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A daily compilation of local, national and international articles dealing with labour related issues

NUMSA

Bargaining council to blame for steel industry woes

Gerhard Papenfus, Business Day, 20 April 2016

ALTHOUGH it has been a well-known for a while that the Metal and Engineering Industry Bargaining Council (MEIBC) is in severe financial difficulty, reports in Sunday's newspapers in this regard prompted me to break my silence on this issue.

It is, first of all, important to clarify the circumstances that led to the current situation, which are:

- The trade unions refused to negotiate about the National Employers' Association of SA's (Neasa's) demands regarding the current administration levy;
- the bargaining council failed to submit audited financial statements to the Department of Labour, despite being required to do so by law, due in part to the fact that the council's management committee refused to accept the financial statements because of concern about the use of funds; and
- processing of the extension of current levy agreements was delayed by the bargaining council's own administrative inefficiencies and noncompliance with prevailing legislation.

For many years the MEIBC has been tormenting SMMEs in the steel industry. The MEIBC has created a platform where big business, through their agent the Steel and Engineering Industries Federation of Southern Africa (Seifsa), could collude with trade unions, primarily the National Unions of Metalworkers of SA (Numsa), in deals which for these role-players secured their version of "stability and labour peace", a dispensation hostile to the interests not only of SMMEs, but SA. The MEIBC

secretariat, funded by among others SMMEs, was then (and still is) used to enforce these outrageous and unlawful wage agreements.

These unaffordable wage agreements, unconstitutionally and unlawfully obtained, have made the steel industry more expensive, and has led to tens of thousands of job losses — 90,000 since 2008, 40,000 of these in 2015 alone. The MEIBC has set in motion a devastating process of de-industrialisation, a huge contributor to unemployment and consequently economic and social instability.

This tyranny by a unconstitutional but powerful minority was challenged for the first time in 2010, setting in motion a series of events leading to the situation in which the MEIBC currently finds itself, and all because it refused to stop its illegal and unconstitutional conduct and refused to transform itself into a body catering for the interests of SMMEs.

In 2011, after a dispute was declared by two employer bodies on the MEIBC, the rest of the parties admitted to its complete unconstitutionality. The fact is that for many years prior to 2011, the MEIBC was not constituted at all; it functioned in a constitutional vacuum. However, this constitutionally-speaking empty shell, with the agent Seifsa (representing less than 20% of employers in the steel industry) on the one hand, and primarily Numsa on the other side, continuously found it fit to enter into agreements (which a Labour Court judgment referred to as a "sham") and then, through the intervention of the Minister of Labour, enforced these agreements on employers who chose not to be part of them, the so-called non-parties.

After lengthy and costly legal processes the extension of the 2011-14 Metal Industry Agreement was set aside by the Labour Court. A similarly illegal agreement in respect of 2014-17 is the current subject of further Labour Court proceedings. A court date is awaited.

Court dates are also awaited in respect of a previous and current administrative levy agreements (which are the council's source of income).

All these legal challenges, which contributed to the financial decline of the MEIBC, are the result of unconstitutional, unlawful and undemocratic conduct playing itself out in an environment in which governance is non-existent and the voice of SMMEs, the lifeblood of the economy, is suppressed.

For the MEIBC to secure future financial resources, it now needs the support of those very SMMEs whose interests were deliberately ignored, and which were victimised and bullied, many to the point where they simply could not continue to conduct business.

There are those who argue that the steel industry needs the MEIBC. It is well-known that trade unions need the MEIBC for their own selfish, financial reasons. A few big and powerful employers might also need it, primarily for market control and the elimination of competition from SMMEs. Then there are the individuals who need the system for employment, and who have found in the bargaining council scheme a lucrative financial source.

However, the South African economy, which needs a particular environment to grow, an environment which the MEIBC does not create, does not need the MEIBC. Neither do the millions of unemployed people, for whom the MEIBC has made it

difficult to find jobs, nor the 11,000 SMMEs in the steel industry, who are on the receiving end of a repetitive unfavourable, business hostile dispensation — at least not in its current format.

- Papenfus is Neasa CE

<http://www.bdlive.co.za/opinion/2016/04/20/bargaining-council-to-blame-for-steel-industry-woes>

SA Unions

‘Paramedics’ lives at risk’

Kailene Pillay, The Witness, 21 April 2016

Pietermaritzburg - Paramedics have stopped responding to medical cases in Sinathing, near Edendale, after one of their colleagues was stabbed while hijackers tried to steal an ambulance on Monday morning.

The Emergency Medical Services (EMS) are now calling for the Health -Department and police to intervene -before they enter Sinathing again.

The call comes after two paramedics, Bongani Gasa and Claudia Ndlovu, were attacked by hijackers just after midnight on Monday.

According to National Education Health and Allied Workers’ Union -(Nehawu) spokesperson Mazwi -Ngubane, two men smashed the -ambulance’s windows with a brick and began assaulting the paramedics.

“They were responding to a -respiratory distress case in the Sinathing area and they stopped the ambulance near the patient’s house. That is when the incident happened,” he said.

Ngubane said the men assaulted the paramedics and stole the keys to the -ambulance, the petrol card and their -cellphones.

“The female paramedic [Ndlovu] managed to run away and hide in the bushes, but Gasa was stabbed in the hand and assaulted all over his body,” he said.

The hijackers did not get away with the ambulance. However, Ngubane said the paramedics were traumatised following the incident and have been placed on leave.

Nehawu yesterday announced its -decision to suspend all operations of -ambulances in Sinathing and -surrounding areas.

“No ambulance will be dispatched to Sinathing, regardless of the nature of the call, until the Department of Health and SAPS resolve this matter. We cannot -allow our members to put their lives in jeopardy,” said Ngubane.

He said Nehawu met with the -Department of Health on Monday, shortly after the incident, where it was suggested that paramedics enter the area under police supervision.

However, Nehawu refused to agree to the suggestion, saying it had been tried and tested, and had failed.

“When our paramedics were -attacked in the France township two years ago, we tried thereafter to go with a police escort to such areas. But the police did not have enough manpower to drop their work and escort our ambulances into the areas, so that plan did not work out,” said Ngubane.

He said the department and the police needed to come up with a -better plan to go to such areas and ensure the safety of paramedics.

He said the department should hold more informative rallies in the area and educate people to keep paramedics safe and understand the nature of their work.

“These workers are parents who leave the comfort of their homes with an intention to serve the -people. We decided that no -ambulance will be dispatched to -Sinathing until a better strategy is formed,” said Ngubane.

He also urged community members to respect and protect emergency -services workers.

“They must also understand that the shortage of resources is not employees’ fault. We also hope the police will do their best to find the culprits,” he said.

Responding to questions on the -matter, Health MEC Dr Sibongiseni Dhlomo said he was disgusted by such incidents. He appealed to all -communities to report and expose those who commit such “heinous crimes”.

“Attacking paramedics is barbaric, compromises the safety of our -emergency workers and cripples the -essential service they render. It must just stop,” he said.

He did not explain how Sinathing -residents needing emergency medical care would be attended to.

<http://www.news24.com/SouthAfrica/News/paramedics-lives-at-risk-20160419>

Workers get fired over #Metrorail delays

Heidi Giokos, IOL, 20 April 2016

Cape Town - Cosatu will embark on a strike against bosses in the Western Cape who are dismissing workers for arriving late due to the current train crisis.

There have been continued arson attacks on Metrorail coaches and infrastructure in Cape Town causing up to three hour delays on a daily basis.

The federation said bosses were showing no remorse, with many of them disciplining workers and docking wages due to employees arriving late at work.

Cosatu Western Cape general secretary Tony Ehrenreich has now asked that alternative transport arrangements be made to help workers be on time.

“We demand that the public transport be put into the areas that need them most, first given the present and ongoing crisis. The busses that presently operate in Milnerton and Camps Bay should be moved to the Cape Flats as a matter of urgency, as Camps Bay people have private transport now,” he said.

A man has been arrested in connection with the attacks.

<http://www.iol.co.za/news/south-africa/western-cape/cosatu-workers-get-fired-over-metrorail-delays-2012200>

Simon Mathe: I'm not guilty of contempt of court

Stephen Grootes, EWN20 April 2016

JOHANNESBURG - South African Municipal Workers Union's (Samwu) general secretary Simon Mathe says he doesn't understand why the Labour Court found him guilty of contempt of court, when he never received any documents about an interdict against the union's Pikitup strike.

Yesterday the court ruled Mathe and the union were guilty of contempt of court, because they continued to incite workers at Pikitup to strike, after the company had won an interdict against them.

Rubbish piled up around Johannesburg for over a month amid fears it could prove to be a health-hazard.

Mathe says he wasn't directly involved in the strike.

“I have never received anything; whether an interdict or an intention to interdict the strike. There was no document that was served to me personally. I still welcome the decision of the court.”

<http://ewn.co.za/2016/04/20/Simon-Mathe-How-can-I-be-guilty-when-I-never-received-an-interdict>

Gupta employees chase ANCYL president away from meeting – reports

TimesLive, 21 April 2016

Employees of Oakbay and other companies controlled by the Guptas chased ANC Youth League president Collen Maine away from a meeting on Wednesday, according to various reports.

Tweets on the ANCYL's twitter account also alluded to the incident. However, the ANCYL could not immediately be reached to confirm the incident nor for reaction.

According to the reports, the employees chanted “Maine must fall” as the ANCYL leader made his way to his vehicle.

The incident follows an open letter by Oakbay employees in which they appealed to four major banks to restore relations with the company, saying their livelihoods were in at stake.

The letter, titled "please save our jobs", is marked for the attention of CEOs Maria Ramos of Absa, Jacques Celliers of FNB, Ben Kruger of Standard Bank and Michael Brown of Nedbank.

The banks cut ties with Oakbay in the wake of accusations by politicians that its owners, the Gupta family, are exerting improper influence over President Jacob Zuma.

"If by the end of May the accounts remain closed, Oakbay's businesses will close. That means that thousands of us will be without a job," the employees state.

"We urge you to recognise that your actions have a human cost.

"Only a few weeks ago the companies we worked for were profitable and our jobs secure. We do not understand why we have become the victims in a political game."

The employees say they do not know if any of the allegations against the Gupta family or Oakbay's management are true.

"We do not care.

"All we care about is providing for our families. If you do not open Oakbay's bank accounts we cannot be paid and Oakbay cannot pay its bills." They add: "We are not rich people. We are not politically connected. We have not captured the state. We have never offered any politician a job.

"Please reopen the bank accounts so that we do not have to suffer. We, the employees, have not done anything wrong."

Earlier this month, in a letter to staff, Oakbay Investments CEO Nazeem Howa said "the closure of our bank accounts has made it virtually impossible to continue to do business in South Africa," indicating he was hoping to restore services.

<http://www.timeslive.co.za/politics/2016/04/20/Gupta-employees-chase-ANCYL-president-away-from-meeting-%E2%80%93-reports>

BEE row may delay brewers' merger

Ann Crotty, Business Day, 20 April 2016

THE deal to create a megabrewer that only a few days ago looked firmly on track for completion by the of end July has hit an unexpected hurdle that could significantly delay its finalisation.

Disagreement over how workers belonging to the Zenzele empowerment scheme will benefit after the \$108bn merger between SABMiller and Anheuser Busch InBev, (AB InBev) is at the heart of the dispute.

After a lengthy meeting with executives from AB InBev, the general secretary of the Food and Allied Workers' Union (Fawu), Katishi Masemola said on Wednesday: "We have pretty much agreed to disagree ... there are fundamental differences of opinion."

He wants to thrash out those differences at the Competition Tribunal hearing, expected to be held next month.

Mr Masemola said if he was unable to resolve the differences at the tribunal he was prepared to appeal to the Competition Appeal Court.

This course of action could push out the competition authorities' consideration of the transaction by several months.

Fawu is the largest union in SABMiller's local operation.

Mr Masemola said although he welcomed AB InBev's undertakings on preserving jobs, it was difficult for his members to see so many people benefiting enormously from the proposed merger and be expected to accept the comparatively poor deal they were being offered.

The battle brewing between Mr Masemola and AB InBev is around the treatment of the beneficiaries of SABMiller's South African broad-based black economic empowerment (broad-based BEE) deal, SAB Zenzele.

The workers hold 40% of Zenzele, equivalent to 18.5-million shares in unlisted SAB.

In terms of the original plan the SAB shares were to be converted into SABMiller shares when the scheme matures in 2020.

AB InBev, which has given undertakings to Economic Development Minister Ebrahim Patel, wants the scheme to continue to maturity and convert the SAB shares into ones in the new entity, currently referred to as Mega Brew.

In terms of the agreement with Mr Patel, a new empowerment scheme will be established at that stage, which is expected to include stakes for black industrialists.

Mr Masemola accepts the Zenzele beneficiaries do not have the same legal rights as executives with share schemes, but contends the workers should be treated the same as executives.

"SABMiller executives are smiling all the way to the bank. It is not right that workers who have given so much of their lives to this company should be treated dismissively," said Mr Masemola, referring to the speculated \$2.1bn windfall 1,700 SABMiller managers with share options are expected to share when the deal is finalised.

A spokesman for AB InBev said the firm supported the Zenzele scheme and its objective of delivering BEE. "We have therefore committed to continuing the scheme until 2020, rather than accelerating it now."

AB InBev said it was keen to ensure that Zenzele participants benefited from the transaction and were looking into how this could be achieved.

"We believe the commitments we have made on the jobs should address (union) Fawu's concerns," said the spokesman.

Mr Masemola wants the current scheme accelerated with members paying off their outstanding loans and signing on for a new scheme.

He dismissed AB InBev's offer of five years' dividends upfront as little more than a loan and said the guarantee of an attractive floor price for SAB shares in 2020 was inadequate.

Last week AB InBev and Mr Patel agreed on a range of public interest aspects, allowing the deal to be submitted to the Competition Commission.

Major aspects of the deal include a R1bn development fund and a commitment that at no point in the future will there be involuntary job losses in SA as a result of the deal.

In addition, AB InBev has committed to maintain its total permanent employment levels in SA for five years.

The R1bn development fund will be used to support smallholder farmers as well as to promote enterprise development.

The fund will also support campaigns aimed at the reduction of the harmful use of alcohol — including making available domestically produced low-alcohol and alcohol-free beer choices for consumers.

The deal includes commitments by AB InBev to support the participation of small craft-beer producers in domestic markets.

<http://www.bdlive.co.za/business/retail/2016/04/21/bee-row-may-delay-brewers-merger>

Cosatu marches to N Cape premier's office

Sellwane Khakhau, SABC, 20 April 2016

The Congress of South African Trade Unions (Cosatu) in the Northern Cape marched to Premier Sylvia Lucas office to hand over a memorandum of grievance on Wednesday.

The memorandum highlights socio-economic challenges that are negatively affecting citizens of the province and call on government to intervene.

About 100 Cosatu members turned up for the march. They demand an end to hunger, poverty and unemployment.

The marchers also demand a total ban on labour brokers and the looming retrenchments across various sectors.

They handed over a six-page memorandum of demands to the Northern Cape premier, the provincial labour department, and Telkom.

Cosatu's North West provincial secretary Solly Phetoe says, "We are losing many jobs in the country. In this province we are losing jobs in the mines. We are losing jobs in the private sectors, but also nationally, we are losing jobs in the telecommunications. The CEO that has been appointed there we had about 23 000 jobs, today we are sitting with 12 000."

The high unemployment rate in the province is a concern.

Kagisho Dreyer has been without a job for 13 years, despite holding a tertiary qualification. He has lost hope for ever finding a job.

"I hold a National Diploma in Office Practice ... I completed my diploma in 2003. The problem is that I want to be useful - I don't want to be used."

Cosatu has given the Northern Cape government seven days to respond to their demands.

<http://www.sabc.co.za/news/a/8d21fb004c7965c8875adf3b0fa74342/Cosatu-marches-to-N-Cape-premiers-office-20160420>

South Africa

ANC stalwart Ronnie Kasrils publicly blasts President Jacob Zuma

Monique Mortlock, EWN, 21 April 2016

CAPE TOWN – African National Congress (ANC) stalwart Ronnie Kasrils says with the current executive in power, South Africans are living under "mafia rule".

The anti-apartheid activist is at Stellenbosch University today discussing South Africa's future alongside Dr Buhle Zuma, an academic and philosopher.

The ANC stalwart has again publicly lambasted President Jacob Zuma.

A few weeks ago, he joined other freedom fighters in calling on Zuma to step down following a Constitutional Court ruling that the president violated the Constitution in his handling of the Public Protector's Nkandla report.

Kasrils has today told an audience of academics, students and members of the public that under Zuma's rule there has been corruption, greed, misogyny and a "looting of the state on a grand scale".

He adds he prefers being governed by Cyril Ramaphosa, Trevor Manuel and Pravin Gordhan.

<http://ewn.co.za/2016/04/21/Ronnie-Kasrils-blasts-current-govt>

Affidavits 'prove' ANC abused public works jobs programme

Janet Heard, Media24 Parliamentary Bureau, 21 April 2016

The Democratic Alliance's Dianne Kohler Barnard held up 24 affidavits from KwaZulu-Natal in Parliament yesterday that she said provided proof that the ANC was abusing the expanded public works programme for its own ends.

The affidavits were signed by individuals who had been refused jobs by three ANC councillors from Illovo and uMlazi in KwaZulu-Natal, allegedly because they didn't have ANC membership cards, Kohler Barnard said during the department's budget vote debate.

Addressing the minister, Thulas Nxesi, she said it had taken her one phone call to get the affidavits, which were subsequently released to the media.

"These job opportunities should be available for all, not just ANC cadres," she claimed, saying that she would lay charges against the councillors.

"Perhaps I will invite the Public Protector to take on one last case which shows all the signs of making Nkandla look like the theft of a child's lunch money at school."

Wrapping up the debate, Nxesi said that allegations of politically motivated recruitment extended elsewhere.

"There are stories of DA recruitment in the Western Cape. We can bring affidavits showing abuse too," he said.

Kohler Barnard has been keeping a low profile in Parliament. She was disciplined by her party for sharing a Facebook post that praised apartheid-era PW Botha.

Initially expelled, she lodged a successful appeal against her sentence in December and was allowed back to Parliament on condition that she is not found guilty of any further transgressions. Her action on social media also cost her the prominent position of police shadow minister.

In January, the ANC laid charges against Kohler Barnard in the Equality Court, arguing that she should pay R500 000 towards an organisation that promotes non-racialism.

<http://city-press.news24.com/News/affidavits-prove-anc-abused-public-works-jobs-programme-20160421>

Soaring maize prices add to poll pressure for South Africa's ANC

Ed Stoddard, Reuters, 19 April 2016

JOHANNESBURG (Reuters) - Drought has pushed up the cost of white maize and other food staples of poor South Africans and faster price rises will squeeze budgets further, potentially hurting the ruling African National Congress (ANC) before local elections in August.

The lowest rainfall on record in 2015 has led to parched lands and soaring feed costs. When combined with a weak rand currency that makes imported goods more expensive this has meant maize products, bread, lamb, beef have all got more expensive.

Of particular concern is the rising price of white maize that poor and lower-income households use to make the calorie-rich porridge known as "pap" and of sunflower oil that they use for cooking.

These groups make up the political support base of the ANC and President Jacob Zuma who have already lost public trust after a court ruled that he breached the constitution, the latest in a string of scandals.

"Pressures on household budgets will inevitably lead to increased political pressure on the ruling party. People are worried about how they are going to feed their children," said Gary van Staden, political analyst with NKC African Economics.

Consumer inflation in Africa's most advanced economy sped up to 7 percent in February from 6.2 percent in January, with the food component rising to 8.6 percent from 6.9 percent.

For very low-income households, the data is even gloomier, with inflation running at 7.8 percent and food inflation as high as 11.8 percent in rural areas, the ANC's stronghold, speeding ahead of the annual 8.1 percent increase in social grants.

Meat, then cereals including maize derivatives, and bread, contribute the largest chunk of food, which makes up 14.2 percent of the overall indicator. With a time lag between delivery and retail prices, analysts are expecting it to continue to accelerate at least until June of next year.

"The outlook for lower income households in particular is incredibly downbeat as these consumers are hardest hit by rising food prices and the increases in the grants that they receive do not necessarily match the higher cost of living," said Jana van Deventer, an analyst at ETM Analytics.

"Rural areas' food inflation rate tends to overshoot and undershoot other areas' during times of rampant inflation and disinflation respectively," Van Deventer said.

NKC sees overall food inflation exceeding 12 percent in August and hitting 13 percent in December.

This does not bode well for Zuma, who is facing calls from within his own party to step down after a court ruled this month that he breached the constitution by ignoring an order to repay some of the \$16 million in state funds spent renovating his private home.

The ANC launched its manifesto for the local August elections on Saturday in the Nelson Mandela Bay municipality, where it risks losing control as well as in some key cities such as Johannesburg. [nL5N17J06F]

HERDS, HARVESTS UNDER PRESSURE

The retail price of maize and sunflower oil products increased on average by 32 percent year-on-year in February. Price pressures remain in the pipeline because of the six-nine-month lag period from the delivery price to silos and futures market, according to Wandile Sihlobo, economist with producer group Grain SA.

"We will see additional price increases, probably until the middle of 2017. If we get good rains by December that will reflect in the futures prices which will then come down after six months," he said. If not, price pressures will remain.

White maize futures prices doubled last year and are currently around 4,500 rand (\$313) a tonne, within striking distance of record peaks just above 5,000 rand.

South Africa will likely harvest 7.1 million tonnes of maize in 2016, 29 percent less than last year because of the drought and late plantings, the government's Crop Estimates Committee said last month.

Prices for bread and other starches are also on the rise as are those for meat.

Gerhard Schutte, chief executive of South Africa's Red Meat Producers' Organisation, told Reuters that prices for the most produced grades of beef and lamb have risen 13 percent on a year-on-year basis.

Parched grazing lands and soaring feed costs have forced farmers to slaughter cattle, which has contained price rises for processed products but not fresh meat.

More increases are on the horizon because of the reduction in the size of the national herd of around 13 million animals, which will mean potential shortages as numbers are rebuilt

Schutte said subsistence farmers, who own about 40 percent of the herd, were estimated to have lost 7 to 8 percent of their cattle, while commercial farmers' herds suffered mortality rates of around 3 percent.

"We do foresee another phase of emergency slaughterings just before the winter when a lot of guys realise they will not make it through the winter," he said, adding that it could take three to four years to rebuild the herd.

<http://af.reuters.com/article/topNews/idAFKCN0XG1LD?pageNumber=3&virtualBrandChannel=0>

Comment

How state capture is weakening the developmental state

Mcebisi Jonas, Rand Daily Mail, 21 April 2016

When considering issues of state capture, it is important to note that most discussions pertaining to patronage, patrimonial or neo-patrimonial networks, tend to be associated with failed or failing states. It is, however, important to consider the fact that although SA is currently contending with these issues, ours is not a failed or failing state. This is because the South African state is able to exercise full administrative control over its territory; it is able to successfully maintain a monopoly over violence and it is able to consistently provide public goods to its citizens.

But this in turn should not suggest that issues of state capture are unimportant. The emergence of debates, discussions and engagements pertaining to state capture and associated patronage networks in recent weeks, require us to question and critically examine the potential effect such networks could have on the South African state, economy and society. We also need to consider the repercussions of not dealing with these issues in a coherent and very direct manner.

The recent African Communist Editorial Notes (The Guptas aren't the only threat to our NDR, African Communist, First Quarter 2016, Editorial Notes) takes us significantly forward in deepening the current discussions around state capture and the national democratic revolution (NDR).

Importantly, the Editorial Notes debunk the conspiratorial angles that have been peddled largely through ANN7 and The New Age: that the recent backlash against state capture has been sponsored by so-called white monopoly capital (Ruperts, Oppenheimers etc). And even worse, that Treasury functions, and comrades such as Pravin Gordhan and myself, have been inserted in our positions to safeguard the interests of white monopoly capital.

Others, such as the National Union of Metalworkers of SA's (Numsa's) Irvin Jim regard the "state capture by the Guptas" as a lesser danger than that posed by white monopoly capital, which he crudely argues has long captured the state.

In dealing with Mr Jim, the Editorial Notes critically show the relationship between the Guptas (and what is referred to as their "smash and grab parasitic agenda") and so-called white monopoly capital (who are deeply entrenched in reproducing our current system of accumulation). The Editorial Notes correctly argue that the "smash and grab" phenomenon ultimately weakens those state institutions charged with managing and transforming the economy, and thereby undermine its capacity to discharge this core strategic task.

I would argue that two areas of focus that were touched on in the African Communist Editorial Notes need to be further developed to deepen our analysis of state capture and its implications for the NDR.

We need to better understand how state capture is weakening the developmental state

Firstly, state capture undermines the efficiency of the state, especially in instances where there is a direct relationship between state capture and corruption. This is particularly significant in the context of our current fiscal challenges. This happens primarily through the state paying more than it needs to for outsourced goods and services (what I would call a patronage premium); through goods and services being outsourced that could and should be done in-house by state employees; and through extensive time-delays and additional costs (including litigation costs) arising from noncompliant procurement decisions being challenged. Our efforts to centralise procurement as the Treasury is an attempt to cut back on these inefficiencies.

Secondly, state capture undermines the effectiveness of the state. This happens through poor-quality services and public goods being delivered by patronage networks but less-than-capable service providers; through suboptimal economic effects being derived from beneficiaries of state resource extraction licences; through fiscal resources being redirected away from public goods provision for the poor or from value-adding economic endowments towards servicing some or other patronage network; and by weakening state capacity through appointing pliable but less-than-capable people in key positions (especially in finance and procurement, but also as accounting officers and even political office bearers).

Thirdly, state capture undermines the legitimacy of the state, and by implication our movement itself. This happens through governance and rules being flouted with, at best, partial accountability and consequence management. In the context of a very capable and transparent auditing function (auditor-general of SA), a robust public protector and a vibrant (what some may call a hostile) media, our inappropriate transactions do not escape the public eye, nor the eye of other influential players such as the ratings agencies.

This is more of a two-way sword. The fact that our dirty laundry is on public display reflects as positively on the robustness of our democratic and watchdog institutions as it reflects negatively on our own integrity. But there is no escaping the fact that it seriously undermines our ability to lead society through the current phase of the NDR.

In its worst iteration, political office can become associated with possibilities for personal wealth accumulation, what is often referred to as the “commercialisation of politics”. This could have the effect of changing the focus and practice of politics away from driving fundamental socioeconomic transformation (as envisaged in the Freedom Charter) towards managing national and transnational business networks

that service the wealth acquisition of politically connected elite. This is a grave danger that we must not allow to infect our movement.

A more sensitive issue that we need to better regulate as the movement is the role of business in party funding. We must recognise that we do not have access to historic accumulated wealth (endowments and the like) and that established capital is not ideologically oriented to funding us. This means we rely significantly on new wealth, some of which is acquired through state levers. This should not allow slippage in state accountability and control systems (procurement etc), and we need to intensify our vigilance in cases where party funding is associated with abusive personal enrichment and the undermining of state efficiencies.

We need to better understand how the relationship between state and capital can be better regulated in the national interest

The second big issue relating to state capture that we need deeper discussion around is how to better manage and regulate relations between the state and capital. Here we need to locate our position conceptually. Instrumentalist interpretations associated with more orthodox Marxism see the state as always acting in the interests of the capitalist class. Gramsci, through his concept of hegemony, provides a far more helpful framework to understand the state in capitalist society. In his conception, the state is more of a site of contestation, mediating and eliciting trade-offs among the contending classes (albeit in the last instance to protect the interests of the ruling class).

Poulantzas further develops this approach, introducing the dimension that the capitalist class itself is not homogenous in its interests, but comprises various fractions of capital, which compete for state power and influence. The French Regulation School (Aglietta, Lipietz, etc) built on this in explaining how systems of capital accumulation (the regimes of accumulation) are regularised and stabilised through institutional laws, norms, policies and practices (the mode of regulation). These are not always in sync and result in ongoing crises and transitions.

While time does not allow in this brief reflection to comprehensively apply this framework to SA, the point must be made that any discussions about state transformation and function must be linked to broader discussions about the system of accumulation we are simultaneously regulating and transforming (and the contradictions entailed therein). We should also dig out of our memory banks those old discussions about base-superstructure, and in doing so avoid the pitfalls of both economic determinism and voluntarism.

As the democratic developmental state, we should be realistic about the ways in which our inherited system of accumulation (built around the minerals-energy-finance complex) structures the policy choices we have at our disposal. At the same time, we should appreciate that the state, underpinned by an alliance of progressive

forces, including patriotic capital, can make significant changes within the mode of regulation that will trigger changes in the system of accumulation.

In practical terms, this suggests that we should be engaging more — not less — intensely with capital (and particular industrial segments) to ensure we rapidly address our core structural weakness, of exporting primary commodities, and importing value-added manufactured products. SA remains overly dependent on external sources of growth, rather than its own internal engines of growth. This, in turn, makes the economy extremely vulnerable to factors beyond its control, such as the global commodities demand, the monetary policy of major economies such as the US, and the risk appetite of bond and equity investors.

SA could significantly grow output, jobs and exports in existing and new sectors and industrial segments in manufacturing, the agricultural value chain, services, energy and infrastructure.

But this will not happen unless we rethink and implement new models of economic governance, in which the state and capital (or fractions and segments thereof) move beyond traditional paradigms towards a system of reciprocal incentives and trade-offs in the national interest aimed at growing jobs, investment and revenue, and addressing barriers to entry and bottlenecks to new ventures.

At the centre of this new economic governance model must be a clear and decisive system for distributing rewards and costs. This will necessitate trade-offs being facilitated between the state and capital, between foreign and domestic capital, between corporate capital and small, medium and micro-sized enterprises; between established industry players and new entrants; between capital, labour and consumers; and between the formally employed and unemployed. Such a model will also mitigate against the more commonly associated economic policy failures, including capture and rent-seeking by corrupt interests, crowding-out investment, and misallocation of resources (picking losers).

In line with current thinking on the developmental state, a shift to this approach will require new and heightened levels of political maturity, as well as more centralised and streamlined economic policy co-ordination and authority. It will also require new state capabilities to be developed and sustained over time (in critical areas such as industrial policy design and implementation, trade and market intelligence, public investment structuring, and transaction and project management, among others). The state also needs to be further embedded in an alliance of popular and progressive forces to regain legitimacy and avoid narrow capture.

The risks of not more deliberately transforming our inherited system of accumulation could potentially compromise national sovereignty. Dealing with the current issue of state capture is a critical first step in this journey. To do this we also need some thorough political, ideological and organisational introspection.

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<http://www.rdm.co.za/politics/2016/04/21/how-state-capture-is-weakening-the-developmental-state>

Of cheap stunts and ‘Oakbay employees’

Stephen Grootes, Daily Maverick, 21 April 2016

The last few years have seen our politics become a much more contested space where people push and are pushed back. So it was no surprise when the push-back against the push-back against the Guptas started rearing its head. As the Guptas are hitting back, perhaps they wished their money had bought them PR services at least half as good as their in-house ability to influence our politics.

On Wednesday, from somewhere in the ether, an “open letter” appeared, ostensibly from the employees of the companies owned and run by Oakbay Investments, the top-entity owned by the Guptas. In the letter, the “employees” appealed to the four South African banks (FNB, Standard, Absa and Nedbank) to reopen the company’s accounts.

It opened strongly, saying:

“We are not rich people. We are not politically connected. We have not captured the state. We have never offered any politician a job. We do not know if any of the allegations against the Gupta family or Oakbay’s management are true. We do not care. All we care about is providing for our families. If you do not open Oakbay’s bank accounts we cannot be paid and Oakbay cannot pay its bills.”

To take it at face value it all looks rather heartfelt. If the banks don’t give in and reopen those accounts, thousands of people will be without jobs, and thousands more will go hungry.

But the problem is, there is no signature of any individual on the letter. In almost all cases, when something like this happens, a statement is sent out with a person to contact, and their cellphone number. In the media world, the publication of a statement like this is usually the starting gun for that contact person’s phone to ring off the hook, with requests for comment, live radio interviews and then the setting up of TV interviews for that evening. In this case, there was no prospect of that happening.

(More important, it means there will be no actual face put to the claimed suffering. In the televisual age, that matters. One would assume that a TV-station-owning company would know that already.)

Still, there will be some who claim that it's wrong to be quite so cynical. But we must also join the dots. The Gupta family have engaged the services of a top British PR firm called Bell Pottinger. If you want to see cynicism in action, look at these guys.

They are the kind of principled people who represent wonderfully free and friendly places like Uzbekistan and help the leaders of previously oppressive governments like that of Sri Lanka. Past clients include the wife of Bashir al-Assad (hey, even people married to those who gas civilians needs some image-polishing from time to time), the Paramount Defence Group, and even a certain paraplegic runner from Pretoria who got himself into a tiny spot of bother after murdering his girlfriend. And the Oakbay "employees" letter is exactly the kind of stunt that a morally-unburdened PR firm like Bell Pottinger would pull.

But, as designed to attract headlines and sympathy as it may be, it is also kind of a risky tactic that may blow into one's face once it smashed into the old enemy wall called "reality".

The more one reads and follows the news, it becomes obvious this "letter" is a part of a bigger, but still stupid and politically naive, stunt.

Acting with speed that suggests it was actually prepared prior to the "letter", a captive friend in the shape of ANC Youth League issued a statement, "for immediate realize", to the effect that it was going to "convene a consultative engagement with OakBay employees which be inclusive New Age workers as well as ANN7".

So far, so sticking to the script. Unfortunately, State Capture Action Man himself, ANC Youth League leader Collen Maine, forgot that the ANN7 was voted "worst employer of the year" by Cosatu last year. So when he emerged from his BMW X5, cap on head and gum firmly in mouth, he was met with a #MaineMustFall chant by ANN7 workers.

You just have to love South African politics. Not unlike the reception ANCWL leader Bathabile Dlamini received in Port Elizabeth on Friday, Maine and his "team" expected their intervention to produce an effect, but it appears they also planned it in a bubble which many of SA's top leaders inhabit today. So what appeared to be a great plan in "bubble conditions" turned into embarrassment in the real world. Perhaps someone, somewhere within the ANC leadership will hear the thunder?

And there was always a much better way to handle this particular PR problem. It is clear that the decision of the four big banks and other crucial institutions to stop doing business with Oakbay is having an impact. There's a lovely debate to have here about whether or not the banks are doing the right thing. And, rather shockingly, the PR machine behind the Guptas is not trying to engage with that issue at all.

First, surely any privately owned enterprise has a right to do business with whomever they choose. Which means they have a right not to do business with someone, should they so choose. And the timing of the decision by all the banks, so

soon after each other, is ominous. Maybe Pravin Gordhan did have a quiet word, maybe he didn't, but isn't that what you would claim if you were the Guptas? But imagine what would happen if, for example, all four banks decided they didn't like Julius Malema's campaign platform very much, and so refused to open accounts for him and the EFF. Wouldn't we all agree that that is an abuse of market dominance, of their central place in the South African economy?

But it wouldn't end there. If you think banks should be forced to do business with people they don't like, then you would have to accept that people like Barclays were wrong to disinvest in South Africa during apartheid. So it has to be wrong to force them to do business with companies they don't like. But then how do you stop them from abusing their market position, and making what may be a political statement, as they have possibly done here.

However, the real reveal of the weakness of the Gupta position, the aspect that almost proves that they have done wrong, is that there is a strange silence from the family itself. Nowhere, on any platform, is there any interview that has been published, on the record, by any member of the Gupta family since the Mcebisi Jonas story broke. Instead, poor old Nazeem Howa has been trotted out to take the flak.

Surely, surely, if the family were so sure of themselves, they would do their own interviews? They would sit there and take the rude questions, the innuendo, the snide aside, and they would be able to respond, not just to put the record straight but actually to explain what did happen and what didn't happen. If PR matters so much to them that they are prepared to shell out for what must be one of the most expensive PR firms in the business, then surely they could go to the trouble of making themselves available for such an interview.

The silence... Rather deafening.

But there is one other aspect to consider. If that's if a company has indeed managed to grow only through help from government, or other illegal means, then does that company deserve to survive, no matter how many people it employs? If it can't survive without the government's help isn't it actually a drain on the economy, leading to the misallocation of resources like budgets, concessions and licences, and the general entrenchment of corruption throughout the society? If it can't stand without corrupt government help, surely it must fall?

The Guptas are in the middle of what is literally the fight of their business lives. A big part of that fight is in the court of public opinion. It's a very cynical public right now. If they're to have any chance of winning, they're going to have to do a whole lot better than cheap, see-through stunts like the "open letter".

<http://www.dailymaverick.co.za/article/2016-04-20-op-ed-of-cheap-stunts-and-oakbay-employees/#.Vxh-mE3lrIU>

International

Brazil's Right is on the March

Editorial, The Morning Star, London, 21 April 2016

No-one should underestimate the stakes Dilma Rousseff is battling for in Brazil by her pledge to fight impeachment proceedings “tooth and nail.”

There is a risk that the extreme bias of most Western media against Latin America's left-wing governments will work to confuse the issue, jumbling the opposition bid to unseat Brazil's elected president with the rumbling Petrobras corruption scandal or the Panama Papers' exposure of a sleazy global elite.

Corruption certainly stalks Brazil, but it's not Rousseff but her critics who are up to their necks in dirt.

More than half the congressional committee members who recommended impeachment proceedings on April 11 are under investigation on corruption charges.

Eduardo Cunha, the speaker of the lower house who has led the calls for Rousseff's head, appears to have taken bribes from offshore companies registered with Panamanian law firm Mossack Fonseca — while there is no suggestion that the president is implicated by any of the 11.5 million documents that have been leaked.

And while Rousseff was on Petrobras's board up to 2010, no evidence that she was involved in wrongdoing has ever emerged.

In fact Rousseff is not even accused of corruption.

Rather her enemies declare that she has broken fiscal rules by manipulating government finances to plug budget shortfalls and “bribe” the electorate with spending on social programmes such as state-subsidised housing projects.

But in a democracy we elect governments to do things for us.

If a government carries out policies which benefit the people, who then continue to vote for it, this is not bribery but democracy in action.

Only in the warped world of neoliberalism, where markets are always right and snifty voters who don't like what's on offer are dismissed as ignorant, short-sighted and out of date, can implementing popular policies be seen as a failure.

Brazil's rules forcing the government to run budget surpluses even during a recession are anti-democratic and operate in the interests of the rich.

Rousseff is accused of using fiscal sleights of hand such as delaying the repayment of loans to state banks to meet these rules without cutting public services.

It's not clear that there is anything illegal about this. As she says: "The acts that they accuse me of, they were practised by other presidents of the republic before me.

"And it wasn't characterised as being illegal acts or criminal acts. They were considered legal."

And if it were illegal, it would be an outrage — like the European Union's Stability and Growth Pact, enshrining neoliberal ideology into law: so the cost of any economic downturn must be paid by working people as the state cuts back, with socialist or social democratic alternatives outlawed.

Brazil's Attorney-General Jose Eduardo Cardozo, the Workers' Party's Lula and Communist Party of Brazil leader Luciana Santos have all called out this impeachment drive for what it is: an attempted coup against the elected government.

The ability to rally crowds in the street is no guarantee of majority support or democratic legitimacy. Such demonstrations preceded the far-right seizure of power in Ukraine in 2014 and the army's takeover of Thailand in the same year.

In Latin America the right — which in Brazil as elsewhere is a rotten political tradition associated with dictatorship, disappearances, torture (including of Rousseff when she was younger) and murder — is on the march, emboldened by the defeat of Christina Kirchner's government in Argentina and advances against the revolution in Venezuela, where again opposition deputies are seeking to overthrow an elected president.

Its victory in the continent's largest and most populous country would have terrible consequences for the people of Brazil and the entire region.

Rousseff is a fighter — indeed a former guerilla. It's just as well. This fight matters to us all.

<http://www.morningstaronline.co.uk/a-4372-Brazils-right-is-on-the-march#.VxhbNPI9600>
