

STUMBLING BLOCKS *EN ROUTE* TO A SATISFACTORY SOLUTION TO OUR POVERTY, UNEMPLOYMENT AND INEQUALITY (PUI) PROBLEMS¹

"I wish we had a small chisel ... like the one NP van Wyk Louw describes"

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South Africa is confronted with three serious social problems: Poverty, Unemployment and Inequality – or the PUI complex of problems.

Almost fifty percent of the population is living in chronic poverty. More of 40% of the potential labour force are unemployed and (according to the narrow definition) the figure is 25% unemployed.

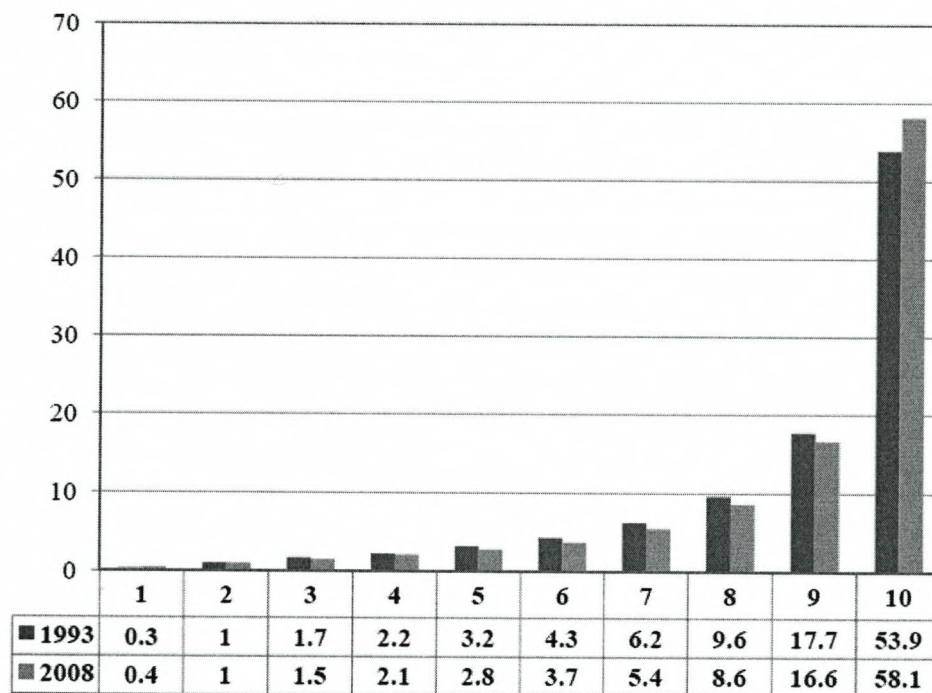
The richest 20% of the population (3,7 million whites and 6,3 million blacks) receive 74,3% of total income; the next 30% (15 million people) receive 18% of total income, while the poorest 50% (25 million people) receive only 8% of total income (see Figures).

Since 1994 income in South Africa has become much more unequally distributed. The GINI coefficient increased from 0,66 in 1993 to 0,70 in 2008. We are the most unequal society in the world.

What can we do to find a satisfactory solution for the PUI problem by, say, 2020? I do not know. But I do know what is obstructing the road towards such a solution.

¹ Paper read at the DRC/URCSA Conference on Poverty, 15 March 2011, Cape Town.

Income shares by decile



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Unemployment	Distribution of Income		Population Share
6.4%	74.3% <i>Upper Class (4.4 million African; 3.7 million white; 1.1 million coloured; 740000 Asian)</i>		20% about 10 million people
19.8%	13.7% <i>Upper Lower Class</i> <i>(7.3 million African; 604000 white; 1.4 million coloured; 367000 Asian)</i>		20% about 10 million people
32.1%	8.6% <i>The Middle Lower Class</i> <i>(13 million African; 100000 white; 1.2 million coloured; 100000 Asian)</i>		30% about 15 million people
51.7%	3.4% <i>The Lower Lower Class</i> <i>(13.7 million African; 52000 white; 530000 coloured; 40000 Asian)</i>		30% about 15 million people

Source: Own Calculations from the National Income Dynamics Study (2008). The narrow unemployment rate is used in the first column. Income shares are based on per capita household income figures.

We can identify at least seven stumbling blocks in the way of finding a satisfactory solution to the PUI problem. It will not be easy to remove them.

Looking at these stumbling blocks from the perspective of the poor and the unemployed, I wish we had a magic wand to remove them.

The famous Afrikaans poet, NP van Wyk Louw, wrote a remarkable poem entitled *The Small Chisel* (Die Beiteltjie).

The Small Chisel

(The first four verses)

I take a chisel, very small,
I tap it and it rings;
I sharpen it and sharpen it
until it shines and sings.

I place a stone upon a rock:
— for surely it's well known
a chisel that is genuine
should easily break a stone —

I hit it with my chisel hard
and, strong enough its point,
the stone is cleanly split in two
as though along a joint:

then, under my ten fingers bursts
the grey rock suddenly;
I feel the soft earch at my feet
dividing under me;

I wish we had that small chisel to chop through these stumbling blocks and get them out of the way – not in a destructive sense of the word, but in a metaphorical sense. I wish also that we had also the wisdom to chop some of these stumbling blocks into such a shape that they can become stepping stones towards a better and more just South Africa.

The first three stumbling blocks have to do with the three capitalist formations operational in South Africa and the other four with ANC-matters.

1. The perpetuation of apartheid capitalism

The South African economy developed in a distorted way from the mineral revolution in 1886. The Mineral Energy Complex (MEC) was too dominant from scratch until 1994, and has become even more dominant since 1994. The influence exerted by the MEC led to the prioritizing of the MEC above the development of an industrial sector. Without a proper industrial sector the unemployment problem is destined to remain a very serious one.

The Elite Compromise² that was agreed upon in November 1993 between the ANC, on the one hand, and the local and global corporate sectors, on the other, was the most important event of the past 25 years. As a result of this Compromise we experienced an *incomplete* transformation in 1994. Our political system was transformed, but our economic system – and the power and property on which it is based – remain *untransformed*.

The white capitalist system co-opted the ANC in 1993 with the powerful support of the American-led global capitalist system. The Elite Compromise was extraordinarily advantageous for SA's white capitalist class. Consequently the white capitalist class dispose over huge power, property and privileges. The advantageous position in which the Elite Compromise put the white capitalist class has the important implication that this class have a huge responsibility to make a concrete contribution towards finding a satisfactory solution for the PUI-problem.

² During the transitional period (1990-1994) two sets of negotiations took place. In Kemptonpark CODESA negotiated South Africa's future political system. At the same time secret negotiations took place at the Development Bank between a leader core of the ANC and the local and global corporate sector. These negotiations were about SA future economic system and economic policy. These negotiations took place at night. An Elite Compromise about SA future economic system and policy was reached in November 1994. With this agreement SA accepted the neoliberal British American model of capitalism, while SA became a satellite of the American neoliberal, global post-colonial empire.

Before 1994 the SA capitalist system had developed a typically First World character. After 1994 it became even more First World orientated. The extension of apartheid capitalism has proved to be highly *dysfunctional*, especially since the South African population has developed an even more marked Third World character since 1994.

During the struggle years SA's apartheid capitalist system became more capital intensive and lost a large part of its ability to create jobs. Since 1994 it became even more capital intensive and its job creation capacity became even weaker. The ANC labour laws made a contribution to this. To make matters worse, the ANC's agricultural policy has led to a heavy loss of employment opportunities in agriculture.

Even if we succeeded to maintain an annual growth rate of 6% until 2020, I am not certain whether unemployment would decrease to 15%. Due to the unskilled labour force many of them are not employable.

The white capitalist sector is organized into huge oligopolistic conglomerates with a strong tendency towards greater collusion. To call our capitalist system a free-market and self-regulatory system is farcical.

2. The parasitical character of Black Economic Empowerment

According to Moeletsi Mbeki, the idea of BEE was proposed by white corporations, (SANLAM and Anglo-American) to create a buffer of Black billionaires to protect the huge assets of the corporate sector against ANC intervention. According to Mbeki, BEE promotes a number of extremely negative socioeconomic trends in our country.

The ANC's BEE policy has blurred the dividing line between the private and public sectors. This is an unhealthy state of affairs. The white capitalist sector

cannot exonerate itself from all the bungling associated with BEE contracts. Such bungling also became part of their business.

3. The doubtful role of the American-led global empire

Since transnational corporations and the Bretton Wood's Institutions played such an important role in the Elite Compromise of 1993, South Africa became a (neo-colonial) satellite of the American-led global empire. Our membership of this empire may have been conducive to economic growth (and an increase of the economy's tax capacity), but not for the creation of job opportunities. Our membership of BRICS may also be conducive to economic growth, but it is not going to contribute to job creation.

As long as South Africa remains a satellite of the American-led global empire, a growing percentage of our job opportunities will be informal (i.e. 'non-decent') jobs. We are living in a cruel global world.

South Africa's three capitalist formations – apartheid capitalism, BEE capitalism and global capitalism – together command huge economic power, property and propaganda resources. But as long as this "three-fold" capitalist system remains "untransformed" in our Third World situation, the system will remain dysfunctional.

4. The ANC's political elite is too elitist, too obsessed with "elite formation" and paralyzed by factionalism

The ANC was an elitist organisation the day when it was launched in 1912. It remained an elitist organisation until 1994. After 1994 the elite became larger, but its *elitist orientation* became an all-consuming obsession. When civil societies among the poor were abolished after 1990, when the RDP was abolished in 1994, and when GEAR was announced in 1996, the ANC relinquished its intention to alleviate the poverty of the poor.

The ANC government adopted a laissez-faire attitude towards the migration of millions of Africans from the 'homelands' and from other African countries

towards the informal settlement around our big cities. These settlements are not supplied with the necessary urban infrastructure and with the necessary security and health services.

Since 1994 the ANC has been giving priority to "elite formation" in the top echelons of the ANC, above poverty alleviation. With this prioritization the ANC has not only neglected the 25 million people living in poverty. It has actually betrayed them – and also the values of the Struggle. Since 1994 racial apartheid has been replaced with class apartheid.

In accordance with its policy of "elite formation" the ANC governments has driven BEE, affirmative action, tenderpreneurship and cadre deployment hopelessly too hard. The fact that ANC members who were found guilty of corruption and other moral misdeeds were regularly redeployed into senior positions is a crying shame.

The ANC elite allowed itself extravagant and luxurious life-styles; it made itself guilty of squandering money as if South Africa is a rich country and as if poverty has already been exterminated. The advantages of becoming an "insider" and getting a better place at the ANC "money troughs" are so huge that the ANC elite is destined to tear itself apart.

The problems that were bequeathed to the ANC by the apartheid regime were apparently too big and too complex to be addressed effectively by an ANC haunted by internal factionalism. The ANC is also crippled by structural corruption and insatiable money-grabbing by senior members. It failed the test of "governance" hopelessly.

5. The lack of capacity and efficiency in the public sector

According to Moeletsie Mbeki, the ANC's affirmative action policy *"promotes incompetence and corruption in the public sector by using ruling party allegiance and connections as the criteria for entry and promotion in the public service, instead of having tough public service entry examinations."*

It must be acknowledged that the apartheid regime's education and employment policies deprived black people (and especially Africans) of the education and the experience that civil servants need to be good in their profession. But incompetence is not a justification for corruption and for accepting bribes before services are delivered. The fact that rivers have been turned into sewage furrows and streets into "war trenches" is a very sorry state of affairs.

It is *uberhaupt* possible to turn the culture of *selfishness* and inefficiency in the public sector into a culture of (public) service and dedication? I doubt it very much.

6. The non-teaching teachers in township schools

One of the most serious stumbling blocks *en route* towards a better future for the poor is the *non-teaching* teachers in the township schools.

In 1976 – before the Soweto unrest – the NP government spent on average R6 on African children for every R100 spent on white children. After the Soweto unrest the NP panicked and increased spending on African children in township schools quite drastically. It was, however, difficult to recruit capable teachers for these schools. Although many "teachers" were appointed, very little teaching took place in these schools.

It is almost 30 years since the township schools started in disarray. It seems as if very little improvement has taken place since then. It is mind-boggling to think that the ANC has not succeeded over the past 17 years to see to it that teachers in the township school are actually teaching. We are told that teachers in these schools are in their classes on average only 3 hours on a school day. If this is true, then it is a crime against the African children who were born in "freedom" after 1994. I understand that SADTU is so powerful that the government cannot discipline lazy and absentee teachers. Is the ANC government really that powerless?

The government has budgeted almost R200 billion for education. The "input" is huge but part of the "output" is dismal.

7. **The undemocratic character of South Africa's new democracy**

We made an enormous step forward when we made the transition from white political dominance towards a one-person-one-vote democratic system. But we should not bluff ourselves to think that we have a well-functioning democracy.

The problem with SA's democracy is the many of the people living in abject poverty cannot participate *effectively* in the democratic process. Many of the impoverished people are so poor that they never have the opportunity (or the luxury) to make choices between "valuable goods". They have only one choice in life, and that is to stay alive. By being too poor to get experience in "choice-making", they do not know how to make a choice on Election Day. The poor people can participate in service delivery protests. This is part of their survival struggle. But to use their vote with the necessary reflection on Election Day is another matter.

The fact that South Africa's democracy has a very conspicuously *undemocratic* character is a huge stumbling block *en route* towards solving our poverty, unemployment and inequality problems.

Democracy is not only about elections every 5 years. Democracy is a method to hold people in positions of power and privilege *accountable* for the way in which they exercise their power and use their privileges. Given the

undemocratic character of our democracy, and given the *powerlessness* of the ANC government with respect to the powerful threefold capitalist formations, we simply cannot hold the following institutions ACCOUNTABLE for their (mis)deeds:

- not the threefold capitalist formations for their dysfunctionality and their inability to create enough jobs;
- not the ANC government for its excessive elitism, its corruption and its inability to execute *governance*;
- not the civil servants for their inefficiency and their shocking lack of competence;
- not the teachers in township schools for their irresponsibility in not teaching.

We are confronted with serious structural problems. Several ANC elite groups have accumulated huge vested interests in the "untransformed" capitalist domain. It is hopelessly unrealistic to expect that the "powerless" and greedy ANC will be able and willing to transform the *untransformed* capitalist domain and be willing and able to transform itself into a proper government.

A historian must be careful not to try to be a prophet. But the conjunction of South Africa's history is such that our Poverty, our Unemployment and our Inequality problems will in all likelihood be more severe in 2020.

I wish we had a Small Chisel to chop the stumbling BLOCKS out of the way. Unfortunately, we do not have such a Chisel and also not the wisdom to chop them into stepping stones.

But there is perhaps at least an escape from the *impasse*. The civil societies among the ranks of the poor will have to become much better organised and much more aggressive towards the political and economic establishments.

The South Africa churches made a vital contribution in the struggle against racial apartheid. The South African churches have the responsibility to make an equally vital contribution in the struggle against class apartheid and to make headway in our efforts to find a satisfactory solution for the PUI-problem.