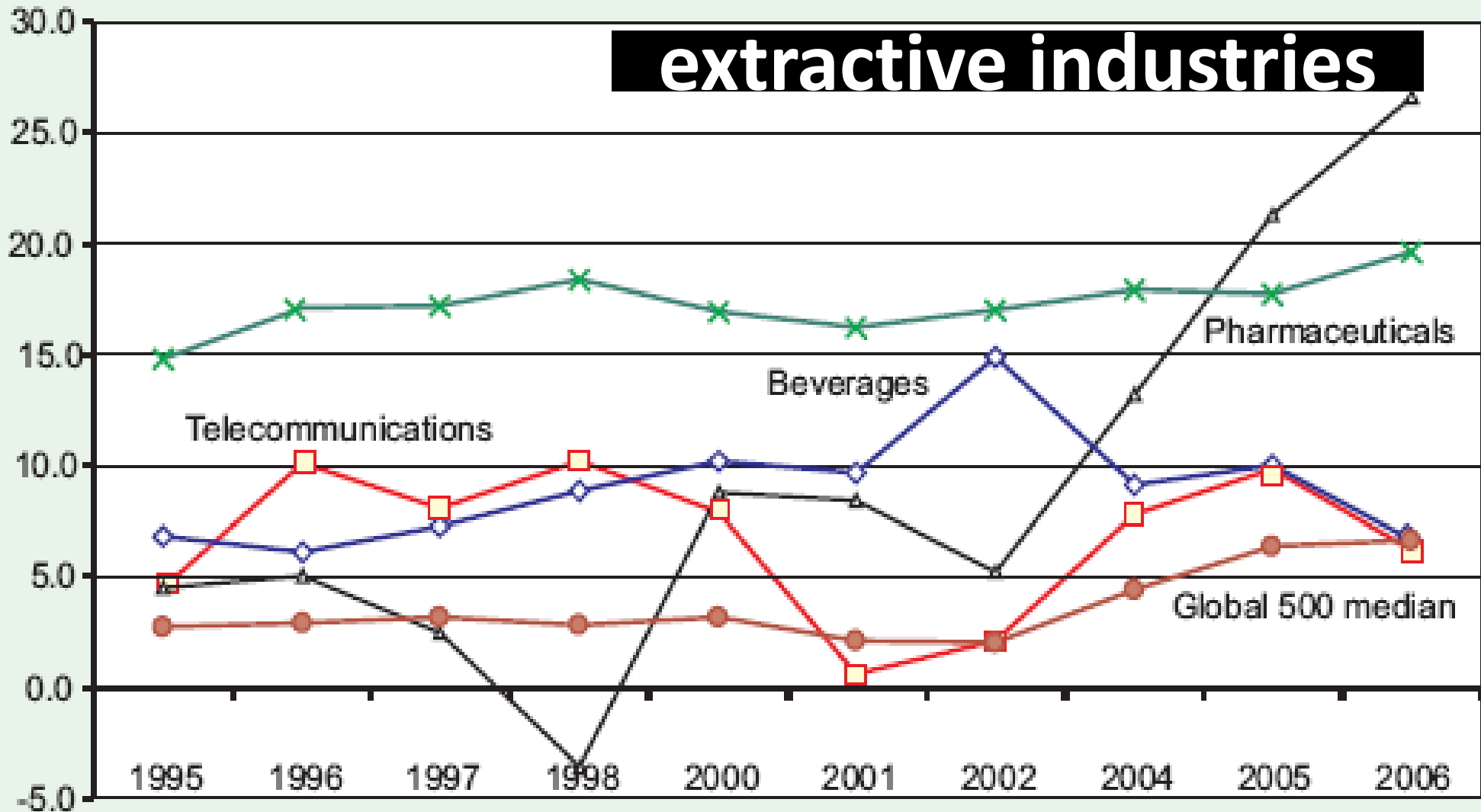
World Bank
recording of
African
countries'
adjusted
national wealth
and 'savings
gaps', 2000

Adjusted Net Saving in Sub-Saharan Africa as a Percentage of Gross National Income



Source: Authors' calculations based on World Bank data.

multinational corporate profits as a percentage of firm equity



Source: UN Conference on Trade and Development (2007), *World Investment Report 2007*, Geneva.

African popular resistance

**wave of recent protests: Tunisia, Egypt,
Libya, Côte d'Ivoire, Algeria, Senegal,
Benin, Burkina Faso, Gabon, Occupy
Nigeria!, Djibouti, Botswana, Uganda,
Swaziland, South Africa**

**just a new round of 'IMF Riots' and
'popcorn protests'?**

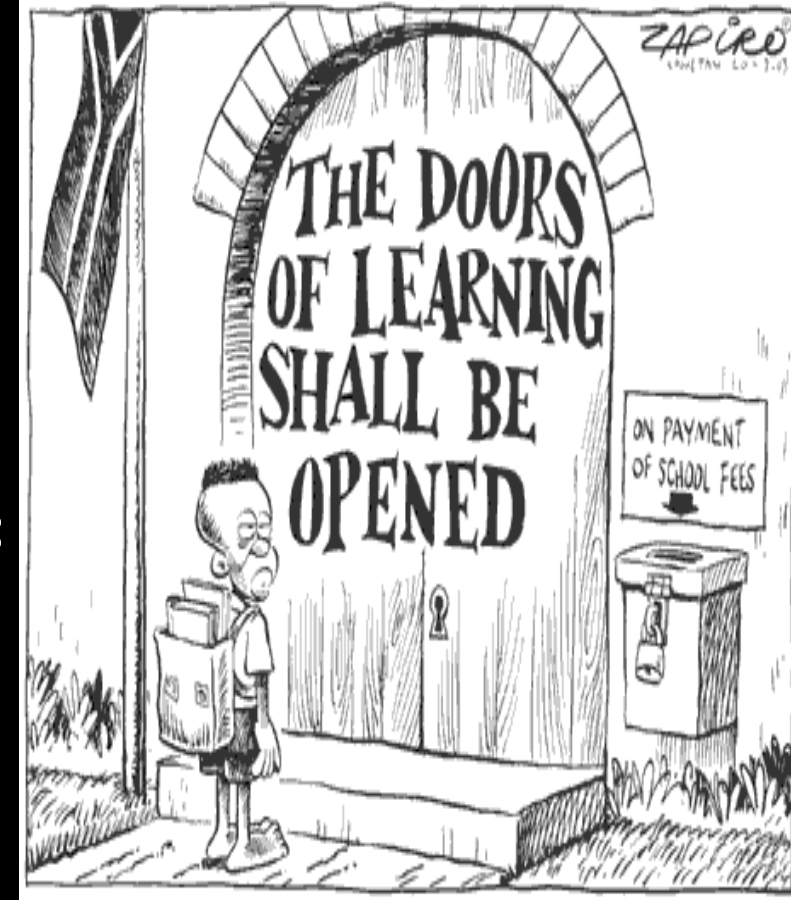
South African campaigns for decommodification, destratification and the deglobalization of capital

- SA activists turning several ongoing struggles to turn basic needs into *human rights*:

- *free antiretroviral medicines;*
- *National Health Insurance;*
- *free water (50 liters/person/day);*
- *free electricity (at least 1 kWh/c/d);*
- *thorough-going land/housing reform;*
- *free basic education;*
- *renationalisation of Telkom for lifeline phone services;*
- *prohibition on services disconnections and evictions;*
- *a 'Basic Income Grant' ; and*
- *the right to a job!*

- as 'non-reformist reforms', all such services should be *universal*, partly financed by *penalizing luxury consumption*.

- interlocking/overlapping campaigns – but so far not unified due to macropolitical conjuncture (especially sustained Zuma faction within ANC)



case study of successful SA-internationalist social movement advocacy for AIDS policy and solidarity: *access to Anti-RetroVirals*



- 1990s – US promotes Intellectual Property above all, so monopoly-patented ARVs cost **\$10-15,000/person/year** – *way too expensive!*
- 1997 – SA’s Medicines Act allows ‘compulsory licensing’ (breaking patent for generic producers);
- 1998 – US State Dept counters Medicines Act with ‘full court press’, Treatment Action Campaign (TAC) formed, stoning death of AIDS activist Gugu Dlamini in her Durban township due to stigmatization
- 1999 – Al Gore for president, ACTUP! opposition to Gore, Seattle WTO protest, Bill Clinton surrender, ‘AIDS dissidents’ emerge
- 2000 – AIDS conference in Durban, rise of Thabo Mbeki’s denialism
- 2001 – ‘PMA-SA v Mandela’ lawsuit w Medicines sans Frontiers & Oxfam, while TAC imports Thai, Brazilian, Indian generics

TAC's Anti-RetroVirals campaign:

- 2001 – Constitutional Court supports nevirapine, major World Trade Organisation (TRIPS) concession, Doha
- 2002 – critiques of Mbeki, Manto Tshabalala-Msimang
- 2003 – ANC compels change in state policy
- 2004 – generics produced in SA, global AIDS funds increase
- 2011 – 1 500 000 public sector recipients of ARVs
- 2012 threats – fiscal conservatism, Obama's Pefpar cuts

strategic successes:

- dramatic rise in life expectancy
 - policy advocacy success
- commoning intellectual property
 - decommodification
 - destratification
- deglobalisation of capital
- globalisation of solidarity



Zackie Ahmat,
Nelson Mandela

'globalisation of people, deglobalisation of capital'



I sympathise with those who would minimise, rather than with those who would maximise, economic entanglement among nations. Ideas, knowledge, science, hospitality, travel - these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible and, above all, let finance be primarily national.

-John Maynard Keynes (1933), 'National Self-Sufficiency,' *Yale Review*



**help us link
red & green**

***for race, gender,
environmental, and
class justice!***

***slides by Patrick Bond
University of KwaZulu-Natal
Centre for Civil Society, Durban
<http://ccs.ukzn.ac.za>***

