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The Thinker

F O R T H O U G H T L E A D E R S

Michael Prior on

CHINA — A NEW WORLD POWER



Ademola Araoye on
DANGEROUS FIXATIONS —
THE LAURENT NKUNDLA PHENOMENON



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In This Issue

- 2 Letter from the Editor
- 4 Contributors to this Edition
- 10 China – A New World Power
Michael Prior
- 18 Dangerous fixations - The Laurent Nkundla phenomenon
Ademola Araoye
- 26 The Status of World Water Resources – A Looming Global Crisis
Joanna Nkosi
- 31 The Economics of Privatisation and the Labour Market in Africa
Christopher D. Mlosy
- 36 Causality, Correlation and Artificial Intelligence: Implication on policy formulation
Tshilidzi Marwala
- 38 The world demands the release of the five Cuban heroes
Justice Piitso
- 42 Global economic outlook and policy implications for the second phase of the transition
Zamani Saul
- 47 Should we Speak with one Voice?
Vusumzi Nobadula
- 52 SA's Infrastructure Development: Lessons from China
Mxolisi Notshulwana
- 54 Inequality! What about it?
Lusanda Batala
- 56 Creating high impact small businesses
South African Breweries
- 58 Creative Lens
Poetry by Dr Vassos Lyssarides
- 60 Readers' Forum
Conundrum Africa: Mali, the stepping stone of re-colonisation By Zaakir Ahmed Mayet
Coordination and Collaboration a necessity By Velaphi Msimang
The power of one, be the change By Mzwandile Nonkula



On the Cover:

Can China change
the world?

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MALI

The Crisis Deepens

On 22 March 2012, Amadou Toumani Toure was overthrown in a military coup only weeks before elections scheduled for April. The putschists justified their illegal and unconstitutional act on the grounds that Toure had denied the military the necessary instruments and support to confront an insurgency in the north of the country.

By December 2012 the coup leader Captain Sanogo, who had imposed Cheick Modibo Diarra as prime minister, compelled him to resign. Sanogo also claimed that the Malian army was poised to rebuff the rebels as they were taking over towns in the north and pushing to the important central town of Konna.

These wild claims proved to be baseless when the Mali regime in early January called on France, the former colonial overlord, to intervene and take the fight to the insurgents.

The French intervention is a powerful indictment of the failure of the regional power, ECOWAS, and the AU to craft and implement an African response to the situation.

French military occupation of an African country was justified on the grounds that Islamic Fundamentalists and “terrorist” groups such as the Tuaregs of Ansar Dine were advancing to capture Mali.

The spectre of Islamic groups defined as fundamentalists who were destroying the rich cultural heritage of Mali, promoting Sharia law, and who were in league with other Al-Qaeda linked terrorist groups, was a powerful propaganda tool to justify the French intervention.

Once Timbuktu was occupied by

the Ansar Dine group there was a huge orchestrated public outcry that the rebel forces were threatening to reduce to rubble the treasures of Islamic, African and world heritage, including the wealth of ancient scholarly Islamic manuscripts which have not yet been fully researched or studied.

At the time of the entry of French troops in Timbuktu unchecked stories abounded that the “terrorists” had destroyed large amounts of the manuscripts as well as torched the Ahmed Baba Institute that was constructed by South Africa on the initiative of former President Thabo Mbeki. (Incidentally, reports exaggerated the amount of moneyspent on putting up that splendid building. Actually it cost us approximately R60m.) Major Western media houses then gave full coverage and credence to these untested, unverified reports.

Now that the rebel forces have been ousted it is clear that some manuscripts were destroyed and the Ahmed Baba

“This is obviously a great relief as the cultural, religious and historical heritage of Timbuktu is invaluable and irreplaceable, as well as being a source of pride for the people of Mali, the people of Africa, and the African diaspora.”



Institute suffered damage but that there was no large scale destruction of buildings and manuscripts. Indeed it now emerges that Malians had taken most of the manuscripts into safe-keeping.

This is obviously a great relief as the cultural, religious and historical heritage of Timbuktu is invaluable and irreplaceable, as well as being a source of pride for the people of Mali, the people of Africa, and the African diaspora.

The French intervention has received the support of ECOWAS, the AU and even African intellectuals such as Massaer Diallo and Cheikh Tidiane Gadio of Senegal, and that doyen of African thinkers, Samir Amin.

To give another side of the picture we publish below extracts from an interview given to *Le Pays au Quotidien* by the Senegalese novelist and intellectual Boubacar Boris Diop (Translated into English by Bhakti Shringarpure):

“The stated purpose of this war is to help Mali recover its territorial integrity, but if Konna had not been captured by the Islamists, I expect nothing would have happened. It is with the fall of Konna that Paris, which never loses sight of the French hostages still held in the region and Areva’s uranium deposits, grasped that its economic interests and regional standing were seriously at risk. Other actors are now involved. The war is being closely followed by countries like Algeria, Mauritania and Nigeria,

not to mention other Western powers and Qatar, the Gulf monarchy that is playing the same strange game here as it is in Syria. Also, since the attack in Amenas [the gas field in Algeria], the Americans and English have been compelled to be more involved. And Japan, an important economic partner of Mali's, lost ten of its citizens in the hostage crisis and made a contribution of \$120 million in support of MISMA [International Mission in Support of Mali] at the donors' conference recently organised by the African Union in Addis Ababa."

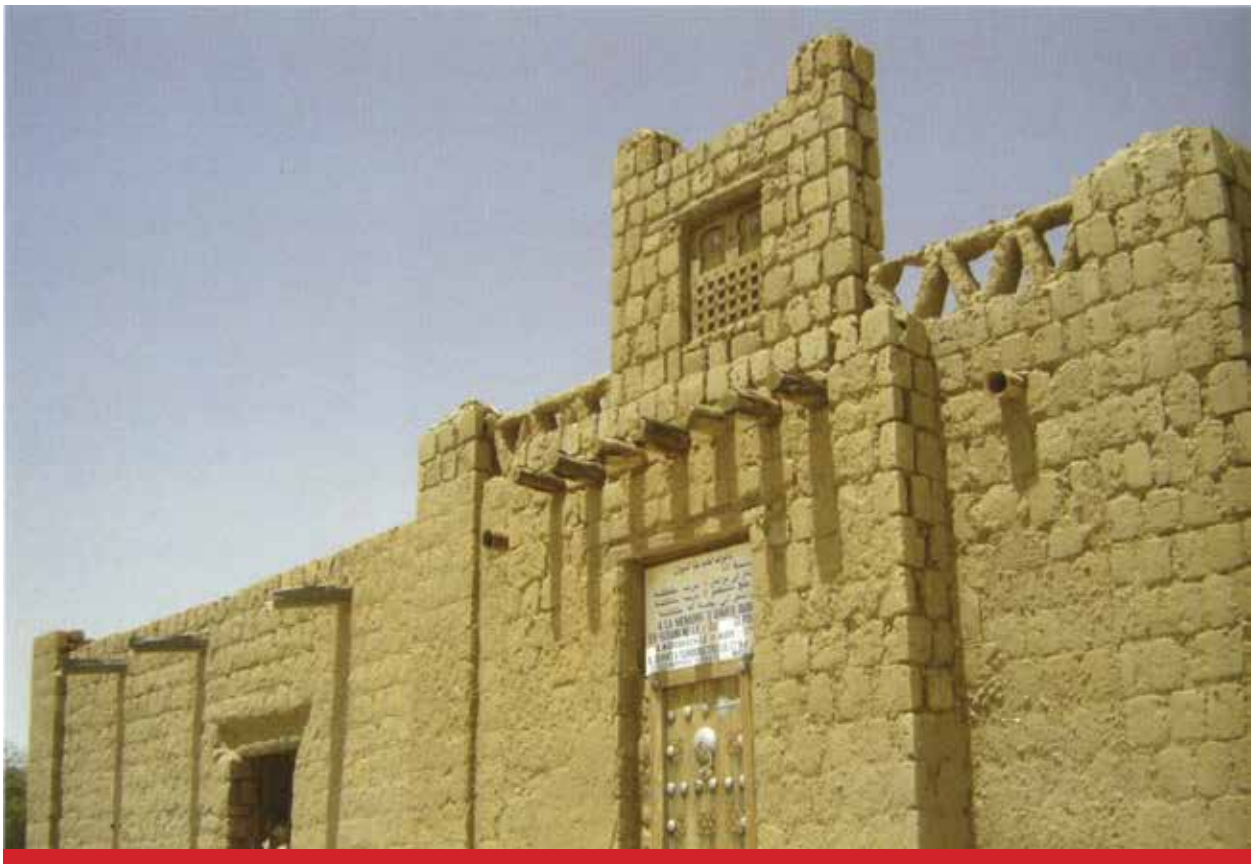
In a hard hitting response to the question "What specific criticism could you formulate against France?" Diop says: "Here, we need to look at the sequence of events. After Qaddafi was killed, under appalling circumstances, the French government believed the time had come to entrust the outsourcing of war against AQIM [al-Qaida in the Maghreb] and MUJAO [Movement for Unity and Jihad in West Africa] to the Tuareg rebellion. As Ibrahima Sene recently pointed out in

his response to Samir Amin, Paris and Washington then decided to help the Tuareg in Libya return, heavily armed, to Mali – but, more interestingly, not to Niger, where they did not want to take any risk because of Areva. The Tuareg were delighted to finally realize their dream of independence through the new state of Azawad, an ally of the West.

"Some French media were then asked to 'sell' the project of the 'blue men of the desert' who were willing and ready to go to war against Mali. Just take a look in the archives of France 24 and RFI to see how the MNLA [National Movement for the Liberation of Azawad], in particular, has been created from scratch by Sarkozy's services. These strategists knew very well that this would lead to the collapse of the Malian government and the division of its territory. But this did not make them hesitate for a second. French politician Alain Juppé was allowed to minimise the Tuareg's slaughter of about a hundred or so Malian soldiers and officers on January 24, 2012, at Aguelhok, and

suggest the possibility of a sovereign state of Azawad in the north. Ultimately, the MNLA, which could not live up to the expectations of its sponsors against the jihadists, has virtually scuttled, and this is also probably a first in the history of liberation movements. In this case, France clearly occupies the role of a pyromaniac firefighter. Everything suggests that the French will defeat the jihadists, but this victory will cost the Malians their government and their honour.

"I just want to say that this is the end of independence for Mali for a long time, and for its relative territorial homogeneity. It would be naive to imagine that, after having worked so hard to liberate the North, France will hand over the keys of the country to Dioncounda Traore and to the Malians and be satisfied with effusive farewells. No, the world does not work that way. France has put itself in a good position in the race for the prodigious natural resources of the Sahara, and it would be hard to imagine that the French will just drop the Tuareg



© Courtesy of South African Mali Timbuktu Trust

The building in which renowned African scholar, Ahmed Baba, is said to have lived in the late 1500s.

rebellion, which has always been their trump card. There is an episode in this war that has gone unnoticed, yet deserves some consideration: the capture of Kidal. We initially conceded that Kidal was ‘captured’ by the MNLA, which no longer has any military presence, and a few days later, on January 29th, French troops entered the town alone, not allowing Malian forces to accompany them. Iyad Ag Ghali, head of Ansar Dine, discredited by his affiliation with AQIM and MUJAO, is already almost out of the game and his ‘moderate’ rival, Alghabasse Ag Intalla, head of MIA (Islamic Movement of Azawd) is in the best position to find common ground with Paris. As a matter of fact, after this military debacle, the Tuareg separatists are going to have political control over the North, something they have never had before. It’s a great paradox, but it is in the interest of the West that Mali has no hold over the northern part of its country. Dioncounda Traoré is already being pressured to negotiate with the moderate Tuareg backed by Paris, and it is unlikely that we are going to see a president as weakened as Dioncounda trying to resist Hollande. Whether we like it or not, the Arab Spring is completely detaching North Africa from the rest of the continent, and in some respects, the ‘new border’ is Northern Mali. This is a clear and coherent strategy that the West is in the process of implementing...”

When asked about pictures shown of young Malians waving French flags, he responded:

“The question that these images really raise for us is how is it that the French troops who occupied Mali for centuries as barbaric colonisers have come back fifty years later to be greeted as liberators? Does this not leave us seriously perplexed? What is Malian independence really worth? What is to be done with the heritage of Modibo Keita? The question ultimately for all of us, and probably even more strongly for former French colonies in sub-Saharan Africa, is that of national sovereignty.” (www.guardian.co.uk/world/2013/feb/09/mali)

The fighting in the north of Mali is far from over. The rebel forces have



One of the thousands of precious manuscripts in the Ahmed Baba institute's collection.

engaged French troops in battle in the streets of Gao and carried out bombing attacks. There are also reports of revenge attacks on light-skinned Tuaregs and Arabs who were accused of backing the rebels. If the reports are accurate it can only create further ethnic divisions in Mali and impact upon the Sahel, the region south of the Sahara desert.

The on-going conflict in Mali will have deleterious consequences for Algeria and the Maghreb. It also cannot but affect the struggle for independence

led by Polisario in Western Sahara.

As the crisis in Mali deepens we must demand the withdrawal of French troops from Mali and insist that immediate steps be taken to put Mali on the path of a constitutional state, with free and fair elections, freedom of speech, worship, political affiliations, movement and good governance. This is a prerequisite to rebuilding a shattered economy and infrastructure and securing for the people of Mali the sovereign right to be their own liberators. ■



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Prof. Tshilidzi Marwala is the Dean of the Faculty of Engineering and the Built Environment at the University of Johannesburg. He was a Full Professor of Electrical Engineering at University of the Witwatersrand. He is a fellow of the Mapungubwe Institute of Strategic Reflection (MISTRA) and recipient of the Order of Mapungubwe. He holds a PhD in Engineering from the University of Cambridge and was a post-doctoral fellow at Imperial College (London). His research interests include artificial intelligence in engineering and politics. He has supervised 37 masters and 6 PhD students, published over 210 refereed papers, 3 patents and 4 books.

Dr. Christopher D Mlosy holds a BSc (Honours) and MSc in Economics, a Masters in Development Studies and a Doctorate in Business Administration Development Economics. He has worked as an economist in the Ministry of Planning and Economic Affairs in the Tanzanian government and as a university lecturer and Head of Department for Labour Studies. In 1990, Mlosy was seconded to the International Labour Organisation (ILO) providing professional and technical expertise for the administration of projects in East African countries. He also worked as Chief Executive Officer of the Small Enterprises Development Foundation. This experience was supplemented by the work he did as International Expert for the United

Nations Development Programme (UNDP)/ILO in Maseru, Lesotho on Employment Policy Formulation and Labour Market Analysis. Currently Mlosy works in South Africa.

Dr. Joanna Nkosi has been involved in economic and business research and consulting for two decades. She is a historian and social scientist who lectured at the City University of New York until 1989. As Director of Research Capacity Building in the 1990s, she led a path-breaking knowledge development initiative at the HSRC and later in the NGO sector that aimed for equitable access to knowledge resources in the country. She is currently a partner in Africa Trade and Investment Platforms, a strategic business promotion company aimed at growing Pan-African businesses while adding value to the development paradigms of the countries on the Continent.

Vusumzi Nobadula holds a BA degree in journalism and media studies from Rhodes University. He has worked as a copy editor for more than 12 years across five newspapers in Johannesburg, Cape Town, Port Elizabeth and Pretoria. He has just finished writing his first book *They Killed Their God* about how poor people can succeed in life despite their condition, and is now writing his second book *Ndixolele*

Ukujinga Iliso, a collection of short stories about the lives of extremely brave people he has met.

Mxolisi Notshulwana holds a Bachelor's Degree in Political Science and Political Economy from the University of Pennsylvania (USA), and MSc. degree in International Political Economy from the University of Bristol (UK). He is currently reading and writing for a PhD on Regional Economic Integration in Southern Africa (SADC) with the University of Witwatersrand, (P&DM).

Phatse Justice Piitso is a member of the ANC, SACP and a former member of SADTU. He has served as the Secretary of the SACP in Limpopo and as a member of the provincial executive committee of the ANC. He has worked as a teacher, and as chief of staff of the office of the Premier of Limpopo. He joined the provincial legislature as a Chairperson of the Portfolio Committee for safety and security and was later appointed as the MEC of roads and transport. He is a former Ambassador to the Republic of Cuba.

Michael Prior is a British economist who has worked for over 30 years as an international consultant specialising in energy and environment projects and policy development. He has worked in several African countries including Angola, Ethiopia, Uganda and Sudan. He originally trained as a physicist before obtaining an Economics degree and was previously Director of the Stockholm Environment Institute at York University where he initiated continuing work in South Africa on environmental issues.

Zamani Saul has a long history of involvement in student politics, COSAS and SASCO and is currently the Provincial Secretary of the ANC in the Northern Cape. Saul is a lawyer and also holds an NQF level 9 Competency Certificate in Social Theory from the University of the Witwatersrand and Master's Degree in Development Studies with the University of the Free State and is now working on his PhD at the University of the Witwatersrand. The research topic is *Challenges of coordinating the implementation of the National Development Plan in a decentralised planning*. The study is inspired by the adoption of the National Development Plan by the South African government in 2012. Ensuring implementation of the plan will pose major coordination challenges in pseudo-federal state like South Africa. ■

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Consider your real wealth

One of the most important factors to consider when investing your savings is inflation, the phenomenon of increasing prices. Over the past 10 years, annual consumer inflation has averaged 5.4% in South Africa. For almost 40% of this period, inflation has exceeded the South African Reserve Bank's inflation target of between 3% and 6%. In the year ahead, expectations are that the 6% threshold will be breached again.



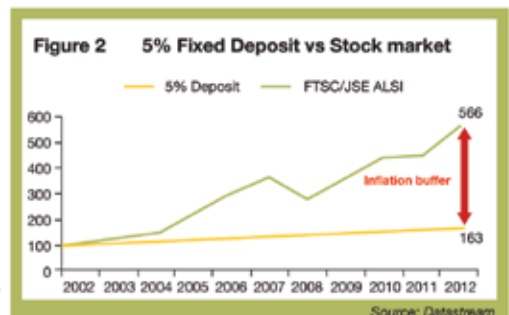
In these inflationary periods, it is important to ensure that you do not suffer from money illusion, in which nominal changes in your wealth are mistaken for real changes. While nominal (or monetary) values can be an indicator of very short term wealth changes, it is ultimately your purchasing power that you should be interested in growing over the longer term.

In order to successfully grow your purchasing power, it is necessary that the monetary value of your investment increases at a faster rate than inflation. To illustrate this concept more clearly, we can use an example (see the table). Consider a prospective retiree who has placed R 1 million of her wealth into a savings deposit. Assuming a 5% p.a. fixed deposit rate and no withdrawals, the monetary value of her savings will increase to R 1.05 million over year 1, about R 1.1 million over year 2, about R 1.16 million over year 3, and so on. Suppose also that the retiree faces current living expenses of R100 000 per year and the inflation rate is expected to average 6% p.a. over the following years. At this rate, her current lifestyle expense will increase to R106 000 over year 1, about R112 000 over year 2, and so on.

	Year 0	Year 1	Year 2	Year 3
Monetary value	R 1 million	R 1.05 million	R 1.1 million	R 1.16 million
Living expenses	R 100 000	R 106 000	R 112 360	R 119 102
Years covered by savings	10	9.9	9.8	9.7

If we consider the initial purchasing power of the prospective retiree, it is clear that she can maintain her current lifestyle for 10 years (R 1 million divided by R 100 000) into retirement. However, after 1 year of saving the retiree can maintain her current lifestyle for only 9.9 years. After year 2, she can maintain her current lifestyle for 9.8 years, and after year 3 she can maintain her lifestyle for about 9.7 years. Thus, although the monetary value of her savings deposit is rising, the prospective retiree's real wealth is actually declining over time.

We can see from the example that it is necessary to invest in instruments which protect you against inflation. Over the long term, a 5% fixed deposit does not offer sufficient nominal returns to maintain your lifestyle during inflationary periods. Although the money market tends to be relatively stable, it is typically the stock and property markets that have provided investors with the most sufficient protection against real wealth erosion. Despite this fact, many individual investors do not gain sufficient exposure to the equity and property markets, for fear of market volatility. It is our view that the higher short term volatility of these asset classes can be mitigated to a large extent by taking a long term view on your investments.



For example, looking over 10 years, the FTSE/JSE All Share Total Return Index has exhibited a cumulative return of 466% (see Figure 2). By comparison, a savings deposit offering 5% p.a. compounded annually has given a cumulative return of only 63%.

It is thus abundantly clear that savers should always consider inflation when making investment decisions. When choosing a savings vehicle such as a unit trust to invest in, it is vital that based on your investment needs and objectives you gain an optimal exposure to the higher yielding asset classes of equity and property, and that returns are benchmarked against the inflation rate. In this way, you will be more protected against the harmful effects of inflation on your wealth.

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China - A New World Power



Will the form of capitalist state that is emerging in China be sufficiently different from other national models of capitalist formation to avoid the three features which have usually characterised them at some point in their history?

By Michael Prior

China has the same status in the world today as one of those developing systems on the edge of weather forecast maps. Is it going to turn into a hurricane? If so, what direction will it take; whose lands will be devastated? Or does it herald a period of benign weather with blue skies and gentle breezes? Chaos theory rules in weather forecasting - and just now the world economy, and not just the economy but fundamental political

systems, seem subject to the same rules of chaos. No one really knows how things are going to develop except that one thing is certain; China is going to play a central role.

In the July edition of *The Thinker*, Lusanda Batala focussed on Chinese intentions in Africa:

Currently, questions are also being asked about China's involvement in Africa. Is China in Africa simply to access Africa's

resources or is it really concerned about Africa's development? Policy makers are divided on this question. On the one hand, there are those who commend what China is doing in Africa. They indicate that this is what Africa needs, assistance without conditions. However, on the other hand, there are those who are of the view that China is in Africa to exploit African resources.

Such concerns are not confined to

Africa. In September, Thio Hanneman of the Rhodium consultancy noted¹:

Europe is experiencing the beginning of a structural increase of outbound foreign direct investment (OFDI) from China. Annual Chinese OFDI flows to Europe grew from less than \$1 billion (€700 million) per year from 2004 to 2008 to roughly \$3 billion (€2.3 billion) in 2009 and 2010. In 2011, flows tripled again to almost \$10 billion (€7.4 billion). Chinese capital is flowing into many European countries and industries, with targets ranging from French vineyards to German machinery makers and British real estate.

Given the magnitude of growth and China's unique state-capitalist system, these new investment flows have bred anxiety in many recipient countries. Europe is no exception. To many citizens, policymakers, and business leaders the drivers of this buying spree seem impenetrable. They want to know what the consequences of this new trend are and what policy response is in Europe's best interest.

There has been a similar surge in direct Chinese investment in the USA. Over the past forty or so years as China opened its economy, it has been seen as a country to which foreign investment flowed to take advantage of its cheap labour, flows which peaked in 2007. Since then, inward investment has slumped in line with general economic recession whilst outward investment has surged, growing from almost nothing before 2004 to a high of around \$50 billion in 2011.² Of course, these figures are still small compared with the trillions of dollars which flow around the world annually. However, the Chinese focus on key assets, particularly in infrastructure, gives its investment a particular interest. For example, in the UK, investment in any new nuclear plant seems dependent upon Chinese money.

Economic growth in China is certainly slowing, possibly down to below 8% annually from the double figure growth in past years. This is inevitable given a recession in the countries which have bought Chinese goods so readily. Just how soon and

how far growth will recover must depend to a degree on how quickly these countries recover. The slowdown in China is already having its impact on Western companies, in particular those which supply expensive luxury goods, as well as upon countries which have met China's previously insatiable demand for raw materials. But there are bigger questions which have to be asked even if the answers will be like a long-term weather forecast, uncertain.

Three questions are at the top of the list, each of which hinge around the issue of what kind of state is emerging in China. No one doubts that what we are seeing there is something unique: an economy, based for decades around centralised planning and state ownership of most productive

“At the heart of this phenomenal performance is the very high propensity of the Chinese to save and to avoid debt. Long centuries of turmoil have, perhaps, prompted an ingrained tendency to put aside for the rainy days sure to come.”

resources, which is developing a private sector based upon the market and locked into a global capitalist system. Communism in China is not collapsing into the klepto-capitalism of the constituents of the old Soviet Union, nor is it making a complete transition to a market economy like the countries of eastern Europe. Martin Jacques is an influential exponent of the view that what is happening in China cannot be seen simply as an economic transformation.

It is banal, therefore, to believe that China's influence on the world will be mainly and overwhelmingly economic: on the contrary, its political and cultural effects are likely to be at least as far-reaching.³

It is true that most of the recent analysis of China does tend to focus on the purely economic, partly because it is difficult to describe the state emerging in China as other than a form of capitalism, the vocabulary simply does not exist. Yet it is clearly a form of capitalism which has features unknown in previous manifestations. In order to avoid banality, perhaps the questions should be phrased in these terms: will the form of capitalist state that is emerging in China be sufficiently different from other national models of capitalist formation to avoid the three features which have usually characterised them at some point in their history? These are:

- Will it organise and control its financial sector in a way which will avoid periodic banking crises?
- Will it develop a system of labour relations which will avoid a prolonged period of industrial and social conflict?
- Will it avoid aggressive national conflict particularly with neighbouring countries up to and including war?

Chinese banks: boom and bust

The fact that there is a Chinese banking system at all is something of a miracle given that until the end of the 1970s, banks were seen by the government as an unnecessary encumbrance. Only one bank existed; the Peoples Bank of China (PBOC), and this a small department within the Ministry of Finance (MOF) employing barely 80 people. The reform process which began after 1978 reversed previous ideas in this as in other spheres and a massive invention of financial institutions began. The present Chinese banking system is complex and consists of several layers. It includes 3 state-owned banks, 5 so-called equitised banks (essentially banks previously state-owned but which have been partially opened to the private sector), 12 joint-stock banks, and 92 local banks.⁴ This is the count of the China Banking Regulatory Commission (CBRC) and does not include illegal 'underground' banks which apparently exist throughout the country and escape regulation. It also seems to understate the number of

local banks which are usually owned by local government in various forms. There are also a very limited number of branches of foreign-owned banks, mainly US-owned, which are allowed to operate in major cities.

One of the key points about these Chinese banks, apart from the joint-stock banks, is that they all have some degree of state participation. The equitised banks are previously state-owned entities which have been formed into joint-stock companies, and all have large shareholdings of non-tradable shares held by the MOF, PBOC or other government entities, which raises “questions about their degree of separation from government control”.⁵ According to the CBRC, in 2010, the market share of the joint-stock commercial banks and foreign banks amounted to only 17.4% in 2010.

All these banks function essentially as retail banks; that is they take in deposits from individuals or commercial enterprises which they then use as the basis of loans, largely to state-owned enterprises (SOE) or, more recently, to individuals in the form of mortgages or credit-cards. They avoid what has come to be termed in the wake of the 2008 bank-crisis ‘casino-banking’; that is the use of deposits or other funds to speculate in various forms of financial instrument. Without delving into the mysteries of such banking, it was this which formed the core of the domino-like collapse of Western banks beginning with the failure of Lehmann Brothers in 2007. Chinese banking has been effectively insulated from global banking and was largely unaffected by this crisis.

This is not to suggest that the rapid rise of the Chinese system has been without its own problems. The rapid growth in lending in the 1980s, as financial institutions of various kinds proliferated, caused inflation, hitherto effectively unknown, to rise to nearly 20% in 1989 requiring the introduction of administrative measures to limit lending. A more serious problem after another decade of incautious lending was the bankruptcy in 1999 of the Guangdong International Trust and Investment Corporation (GITIC) which had been one of the few financial

bodies allowed to borrow money from abroad. It had become involved in risky real-estate development in Hainan, an island province in the south developing as a resort centre. GITIC was assessed as owing some \$5.6 billion including \$4.7 billion to 320 foreign creditors.⁶

This bankruptcy, still the only example of a major Chinese financial institution going bust, caused an extensive evaluation of the country’s financial sector with startling results. As one analyst puts it:

*In 1999, China’s banking system was virtually insolvent. Years of central government micromanagement of bank operations had resulted in the country’s four major banks... drowning in a pool of NPLs [non-performing loans]. The precise extent of the problem was unknown, as the PBOC had dictated an upper limit on the percentage of loans that could be declared bad debts. Besides the excessive interference by the central government, the major banks were in trouble because local governments and state-owned enterprises frequently defaulted on their loans, under the assumption that the central government would provide the necessary capital to keep the banks afloat.*⁷

The Chinese government reacted to this situation in a similar fashion to other countries facing bank defaults both before and after 1999; they formed a set of financial agents, often termed ‘bad banks’, which took on the NPLs of the main banks, allowing them to continue operations, and attempted

to recover what they could from this bad debts. Eventually, around \$566 billion of NPL were moved into these bad banks termed asset management companies (AMC), amounting to 20-25% of the entire loan portfolios of the four main banks.

Although the formation of these AMCs was a standard response to a banking crisis, the subsequent treatment of them was unusual and raised continuing questions about the underlying solvency of the banks. Firstly, although initially due to be disbanded after ten years, the four AMCs have been allowed to continue and actually allowed to engage in various kinds of financial activities on their own account. Secondly, the MOF sold off stakes in them, mostly back to the very banks whose NPL they held. As Michael Martin explains:

*as a result three of the four original major banks not only became large holders of dubious AMC bonds, they also became major equity owners in the possibly insolvent AMCs raising questions about the underlying strength of the banks.*⁸

Despite this setback, the Chinese economy powered on after 1999, becoming the second largest in the world and a major market for Western goods. At the heart of this phenomenal performance is the very high propensity of the Chinese to save and to avoid debt. Long centuries of turmoil have, perhaps, prompted an ingrained tendency to put aside for the rainy days sure to come. The Chinese saving rate has hovered

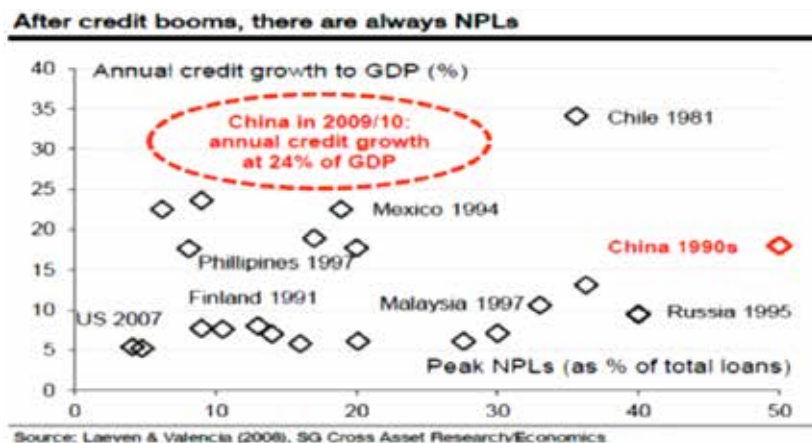


Fig 1: Credit growth in China

around 40% for decades contrasting with savings rates in single figures for most developed economies even going negative for the USA in recent years. In some respects this has been a virtuous circle for the Chinese. Money has poured into banks who have lent out to companies which have grown and increased the wealth of many households who have saved much of the increase. Banks have played the central role in this circulation, as direct equity has played only a small part in financing expansion.

If anything, the growth in credit has accelerated in recent years as the government has acted to push money into the economy to prevent an adverse reaction to the world recession. Fig 1 shows one estimate of this surge.¹⁰ This chart is taken, ominously, from a survey of the credit growth seen in countries immediately prior to a financial crisis.

An important factor in this huge rise in loans has been the role of local banks, largely controlled by local government, which played a major part in the huge demand stimulus ordered by central government in response to the world recession. In mid-2011, the credit agency Moody's "announced the results of their own estimates of local government debt in China, stating that the correct figure may be as high as 14.2 trillion yuan (\$2.2 trillion). As much as 1.84 trillion yuan (\$290 billion) of the outstanding local debt will become due in 2012. According to Moody's China needs to develop a "clear master plan" to resolve the local debt problem, or China's banks will face a sharp rise in their NPL rates."¹¹ Recent reports¹² that the bulk of local authority debt due in 2012 has been rolled-over suggest that this 'master plan' is not yet in place.

It seems inevitable that there will be some kind of financial retrenchment in 2013 and that the Chinese authorities are aware of this. At the end of 2011, there was a major problem in the city of Wenzhou in Zhejiang province when local businesses failed to meet their obligation to local 'underground' banks to which they had turned having been unable to obtain funds from legal banks. The coastal province has been a centre for export-orientated private businesses and is one of the

richest in China. One estimate is that 60% of local businesses were involved in underground banking loans with much of money going into property speculation. It is also likely that some of this speculation ultimately derived from loans from legal banks. The government was clearly concerned about the impact of this with visits to the city by major political figures.

There will almost certainly be more of these local crises and the regulatory authorities are aware of this. What is uncertain is the degree to which such localised events could lead to systemic

“What is uncertain is the degree to which such localised events could lead to systemic failure as property bubbles collapse and people lose confidence in what is still a relatively unfamiliar institutional structure and turn to the age-old security of the mattress.”

failure as property bubbles collapse and people lose confidence in what is still a relatively unfamiliar institutional structure and turn to the age-old security of the mattress.

Chinese labour: proletarian uprising or Confucian calm

Alongside the transformation of the economy, the condition of the Chinese people has been radically altered. In the past three decades, some 480 million have moved to the city creating at least thirteen huge megalopolises whose names barely feature in gazetteers.¹³ More than half the population now live in cities, though their status there may still be undefined and their families often still live in remote rural areas. This flow of rural migrant workers can be seen in the bedlam of any city railway station. All have moved to cities to escape the grinding poverty of rural

existence though just what work they find varies very widely. Some work in the new factories of the eastern seaboard, some in construction, some just get by in the day-to-day scavenging and pickup work which characterise such megalopolises throughout Asia and Africa. Despite the efforts of the authorities in trying to control these flows by a system of permits, it is about as far from an orderly planned labour market as can be imagined.

There are many observers, particularly from the left, who have seen this transformation as the creation of a new mass proletariat, one which in a sense replaces the old proletariats of Europe and North America just as their factories have relocated to Shanghai and Hangzhou. And, so the argument goes, the industrial conflict between labour and capital will also be re-enacted with - and here the story can become rather wild - global implications as a kind of international class struggle. It is certainly possible to find evidence of growing industrial disputes throughout the country. The website, China Strikes,¹⁴ suggests that the number of these has been increasing rapidly since the beginning of 2011 with 180 reported in 2012 alone. It is hard to assess the reliability of this reporting or the scale of these disputes, given they refer to an urban population of well over half a billion. Some strikes do attain a high profile. For example when a strike at the Zhengzhou factory of Foxconn caused global panic by briefly threatening production of the new iPhone 5, it achieved world-wide publicity. Most, however, are small and local.

Chinese workers are poorly paid and often work in atrocious conditions. They are, however, not entirely without rights and some degree of union representation. After a period of essentially unregulated hire-and-fire, the Labour Contract Law enacted in 2008 provided a degree of employment protection, requiring employers to offer contracts and limiting their ability to fire without cause. There are also a large number of local unions though all have to be affiliated to the All-China Federation of Trade Unions (ACFTU) which claims to have over a hundred million members and to have tens of

thousands of local primary affiliates. The independence of these from state control is doubtful.

In some respects, local trade unions are more like factory councils than unions. Most local disputes are settled by arbitration panels which resolve hundreds of thousands of cases annually, often in favour of the workers or at least the workers as represented by their local union. One thing is clear, however, and offers a contrast with how labour unions developed in Europe and America; there is no sign whatever, nor is there likely to be, of any regional, let alone national, disputes leading to action being taken against groups of employers across industrial sectors.

In one respect, the situation is similar to problems in the banking system. The government is clearly aware of the growing labour unrest and has taken steps to introduce at least limited legislation to provide redress for workers. However, it remains unclear whether the governance system which is emerging is capable of providing enough power to workers' representatives to prevent the development of local alternatives to the party-controlled unions affiliated to ACFTU – alternatives which could, ultimately, challenge the leadership role of the Communist Party. However, as with the banking system, the main weakness of any attempt to control the situation is the endemic corruption which threatens to overwhelm central control. In November at the first meeting of the new all-powerful Politburo of the Communist Party, the new party general-secretary, Xi Jinping, placed corruption at the centre of his speech to them. He is reported as noting, probably in connection with the Arab Spring, that countries had collapsed because of a *“long-term accumulation of consequences in which corruption was a very important reason”*. He went on to assert that *“recently, our party has had serious discipline and legal cases of a despicable nature which had a bad political effect and shocked people”*.

The most publicised event of this kind was the sacking of Bo Xilai who was accused of massive corruption as well as colluding in some way with the

alleged murder of a British businessman by his wife. Illicit aggrandisement by some Party leaders such as Bo Xilai strikes at the heart of the essentially benign view of the future development of democracy in China taken by analysts such as Jacques. In his view:

*It should also be borne in mind that the political traditions of China are neither favourable nor orientated towards democracy. There is a very weak tradition of popular accountability and state sovereignty has been preferred to popular sovereignty: government is, in effect, answerable to itself via the feedback loop of ethical norms. This is reflected in the central values that govern political behaviour, which can be summarized as sincerity, loyalty, reliability and steadfastness, all of which derive from the influence of Confucianism, and, to a lesser extent, Communism. In contrast, the equivalent Western values are accountability, representation and participation.*¹⁵

Essentially, Jacques' argument is that in the Western model of industrialisation, a hurricane of political change followed the process which swept away the previous political system leaving few traces. In China, he argues, the Confucian tradition is so strong that it will continue to shape the system. He cites examples of local officials being called to account for their failures though seldom at the regional level and never at the national. In his view, democracy in China will never evolve along Western lines because China is not a nation-state but what he terms a civilisation-state ruled by certain long-lasting ethical principles. What he fails to address is the possibility that the *“feedback loop of ethical norms”* can be broken by the possibility of massive corruption and personal aggrandisement on the part of the extended families of some key national leaders.

On the other hand, the leftist view that local labour disputes will lead to some form of coordinated national movement also seems a rather naive hope.

Perhaps the most likely path will be one of uneven democratic development with some kinds of democratic practice emerging in some of the megapolises perhaps with

the involvement of locally powerful trade-unions. Hong Kong, which does possess at least the rudiments of a democratic local government, may serve as a template for this. But just how far central government will allow such changes to occur without intervening is obscure. The fall of Bo Xilai was, after all, closely linked to the perception that he was becoming too popular in his regional government of first Liaoning then Chongqing. The possibility of the breakup of the Chinese state into regional fragments remains the perennial nightmare of the Beijing government.

Sabre rattling or sharpening

Jacques prefers to call China a 'civilisation-state' rather than a nation-state, emphasising two factors which give it a unique place amongst other regimes. The first is that it covers a single sub-continental landmass and the second is that over centuries it has acquired a single cultural philosophy which emphasises Chinese uniqueness and enables a rather diverse ethnic mix (there are 56 recognised ethnic groups in China including the dominant Han Chinese, speaking a number of mutually incomprehensible languages) to function as a single national entity. The Han Chinese are dominant in the central heartlands and the various minorities are spread out along the periphery, particularly in the vast, thinly-populated regions of the north and west. Throughout its turbulent history, the borders of China have expanded and contracted over wide areas, overrun by invaders from the north, splitting into several states, reuniting and expanding, often aggressively, to the south and west. It attained its greatest extent just before its fall as a formal empire when, under the Qing dynasty, it ruled over a third of the world's population and included for the first time Xinjiang, Tibet, and even Mongolia, now independent.

This turbulence continued throughout the twentieth century after China became a republic. Wars were fought successively against Japan (1937-45), South Korea and the USA with assorted allies¹⁶ (1950-53), India (1962) and Vietnam (1979). It came close to war with the USSR in 1969

over a border dispute in the north-east whilst it has been in a state of 'frozen' war with Taiwan since 1949 when the island became the only province of Imperial China not to be gained in the Communist takeover of the mainland and which is still claimed by China.¹⁶

Although a Sino-Japanese peace treaty was finally signed in 1978 and the land-border dispute with Vietnam appears to have been resolved, the other issues still simmer. There are no Chinese troops actually on the 38th parallel as Korean and US soldiers eye-ball each other but high on the disputed mountains, Indian and Chinese forces still maintain an uneasy peace. However, the major points of border friction have shifted from the land to the sea, notably concerning sovereignty over various islands and the maritime zones which surround them.

There are two major flashpoints in the South China and the East China seas.

Fig 2 shows the complexity of the various claims in the South China Sea which hinge around claimed sovereignty over the Nansha and Xisha island groups.

The Xisha Islands have been under Chinese control since a brief military engagement with Vietnam in 1974, and there is a small Chinese population and garrison on them and even, allegedly, a couple of museums though tourist traffic to these is believed to be small. Recently, China upgraded the administrative status of the region from a county to a prefecture, the largest in China, though it has a population of only a few hundred.

Further south, the Nansha Islands, some 750 reefs and islets, are also claimed by China though there are competing claims from Vietnam, the Philippines, Malaysia and Brunei whilst Taiwan, (which originally claimed the islands from the French) appears to maintain a small military presence as do the other countries. There have been several minor clashes between Chinese and Vietnamese naval and fishing vessels around the islands.

One reason for heightened tension over who claims the South China Sea is increased interest in the possible hydrocarbon resources under the



Fig 2: South China Sea territorial claims

Source: Economist www.economist.com/blogs/analects/2012/08/south-china-sea

Note: The Chinese names for Paracel Island is Xisha Islands and Spratly Islands is Nansha Islands.

seabed. Both China and Vietnam have demarcated exploration blocks, some overlapping, though no actual drilling seems to have occurred. Most actual friction has been over fishing rights in this abundant area.

Similar concerns about hydrocarbon reserves also crop up in the maritime territorial dispute between China and Japan, this time concerning the Diaoyu Islands, midway between the Chinese coast and the Japanese island of Okinawa in the East China Sea. The Chinese view of this dispute is given by Ambassador Tian Xuejan in *The Thinker*, January 2013, volume 47.

There is little doubt that there are large oil and gas reserves under the two seas though their extent remains doubtful. China already exploits a gas-field, Chunxiao, which lies across the

line which the Japanese claim is the median between their territory and China, though, of course, the Chinese reject this. Development of such reserves as exist has been delayed as they lie in deep-waters which are only now technologically accessible.

Just how far the various disputes in the South and East China Seas will be pushed is unknown. One disturbing factor is that there is something of an undersea arms race developing in the region. Vietnam, China's constant antagonist in the South China Sea, has been steadily buying Russian Kilo-class submarines whilst Malaysia has bought French vessels and the Philippines, German. Taiwan has also been buying submarines. China, meanwhile, has undertaken an extensive modernisation of its navy beginning in the 1990s which



Fig 4: Jin class ballistic missile submarine of the Chinese navy
Source: US Congress Research Service, <http://www.fas.org/sgp/crs/row/RL33153.pdf>

has included an expanded submarine force as well as aircraft carriers and large numbers of other surface vessels. The submarines include nuclear-powered ballistic missile boats.

In comparison with such might, the naval forces of other Pacific countries are quite puny. However, they are backed both in physical presence and in treaty obligations by the powerful nuclear powered US Pacific Fleet which has forward bases in Guam and Yokohama. There has been significant concern expressed in the USA about this fleet's ability to respond to the threat of China's new Anti-Ship Ballistic Missile capability and there has been some degree of rebalancing the US Navy towards its Pacific commitments.¹⁸

It is easy enough to outline what might be called a Sarajevo scenario for the region. A small clash between Chinese naval forces and coastal protection vessels trying to escort Chinese drilling rigs from a disputed zone escalates when a Chinese ship is sunk by a submarine. The Chinese respond by attacks on ships of the Japanese/Korean/Taiwanese/Vietnamese navy whose government then calls for support from the US navy under treaty obligations. Just how far such a scenario would run is entirely unclear. The renowned US China-lobby is less powerful than it once was

and the USA has to be aware of the catastrophic impact which any naval conflict would have upon world trade. On the other hand, refusal to act under the rather tight treaty obligations which bind the USA to several countries in the region would be a humiliating retreat. In a recent, very detailed assessment of the Chinese naval build-up, the US Congress analyst responsible stated that *"some observers consider such a conflict to be very unlikely"*¹⁹ which presumably leaves some other observers less certain.

War between these two great powers does seem unlikely, almost anachronistic, in these days of global trade and finance. However, as in the early years of the last century, conflict can be sparked by seemingly inconsequential incidents in backwaters. The danger lies not so much in national interests as in national sentiments. There are some indications that the Chinese government may use still-smouldering resentment against the Japanese as a shield against popular protest against corruption and the dip in the economy. American politicians in their turn could also use American resentments about losing their preeminent position in the world to whip up exaggerated responses to small humiliations. Hard to imagine, but the seeds are there.

Conclusions and confusions

Clearly, much of what is going to happen in China is very like a long-term weather forecast. It is very probable that there will be some kind of banking crisis in 2013 which could precipitate serious economic consequences. There are already signs that the housing bubble in some of the major cities is bursting which in most capitalist economies would be a precursor of some kind of financial bust. Whether or not the authorities can deal with such a crisis as they have done in the past, essentially by putting all the bad debts into a kind of black box and relying on the great cash machine of Chinese households to fund the losses, remains the big issue. If they cannot, and the scale of the problem is likely to be an order of magnitude greater than in the past, then serious economic problems will follow. These in turn could spark even greater popular unrest which might, in turn, lead to a more aggressive foreign policy to provide a shield to deflect popular interest. Alternatively, the Chinese could, like most other parts of the world, just muddle through. *'May you live in interesting times'* is probably the most famous Chinese curse and that is certainly true of 2013 in China. ■

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“Are you a Rwandese Tutsi, Burundian Tutsi, Congolese Tutsi or just plain Tutsi Tutsi?”

Peace engineering is serious political economy. It consolidates the dominant and subordinate relations between the developed and underdeveloped universes. The issue has acquired critical salience since the end of the cold war created the danger that the ability of the peoples of Africa to determine their destiny would be severely compromised and undermined.

By Ademola Araoye

There is abundant goodwill within Africa as well as interests in the international community to manage Africa's unremitting conflicts. These are expressed in the sheer range and scope of actors within the African conflict management sector. The sector boasts a vast consortium of interacting global non-governmental, inter-governmental agencies and numerous local affiliates. These players are often specialised in some dimension of Africa's numerous conflicts. The engagements of the conflict consortium include the analysis of the root causes of conflict, interventions in mediation, design and implementation of the resolution of armed hostilities and addressing the humanitarian consequences of conflict. Their interventions include disarmament, demobilisation, rehabilitation and reintegration and post conflict reconstruction. The conflict consortium is implicated across the whole spectrum of activities integral to the full cycle of conflict through post conflict mechanisms, reconstruction paradigms to the end state of a normal functioning society.

The dynamic generated by the structure and interactions among the consortium on the one hand and in relation to the various conflicts and their respective host authorities and societies on the other translates to the politics of conflict intervention. This ultimately works to protect the strategic interests of the sponsoring societies and states, of the organisations. The undercurrents of the politics are to ensure the continued relevance of each consortium member by bolstering its credentials as a bona fide player in good standing in the sector. The operations of the consortium, who claim to be independent and autonomous actors, are mostly governed by a framework of bilateral co-operation arrangements with whatever authority is left on the ground of the fractured state and provincial authorities. The international reputation of the organisation is critical to its leverage to act. Relations between the conflict consortium and the local hosts reflect a power asymmetry. The host society or state is often too weak to resist the impositions of powerful non-governmental organisations

whose monolithic orientations may not always converge with the interests of the host. Given the power asymmetry, proclamations of good intentions by the dominant conflict consortium in Africa are not enough.

Alongside the conflict consortium exist international governmental institutions that are in a league of their own in the arena. The operational frameworks of the consortium are underpinned by a legion of theories and perspectives that are generated by western scholars and institutions. Acceptance of these perspectives, irrespective of their irrelevance, is facilitated by the structure of the global academy. By the established conventions of global knowledge development, western paradigms always acquire the character of hegemonic articles of faith in the

“The local insights are often contrary to and challenge the dominant world view of powerful external actors.”

management of conflict in Africa. Often, the simplistic understandings that they purvey have serious ideological, cultural and political underpinnings. In this setting, no discourse exists between these foreign experts and their surreal prescriptions and the local hosts of their ostensible altruistic operations. They live in different universes and interpret the challenges through different prisms.

Peace engineering is serious political economy. It consolidates the dominant and subordinate relations between the developed and underdeveloped universes. The issue has acquired critical salience since the end of the cold war created the danger that the ability of the peoples of Africa to determine their destiny would be severely compromised and undermined.¹ The dominant theories have been tools for the articulation of extraneous interests that are often of no relevance to the real interests of Africans. This state of affairs has deleterious consequences for

the continent as the people are put in double jeopardy. They are threatened by the live crisis in which they are engulfed. At the same time, their ultimate well-being is compromised by the strange remedies prescribed to solve their problems. A prominent analyst has noted that there is a permanent reluctance among academics to call a spade a spade and identify openly a predatory (or imperialist) policy. Even fewer have been prepared to describe them as resulting from deliberate criminal choices aimed at fostering a small minority's interest, at any cost.²

The agendas of the local chapters of international bodies that mushroom in the distressed space are consistent with those of their metropolitan instigators. They are driven by the interests of their international financiers. Yet, building peace could be understood as engineering social change that must be rooted in the challenges of the real world, and capable of giving birth to that which does not yet exist.³ In perpetuating the hegemonic misunderstandings as the way forward in managing conflicts, current arrangements in Africa have failed. They engender a whole range of problems that beset the business of managing African conflicts. The increased presence of intra-state conflicts in Africa has led to a reassessment of the roles different actors can play in preventing and resolving hostilities.⁴

The praxis of peace intervention is underpinned by confusing assumptions and uncertain theories emanating from Euro-American research academies. Research into the sources of conflict has left a trail of uncertainty, partial clues, contradictions and continued mystery,⁵ producing conflicting and often mutually exclusive theories.⁶ The lack of an integrative knowledge base on the social problem of conflict has, however, not deterred the institution of western hegemonic paradigms as drivers of policy formulation and programmatic interventions in African conflicts. The complex interaction of dominant extra-African elites acting in concert with international funding agencies to design policy and policy interventions in the difficult African cauldron is problematic.

Whichever framework of conflict analysis is adopted, whether identity based, grievance theory versus greed motivations, the rational actor and its associated expected utility model vis-à-vis collective action theory or relative deprivation, the final accent is to portray contemporary wars as driven by economic agendas, particularly those conflicts in the developing world.⁷ This mindset is captured in the distillation of a number of theories into what Jackie Cilliers categorises as “resource-wars”. In deploying this paradigm to explain a number of wars in Africa, Rupersinghe and Anderlini consider that stagnation and protracted income decline in poor and middle income countries are responsible for the conflicts in Sierra Leone and Liberia.⁸ Yet, the historical and cultural instigators of the crises referred to are so glaring to local observers. Other attempts at a serious understanding of the African conundrum are at best dismissive of Africans. One such contemptuous view is the mere suggestion, cloaked in a theoretical garb, that the situation in Africa is no more than confusion contrived by Africans toward the attainment of peculiar agendas of the protagonists. The main proponents of this, Patrick Chabal and Jean-Pascal Daloz, couch this as the “instrumentalization of disorder”.⁹ It refers to the notion that disorder is the process by which political actors seek to maximise their returns on the state of confusion, uncertainty and sometimes even chaos which characterises most African polities.¹⁰ In effect, confusion is contrived as an extension of an economy that is peculiar to Africans.

These misjudgments notwithstanding, African institutions have sought to carve a public perception of providing leadership in negotiations to achieve ceasefires and the broad framework for the peace process in conflict situations. In charitable scenarios, the high profile media events that surround conflict management processes ostensibly led by prominent Africans obscure the major influences that are at play and projected. The foreign perspectives on conflicts and influences that are consistent with the interests of the strong members for the international conflict consortium

“Given the power asymmetry, proclamations of good intentions by the dominant conflict consortium in Africa are not enough.”

are usually successfully imposed by foreign actors in the design of the broad contours of the agreements that emerge. In uncharitable situations, African insights and protestations of African institutions, where they manage to distil a consensus approach, are simply brushed aside. That was the case with the western led overthrow of Libyan leader Muammar Gaddafi. In these murky engagements, there is no assurance that foreign interventions aim to protect the interests of the local population. For example, an article in a British publication alleged that the Libyan leader Muammar Gaddafi was assassinated by a French agent to prevent interrogations about his highly suspicious links with Sarkozy, who was President of France at the time. Mahmoud Jibril, interim Prime Minister following Gaddafi's overthrow, alleged on Egyptian TV: 'It was a foreign agent

“This state of affairs has deleterious consequences for the continent as the people are put in double jeopardy. They are threatened by the live crisis in which they are engulfed. At the same time, their ultimate well-being is compromised by the strange remedies prescribed to solve their problems.”

who mixed with the revolutionary brigades to kill Gaddafi”.¹¹

The human cost of the circuitous process of eventually achieving a negotiated settlement to the Ivorian conflict, via the Ouagadougou Peace Agreement, also demonstrates this. The initial attempts of the sub-regional states to resolve the conflict came to an end with the visit of the former (French) Foreign Minister Dominique de Villipen, who encouraged the bellicosity of the rebels to thwart regional attempts to resolve the conflict. Thereafter, France organised negotiations in Klebert. The Klebert negotiations produced the ill-fated Linas-Marcoussis Agreement which haunted the search for peace in Cote d'Ivoire for over a decade. Efforts to implement the France-directed agreement violated all the principles that undergird conflict mediation in West Africa. The management of the peace process tail-spinned into a crisis that only exacerbated what was virtually a political stalemate into an active conflict. The engagement of the extra-African power that loomed over later initiatives of sub regional and continental institutions brought into sharp focus the conflict in the struggle by extra-African interests to dominate conflict management on the continent. In another instance, the successful negotiations under the joint auspices of Nelson Mandela of South Africa and the United States that ended the Joseph Kabila war that ousted Mobutu was undertaken against opposing manoeuvres by a number of Central African states serving as proxies for their metropolitan power, France. France was determined to frustrate the ousting of the Zairoise dinosaur.

Where metropolitan powers also instigate conflict, sub-regional actors are severely constrained by them. This was the case in Congo Brazzaville, where an oil company from the metropolitan power was responsible for instigating war to overthrow the Pascal Lissouba government. The Lissouba administration, the first democratically elected president in the post sovereign national conference era, after ousting the hegemonic regime of French ally General Sassou Nguesso and the Congolese Workers Party, had

opened the oil industry to international competition.

Beyond the deployment of international non-governmental institutions funded by the governments to advance national interests by powerful elite state-actors, the acts of non-state actors armed with international support compound the problems of peace mediation by African sub regional organisations. This was the impact of the International Court for Sierra Leone on the Liberian peace process. The unsealing and delivery to the Government of Ghana of the indictment against Charles Taylor by David Crane, Special Prosecutor of the Special Court for Sierra Leone, in June 2003 while sub regional heads of state were meeting in Accra is a case in point. The timing of the demand of the Court for the arrest of Taylor, at a delicate stage in the negotiations to remove him from the scene to facilitate the end of the armed hostilities in Liberia, demonstrated familiar contempt for African institutions. The disdain for the collectivity of African political leadership was contained in David Crane's explanation that he was worried that informing any African leader in advance, or any part of the Ghanaian government, would have leaked to Taylor.

The Ghanaian hosts of the negotiations reacted angrily to the indictment. The mediator, General Abubakar Abdulsalam, former head of state of Nigeria, propounded that the action of the Special prosecutor may have the effect of "undermining the role of African heads of state" in other mediated conflicts.¹² The United States ambassador in Monrovia, John Blaney, believed that "hundreds if not thousands would have died" had Ghana arrested Charles Taylor on 4 June. He noted that the action of the Special prosecutor would have ended the peace process, wondering how the court could morally put at risk three-and-a-half million people.¹³ Yet, it was not so much the indictment as the cavalier manner in which the court had treated key African political leaders and the special prosecutor's mismanagement of a very potent instrument that most perceptive African observers see as useful in

bringing some structure, if not sanity to the conflicts on the continent. At the end of the Taylor trials, a conference at the Royal Commonwealth Society on Restorative International Justice in mid-April, 2012, noted that while the mandate of the International Criminal Court had been the noble cause of justice, it asked whether the Court's competence and actions make matters better or worse.¹⁴

Contrary to the media circus to create the impression to the contrary, conflict management in Africa entails a web of interactions almost exclusively between and among the dominant international forces that determine the facts in relation to the conflicts, interpret those facts, design policy

“The timing of the demand of the Court for the arrest of Taylor, at a delicate stage in the negotiations to remove him from the scene to facilitate the end of the armed hostilities in Liberia, demonstrated familiar contempt for African institutions.”

as well as lead the interventions in Africa. This constitutes an orgiastic validation process by external actors at the expense of local actors in peace processes. The local insights are often contrary to and challenge the dominant world view of powerful external actors. Meanwhile, with many presumed leaders with dubious credentials on the continent willing to hug the limelight, there is no shortage of prominent characters willing to serve as the handmaiden of the dominant international forces in the African crisis sector.

Despite the complexities of the situations, perspectives in this foreign dominated sector often converge. With similar intellectual and cultural

backgrounds, and with an eye on explanatory paradigms guaranteed to attract funding from like-minded financial institutions and governmental bodies protecting their national interest in the conflict, the funding process ensures that converging western understandings drive the outcome of the peace process, including imposing a resolution. They have often exacerbated issues.

Against local understandings, the reductionist foreign focus on the economic factors in African conflicts captures a slice of the complex undercurrents of instability in Africa. To Africa based scholars and institutions, the monopoly of decision making power and sovereignty of countries by the state's executive branches was key to the implosion of African political systems. It was increasingly evident that running the affairs of countries should be a collective enterprise.¹⁵ For African scholars with significant lived experience of the continent, the immense challenges faced in preventing "failed states" and in building functioning ones are at the heart of the need to rethink crisis prevention, management and resolution mechanisms and approaches that are complemented by appropriate and effective post conflict responses.¹⁶ As regards the role of economic factors, a pan-African Parliamentary Mission to Darfur

"...observed that the impoverishment of the people could easily (emphasis mine) be attributed to racial and ethnic divides giving rise to power struggles for control of decision-making institutions and resources. Some referred to the conflict in Darfur as a war between Arab and non Arab tribes and attributed the cause to ethnic cleansing. Others referred to it as a rebellion of the Zaghawa and Fur tribes against the Sudanese state."¹⁷

In essence, the critical factors of conflict are the competitive relations between constituent units striving to appropriate state institutions to advance parochial hegemonic agendas. Yet given the construction of these post-colonial states, the definition of constituent units implicates actors that may be physically located outside the territorial confines of the respective



states yet perceive themselves as having legitimate interests to protect as affiliates of members of constituent units of the respective political entities in the broader socio-political macro space in which all the respective micro units inter react.

The essential relational and geo-structural (situational) complexities of the African universe must be understood. Lederach suggests “complexify before you simplify”. He observes that complexity entails “multiple actors, pursuing a multiplicity of actions and initiatives, at numerous levels of social relationships in an interdependent setting at the same time”. Complexity thus derives from multiplicity, interdependency, and simultaneity.¹⁸ These relational and situational complexities are replicated in the nature and structure of contemporaneous conflicts in Africa. They are expressed in the involvement of interest groups, state and non-state, from Burkina Faso, Sierra Leone, Guinea and Cote d’Ivoire in the Liberian conflict, Burkinabes, Sierra Leoneans and Liberian militias in Cote d’Ivoire, the intrusion of Casamancaises, the Senegalese, Guinean forces in Guinea Bissau, the better known intervention of state, quasi state and private militias in the Democratic Republic of Congo as well as in Rwanda. Against the explanations of conflict proffered by extra-African analysts, there is a gap in discernment that the existing compendium of analytical frameworks has not effectively bridged in relation to the complexities of African armed conflicts. Accordingly, peace processes are not sustainable and this is partly associated with the support provided by the international community.¹⁹ Africa, through its own leadership, must solve its own problems and take its destiny in its own hands.²⁰

This is an important injunction. Context has become critical to the understanding of the nature and dynamic of instability in post-Cold War Africa. Also, there is a critical lacuna in appreciating the radical transformation of the geo-political spaces in Africa that is manifest in the emergence of “a Laurent Nkunda phenomenon”. Is Laurent Nkunda a Rwandese Tutsi in the service of Rwandese Tutsi

“Against the explanations of conflict proffered by extra-African analysts, there is a gap in discernment that the existing compendium of analytical frameworks has not effectively bridged in relation to the complexities of African armed conflicts.”

President Kagame? Is Laurent Nkunda a Congolese Tutsi determined to transform the relations of the Congolese Tutsi with other constituent groups in the Congolese state? Or is Laurent Nkunda just a plain Tutsi determined to wrest power of another Central African state to advance the hegemony of the Tutsi in that sub-region? Is Laurent Nkunda just another ambitious African rebel motivated by personal ambition? How does this ambition relate to the Tutsi situation in the sub region?

“Complex issues are simplified into catchy sound bites on international airwaves by ubiquitous foreign experts who can explain all the woes in all the nooks and crannies of the globe. The root causes of the conflict are personified in some truly bad guy(s) who is/are quickly identified.”

The Nkunda phenomenon represents one of the profound consequences of the overt play of intermestic factors in the African political landscape in the post-cold war era. Intermesticity has given rise to pivotal actors and leaders with roots in communities whose members and traditional territories straddle state borders and who define themselves as having legitimate stakes to pursue in the internal processes in all the states in which that community is represented. This consciousness of the transnational character of their communal interests that transcends any particular state, implies that the loyalty of the transnational community is to the corporate community, and not to any of the states in which its members can be found. Each of these states becomes an instrument for the articulation of the diverse and competing interests of the all the constituent units, including their transnational entities found within and outside of the state. Conflict in any one state must necessarily invite the active engagement of all transnational contesting stakeholders in this broader intermestic macro space. It is the unique structure of this macro space that is conducive to the survival of the proto states that the Laurent Nkundas lead. This environment also facilitates the support for the proto state by transnational communities in which they are rooted. In instances where the majority of a particular transnational community dominates a neighbouring state which shares contiguous borders with the proto state, the formal policy of that state easily facilitates the longevity of the new proto state founded by segments of its community in the neighbouring state. This may be seen as a form of real politik, pitting formal states and proto states in a deadly struggle for control for the macro space.

These questions highlight the confusion that surrounds the level of analysis problem and renders suspect the undue state centric focus of conflict analysis. The three traditional levels of analysis - the individual, state, and international do not effectively capture the seamless web of complex interaction by sub-state, (state) domestic, transnational, sub-regional

and international factors and forces that define geo-political and economic space. The African canvass in the post cold war era is dominated by this web of domestic-transnational-sub-regional-international complexes – *intermestic* – that define the environment, characterise relations and describe the essential attributes of conflicts that are generated in this unique environment.

Due to failures in the engagement of western led initiatives attributed to these complexities, the international community comes across as naïve, unwittingly complicit in the conflict and sharing responsibility for the deepening of the crises and the humanitarian aftermath.²¹ The outcome of international efforts are perceived as violating the cardinal doctrine of “do no harm” in meeting humanitarian challenges. Another sad result is the deployment of obsolete tools to confront the evolved challenges of Africa’s conflicts driven by the interplay of a number of forces-states, proto states, non-state actors, including chaos elements in the emerged intermestic landscape. The conduct of war, pitting unlike units and actors in unusual alliances with and against each other in this new setting, is brutal. The ensuing conflicts are unmediated by established international protocols of the conduct of war.

Dominant concepts of fixes for African conflicts are often based on inflexible fixations that reflect the logic of the foreign expert rather than the lived experience of the people. Some of these experts are explicit about what they think of Africa and very clear about their objectives. Thabo Mbeki cites the clearly unambiguous views of Bruce Anderson, columnist of *The (London) Independent*, who wrote:

“Yet it is not clear that the continent (Africa) can generate its own salvation. It may be necessary to devise a form of neo-imperialism, in which Britain, the U.S. and the other beneficent nations would recruit local leaders and give them guidance to move towards free markets, the rule of law and - ultimately - some viable local version of democracy, while removing them from office in the event of backsliding.”²²

The main concern is for free markets. As a complement, complex issues are

“Africa, through its own leadership, must solve its own problems and take its destiny in its own hands.”

simplified into catchy sound bites on international airwaves by ubiquitous foreign experts who can explain all the woes in all the nooks and crannies of the globe. The root causes of the conflict are personified in some truly bad guy(s) who is/are quickly identified. The bad boys often rightly include unmitigated human monstrosities that deserve to be punished. The business of African crisis management and humanitarian sector is thus serviced by monumental foreign energies oiled by huge external financial investments. It has the character of an international business sector with the off shore monopoly held by the group headquarters in metropolitan capitals. Based on fixated ideas, these interventions often miss critical tendencies as they evolve in the chaotic dynamics and logic of a post-colonial African environment.

Yet, as the recurring crisis in the Democratic Republic of Congo, which began on the eve of Independence in June 1960, demonstrates, peace and stability has eluded the continent. Shorn of the false cold war imprint imposed by cold war gladiators, the intractability and resurgence of the Congolese crisis has revealed the stark hollowness of the operating principles of interventions in Africa’s conflicts. The radically altered structure of the Congolese conflict in the new

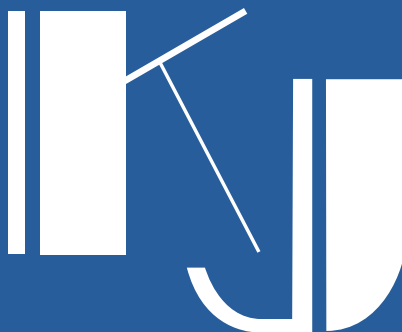
“Dominant concepts of fixes for African conflicts are often based on inflexible fixations that reflect the logic of the foreign expert rather than the lived experience of the people.”

millennium reflects the monumental transformation of the structure of relationships among states and non-state actors in the unstable Central Africa neighbourhood and the Central Africa – troubled Great Lakes axis.

The Laurent Nkunda phenomenon must be fully explored, assessed, analysed and understood if Africans are to find African solutions to the conflicts raging in the Congo and neighbouring states. The existence of proto states in close juxtaposition with conventional states is the subject of another article by the author to be published in *The Thinker*. ■

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THE STATUS OF WORLD WATER RESOURCES

A Looming Global Crisis



One new and important tool for managing water and for making informed decisions about how it is used is ‘water footprinting’ – a process similar to carbon footprinting, that entails the assessment and auditing of the total volume of freshwater used by businesses to produce goods and services consumed by individuals, communities, etc.

By Joanna Nkosi

Globally, surface and ground water resources are under heavy strain. The major reasons include *rapidly escalating demand and use* by industrialising (read Asia) and industrialised regions (read North America and Europe) for the production of food and goods, *growth in the size of the human population* and *increasing pollution* of water from economic-related activities. Climate change compounds the stress on water. These factors form the basis of a looming crisis of water for the world that threatens life on the planet in addition to peace and stability among

nations. It is said that any future great world war would be about control of water resources.

South Africa’s water resources are already classified as stressed and in many parts of the country water resources are actually scarce. Rainfall in the country, at an average of 500 mm per annum, is well below the world average of 860 mm per annum. Additionally, its 49 million m³ (0.049 km³ or 49 billion litres) of available water resources are geographically unevenly distributed and benefit the population inequitably, especially among people living in rural

areas, some 40% of the total population of nearly 52 million.

Here we review the status of global water resources, identify the main contours of a looming crisis, or sets of crises, and look at suggested interventions. In the next article, we will look at how all this is playing itself out in South Africa.

Earth’s Water Resources

Water is the most abundant resource on Earth at some 1,386 billion km³ embedded in oceans, ice caps, lakes, rivers, groundwater, the atmosphere and soil as well as water in

living beings whether humans, animals or plants. But 97.5 per cent of that water is saline found in oceans and seas and too salty for human consumption or for crop and industrial production. Much of the fresh water, an estimated 35 million km³ or 2.5% of the total of Earth's water, cannot be accessed for use since it is locked either in the snow, ice cover and permafrost of the Arctic or Antarctic or in deep aquifers. The physically accessible fresh water potential of the world is only about 93 000 km³ per year, or less than 1% of the total of our planet's water resources. (See Graphic 1)

The large blue drop in Graphic 2 represents the entire volume of Earth's water versus the surface of the planet. The next one to the right represents the volume of the world's liquid fresh water (including swamp, glazier, frozen and ground water), while the tiny bubble (virtually invisible and just below the middle-sized one) represents fresh water that is accessible to humans. Furthermore, 60% of global freshwater

supplies are found within the boundaries of just 9 countries: Brazil, Canada, China, Columbia, India, Indonesia, Peru, Russia and the United States. Quite a sobering perspective.

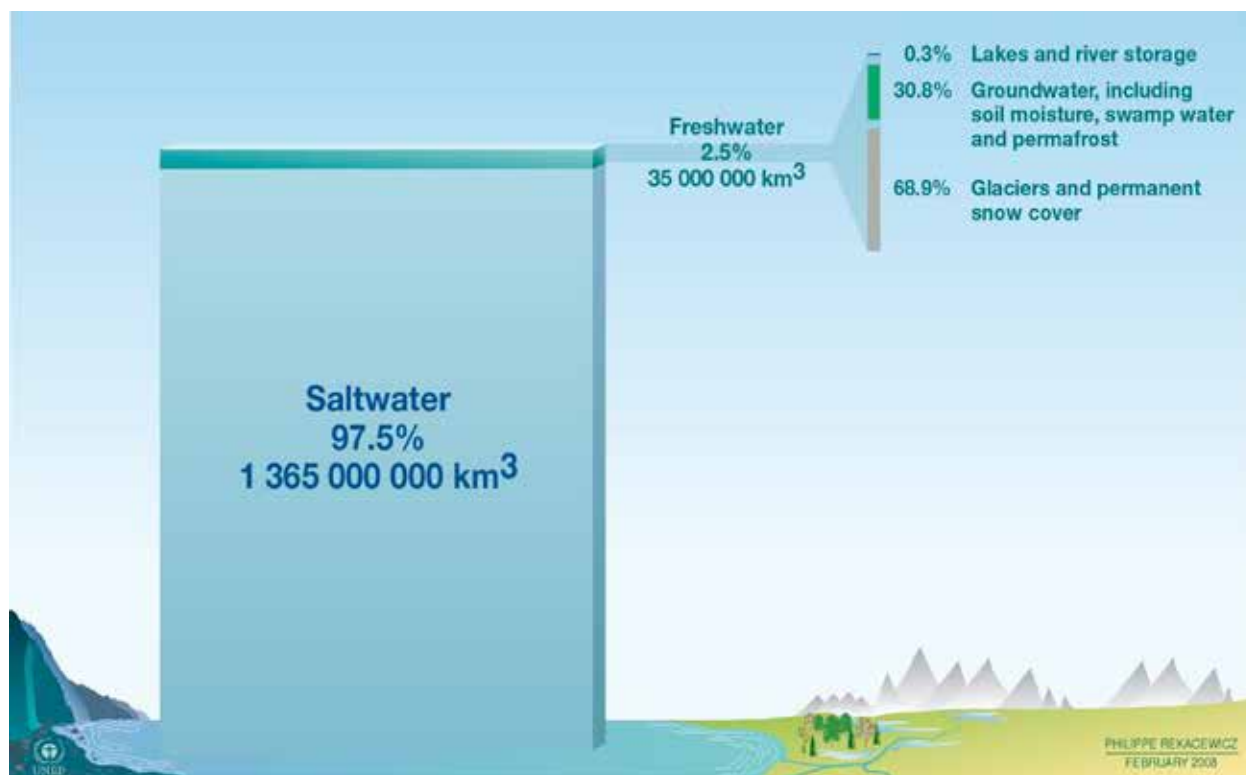
The absolute volume of water available on our planet has not changed over the millennia since Earth was formed. The 1,386 billion km³ has always remained the same as water moves through the water or hydrologic cycle – wherein takes place the continuous exchange of water among the atmosphere, soil water, surface water, groundwater and plants. What has changed is where it might be lodged, how it is used and by how many people and what we humans do with it. Slowly, huge amounts of water are being released into the oceans from the unprecedented melting of the polar ice caps.

Contours of a Looming Crisis

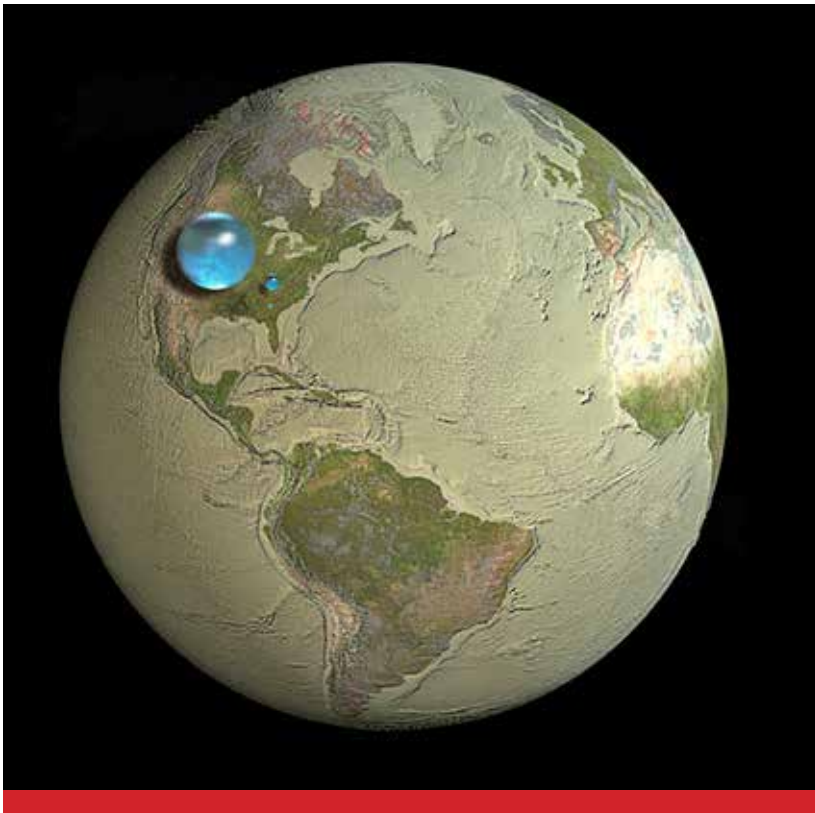
According to Unesco's Institute of Water Education (www.unesco-ihe).

org/), over the course of the last century, water use has been growing at more than twice the rate of population growth and promises to escalate further by 2050 when it is predicted that the world's population will grow from just over 7 billion today to over 9 billion. Currently, the world's more than seven billion people consume 54% of all accessible fresh water contained in rivers, lakes and underground aquifers. The statistical website, Worldometers (www.worldometers.info/water/), measured the volume of the world's water consumption (including recycled water in addition to fresh water) for 2012 at some 5 trillion m³ (1 m³ = 1000 liters).

With rapid population growth, water withdrawals have tripled over the last 50 years while the volume of fresh water available per capita has steadily declined and is forecast by 2025 to reach about a third of the volume per capita existing in 1960. Note that these are global averages and do not reflect the realities in many countries



Graphic 1: From UN Environmental Program (2008), Vital Water Graphics - An Overview of the State of the World's Fresh and Marine Waters. 2nd Edition. UNEP, Nairobi, Kenya. www.unep.org/dewa/vitalwater/article5.html



Graphic 2: From US Geological Service: <http://ga.water.usgs.gov/edu/2010/gallery/global-water-volume.html>.Globe illustration by Jack Cook, Woods Hole Oceanographic Institution (©)www.whoi.edu

in Asia and Africa in particular where water scarcity is beyond the crisis level. In South Africa, the average available freshwater per person for 2008 was 1 007 m³. Yet, globally, 1.1 billion people are without adequate and clean drinking water, while probably twice as many have inferior or even no sanitation services. Certainly access to clean water and sanitation services continue to be sources of immense inequality in many countries including in our own.

Global Average Available Fresh Water Per Capita	
Period	Average available fresh water/capita
circa 1960	15 000 m ³
2012/2013	7 300 m ³
projected for 2025	5 100 m ³

This trend is further explained by the rapid increase in irrigation stimulated

by rising food demand in the 1970s and by the continued growth of agriculture-based economies. Globally and on average, 70% of water resources are used for irrigation of crops (agriculture) with 22% for industry and 8% for domestic and commercial purposes. Of course these percentages vary with the economic, social and natural geography of regions.

However, fresh water availability, withdrawals, population growth and a greater demand for food are not the whole story. The increase in demand for water is due to more than absolute population growth and direct consumption of fresh water. Industrial societies in particular have taken the natural availability of water largely for granted – squandering it at the agricultural, mining, factory or domestic tap, dumping vile waste into rivers and oceans or into the ground where water seeps and flows. Yet the availability of clean, fresh water is diminishing absolutely and relatively as societies and economies make greater demands

on it for profit-driven production, and for escalating consumption in addition to the growth in the size of the Earth's human population.

Changes in values, priorities and lifestyle towards boundless consumerism and unbridled accumulation of wealth have contributed significantly to the expansion of the world's water footprint. The expansion of meat, especially beef, consumption and of automobile use accounts for a significant part of the lifestyle shift and the water footprint of people and nations. For example, to produce one kilogram of beef requires about 15 400 litres of water while the shift from fossil fuels to biofuels has had a significant impact on water use because production of 1 litre of biofuel requires between 1 000 and 4 000 litres of water, depending on the nature of the feedstock!

It can be added that as countries and populations have achieved political rights and freedom and as economies have undergone development, rightfully, larger sections of populations have demanded equality of access to and benefit from national water resources. In South Africa since 1994, the bulk of the population, that had been denied water equity under apartheid, has demanded access to fresh and safe water, to sanitation services and to water for productive purposes. No doubt the drive for democracy in North Africa, the Middle East and elsewhere will have implications for the water resources of those regions.

Pollution of waterways has affected the quality of available freshwater. In some regions, freshwater might be present but unusable because of its condition. Inland fresh waterways and underground aquifers have long been the sewers of industrial and mining effluents, human and other animal waste, agricultural runoff of pesticides and fertilisers, etc. Severe eutrophication and other pollution, including radioactive and heavy metal pollution from mining runoff, has been discovered in several enclosed or semi-enclosed seas and fresh waterways.

The World Resources Institute (www.wri.org/project/eutrophication/about) explains that eutrophication - the

over-enrichment of water by nutrients such as nitrogen and phosphorus - is a leading threat to water quality around the world. Also known as “nutrient pollution,” eutrophication upsets the natural balance of aquatic ecosystems, which can lead to algal blooms, red tides, hypoxic or “dead” zones, fish kills, and, eventually, ecosystem collapse. The rise in eutrophic and hypoxic events has been attributed to the rapid increase in intensive agricultural practices, industrial activities and population growth, which together have increased nitrogen and phosphorus flows in the environment.

Even the oceans and the seas, which provide humans with food and in some places desalinated drinking water, are not exempt from pollution. It is estimated that about 80% of marine pollution originates from land-based sources and activities. An example is the Great Pacific Garbage Patch of marine litter that is floating in the Pacific Ocean (rivalled by Garbage Patches in the Atlantic, Indian and other oceans and seas). These garbage patches cover hundreds of kilometers of ocean surface with astounding densities of plastic concentration. (en.wikipedia.org/wiki/Great_Pacific_Garbage_Patch)

Climate change and water resources

While in the past there was debate about whether or not the earth’s climate was heating up, most people today would acknowledge that our carbon-obsessed economies are threatening life on the planet as we emit increasing amounts of carbon dioxide into the atmosphere, despite many conferences, protocols, and commitments to reduce emissions. As would be expected, the consequences of global climate change for water resources are immense. Either there are insufficient rains in regions leading to drought and, over time, to desertification; or there are excessive rains and rising sea levels that flood and destroy inland and coastal areas, crops, homes and peoples’ ways of life.

A seeming paradox to the crisis of water is that in some places, during certain times, there is too much water coming from often erratic and heavy rainfalls, rising sea levels and unprecedented storms. The common

denominator here is global climate change or global warming, a result of human use and abuse of carbon fuels and the release of enormous quantities of other gaseous and noxious pollutants into the atmosphere. Our country and Mozambique have experienced the impact of heavy rain on settlements, agriculture and infrastructure, as Pakistan did a few years ago. Low lying island countries such as the Maldives are threatened with relatively imminent demise. As for the impact of storms, Hurricane Katrina in the Gulf of

“Industrial societies in particular have taken the natural availability of water largely for granted – squandering it at the agricultural, mining, factory or domestic tap, dumping vile waste into rivers and oceans or into the ground where water seeps and flows.”

Mexico took lives and homes in New Orleans and storms in the Caribbean destroyed peoples’ lives in Haiti. So water can be both a blessing and a curse, depending on circumstances.

Frightening Consequences of Water Scarcity: Tensions, Conflict and Even War

Competition for water across various uses, regions, social groups and among nations is intensifying alongside increase in future demand. That competition all too often pits the powerful against the powerless, favouring decision-making by the former. On the whole, rural areas tend to be disadvantaged in order to supply water to cities and towns. Agriculture, which consumes up to 70% of global water use, is focused mainly on feeding urban populations and supplying raw materials and fuel for industry. In recent years, the growth of the biofuels sector has increasingly consumed water, requiring between one and four

thousand litres of water in order to produce one litre of fuel.

Geopolitically, extraction of water is a highly contentious issue. 145 nations have territory within a trans-boundary basin (UNESCO water programme). There is no doubt that much of the tension and conflict in the Middle East is linked to control over water resources. Clearly, Israel has used access to water as a weapon against the Palestinians, especially in Gaza, while making its desert bloom for its own citizens. On our continent, the Nile sustains life along its 6 650 km length from its dual sources in Ethiopia (Blue Nile) and the Great Lakes Region (White Nile) to the Mediterranean Sea in Egypt. It traverses ten countries (Sudan, South Sudan, Burundi, Rwanda, Democratic Republic of the Congo, Tanzania, Kenya, Ethiopia, Uganda and Egypt) and has become a centre of bitter contention among some countries in East Africa. Egypt’s domination of the great river has been challenged by other regional powers, especially Ethiopia which is upstream. The plan in Ethiopia is to harness the power of the river for power and for agriculture. There are entrenched international interests in how the Nile is controlled and used. In South-East Asia along the Mekong and within the United States along the Colorado River tensions over water rights are evident as well.

When a society doesn’t have enough it looks elsewhere for water resources – either from its neighbours or even from distant lands where the water embedded in agricultural and food production is acquired for consumption in the home society. China, some of the Gulf States and India have engaged this model in Africa for some years now where they have acquired large tracts of land for export-oriented agriculture and, in the case of China, have supported the development of new dams on the Nile in Ethiopia. Thus ‘virtual water,’ in the form of agricultural and other products, moves from producer to consumer countries – sometimes leaving the donor country poorer for available water resources.

Whether or not a generalised conflict over water is possible is open to differing opinions. A recent paper funded by the

Canadian IDRC, *Fantasies and fears over water around the world*, (www.leadinafrica.org/sigp1) argues that “water is so crucial that countries cannot help but find a common solution” ... and that “more than ever before concerning ‘water wars’ ... doomsday predictions should stop. It is better to think out dynamic strategies to restore peace in water-induced conflicts...”. Other Scientists at the International Water Management Institute and Oregon State University concur. They have found that “water conflicts are in the minority of issues concerning water use with hundreds of treaties in place guiding benevolent use of water resources between nations. Water conflicts tend to arise as an outcome of other social issues.”(en.wikipedia.org/wiki/Waterconflict - cite_note-26).

Mitigating the Global Water Crisis

Mismanagement of national water resources is all too common across the planet. Decisions within countries and regions are often made at the expense both of the quantity and quality of water. At the micro or local level, mismanagement is manifest in crumbling infrastructure, inadequate water and wastewater treatment facilities, sub-standard safety and quality checks on the water supply and inequity in the distribution of water delivery systems. At the macro or national level, decisions regarding the construction of mega-projects such as dams can have detrimental, sometimes unforeseen or uncaring, results for downstream populations as well as for displacement of communities. Equally problematic are lax or unenforced regimens and the absence of monitoring of water use for large-scale agricultural, mining, and industrial projects where abstraction of water and release of effluents goes unchecked. In some cases, long accepted agricultural, forestry or industrial practices that strain and damage water resources go unchallenged by authorities and even by planners.

Unesco’s World Water Assessment Programme argues that “The growing global water crisis threatens the security, stability and environmental sustainability of developing nations. Millions die each year from water-

borne diseases, while water pollution and ecosystem destruction grow, particularly in the developing world. Over the past few decades there has been an increasing acceptance that the management of water resources must be undertaken with an integrated approach, that assessment of the resource is of fundamental importance as the basis for decision-making and that national capacities to undertake necessary assessments must be fully supported. Management decisions to alleviate poverty, to allow economic development, to ensure food security and the health of human populations as well as preserve vital ecosystems, must be based on our best possible

“The expansion of meat, especially beef, consumption and of automobile use accounts for a significant part of the lifestyle shift and the water footprint of people and nations.”

understanding of all relevant systems.” (www.unesco.org/new/en/natural-sciences/environment/water/wwap/)

One new and important tool for managing water and for making informed decisions about how it is used is ‘water footprinting’ – a process similar to carbon footprinting, that entails the assessment and auditing of the total volume of freshwater used by businesses to produce goods and services consumed by individuals, communities, etc. The water footprint is a geographically explicit indicator, showing not only volumes of water use and pollution created, but also the locations. Water footprint assessment refers to the full range of activities to: (i) quantify and locate the water footprint of a process, product, producer or consumer or to quantify in space and time the water footprint in a specified geographic area; (ii) assess the environmental, social and economic sustainability of this water footprint; and (iii) formulate a response strategy. (Water Footprint Network -

www.waterfootprint.org/?page=files/Glossary).

Unesco’s Institute for Water Education and The Water Footprint Network, founded at the University of Twente in the Netherlands with international partners, keeps track of global and regional/country water footprints. Of course, the water footprints of nations and regions vary enormously. China at 1207 billion m³, India at 1182 billion m³ and the United States at 1053 billion m³ have the largest water footprints. Considering the differences in size of populations between the first two and the United States, one sees that the latter has a water footprint of some 2842 m³ per capita whereas the average citizen in China and India have water footprints of 1071 m³ and 1089 m³ respectively. The global average is 1089 m³. The world’s current largest economy with about 5% of the world’s population is a water guzzler. Research shows that the source of the United States’ water footprint is largely internal to its borders, with the main external source being the Yangtze River!

While the development of integrated water use plans by governments and international organisations as well as the use of scientific methods to measure and monitor water footprints are important developments, civil society has a major role to play in maintaining the accountability of the policy makers to avert crisis, conflict and scarcity while also safeguarding the freshness and safety of our most precious resource next to oxygen. Political parties, the private sector, trade unions, environmental organisations and community bodies must keep water resource use high on their agendas in order for water resources to be used equitably, justly and for the benefit of the planet.

But mitigation of the looming crisis will also require major changes in the motivation for production of agricultural and industrial goods and services and the extraction of raw materials as well as the acceptance of changes in lifestyles and habits. Such changes have the potential to enhance the lives of all people, rescue the planet and provide for water for future generations. ■



The Economics of Privatisation and the Labour Market in Africa

“Money never made a man happy yet, nor will it. There is nothing in its nature to produce happiness. The more a man has, the more he wants. Instead of filling a vacuum, it makes one.” Benjamin Franklin – scientist, inventor, statesman, printer, philosopher, musician and economist.

By Christopher D. Mlosy

Growth continues to be very impressive in many parts of Africa. But we have not seen enough of the structural transformation needed to make growth sustainable in the long run. Economic performance in Africa should not be judged only on economic indicators, such as an increase in the GDP or improvement in the balance of payments, however important these are. For example, on privately owned white farms and some mines in South Africa millions of workers and their families face tenure insecurity and lack of basic facilities.¹ While the land market has reacted to changes in the wider political and

economic environment during the transition to democracy, the scale of the land reform programme itself has been too small to have had any discernible impact on the price of land. Some economists point out that the country has one of the most unequal distributions of income in the world, and income and material quality of life are strongly correlated with location and race.² The main reason for this is that since 1994 much of the power and wealth, including natural resources, remain in the hands of a white minority.

In 2013, governments in Africa must ask themselves some critical questions: Have the policies and strategies

already used in the country resulted in a more equitable distribution of wealth, resources and employment opportunities? Have they resulted in improved and more stable incomes and standard of living for the most severely deprived section of the population? If social goals such as these are not given as much weight as economic goals, there is something wrong in the strategies for the development of the country. Fuller employment is an important indicator and a powerful means of reconciling the economic and social goals of a government. The labour market and development of a well-integrated financial market

structure, particularly in view of the many avoidable costs that a segment of the financial market imposes on investors and producers, are vital for growth and development in Africa.

The economy needs to be viewed in its aggregate, especially with respect to the relationship between the key markets on the real side of the economy, comprising goods and services to domestic and international markets, and financial resources: savings and investment from both domestic and external sources and the labour market. The relationship between the real side of the economy and the monetary side must be understood. This involves prices, exchange rates and interest rates, external and internal balance, the provision of economic and social infrastructure, the regulatory regime, particularly as related to labour markets and industrial organisations. Tax and trade policies need to be made explicit as well. It requires a proactive role on the part of governments to provide key services in terms of economic and social infrastructure and an appropriate regulatory regime for the various aspects of the market to broaden their bases to be able to absorb marginalised populations and for such groups to function efficiently within a market context. Essentially, all of government should be preoccupied with the need to promote broad-based development and employment with a high level of commitment.

Global Unemployment Crisis

According to the International Labour Organisation (ILO) Global Employment Trends 2012 Report: *Preventing A Deeper Jobs Crisis*, “the world entered the year 2012 facing a serious jobs challenge and widespread decent work deficits. After three years of continuous crisis conditions in global labour markets and against the prospect of a further deterioration of economic activity, there is a backlog of global unemployment of 200 million – an increase of 27 million since the start of the crisis. In addition, more than 400 million new jobs will be needed over the next decade to avoid a further increase in unemployment. Hence, to generate sustainable growth while maintaining social cohesion, the world

must rise to the urgent challenge of creating 600 million productive jobs over the next decade, which would still leave 900 million workers living with their families below the US\$2 a day poverty line, largely in developing countries of Africa.”³

Putting Africa on a developmental and employment-absorbing growth path is a long-term challenge which we will need to tackle together with a broadly shared vision. There is a critical need to boost the long term labour absorption capacity of the economy. Africa as a continent needs to reduce the dislocation caused by structural changes, eliminate the institutional impediments to employment-creation and hasten the process towards a

“ Africa as a continent needs to reduce the dislocation caused by structural changes, eliminate the institutional impediments to employment-creation and hasten the process towards a sustainable labour-absorbing growth trajectory. ”

sustainable labour-absorbing growth trajectory. The dogmatic view that if the labour market were freed of various regulations all who wanted to be employed would find sustainable employment is rather simplistic.

With regard to employment, it can be defined to include all activities related to the production of goods and provision of services which are of social, economic and cultural value to members of a community. Against these labour market challenges outlined by the ILO, the outlook for job creation in Africa is worsening.⁴ A social indicator of the increase in the rate of unemployed is the increase in the crime rate, drug related crimes and consumption, corruption

and prostitution with all related consequences. The unemployment problem in rural areas is much more disguised. For example, in South Africa alone statistics show that in the second quarter of 2012, 1.3 million people aged between 15 and 24 were unemployed, as were another 1.9 million people aged between 25 and 34.⁵

Public Ownership versus Privatisation

Africa and in particular South Africa can learn from other countries how they control their natural resources. For example, in most of the Petroleum Exporting Countries (OPEC) governments own the oil companies operating on their soil. A notable example is the Saudi National Oil Company, Saudi Aramco, which the Saudi government bought in 1988 and changed its name from Arabian American Oil Company to Saudi Arabian Oil Company. The Saudi government also owns and operates Saudi Arabian Airlines, and owns 70% of SABIC, as well as many other companies. They are, however, being privatised gradually, though ownership still remains primarily in the hands of Saudi citizens.⁶ Currently, the poor performance of parastatals, the threat of privatisation and the parastatals’ importance to Africa has further substantiated the need for effective leadership within the parastatals.

Given that “trickle down” policies, where a small number of the very rich provide income for those that provide them with services and goods, have largely been dismissed as an engine for reducing inequality, the only way that poverty can be reduced is by economic growth and development that is targeted towards the conditions of the poor and excluded. A good example, and this is self-evident, is in South Africa where this is not happening. The economy has been growing at rates less than 3% a year; given the growth of the population this has produced annual growth in real terms of less than 1% per capita. The challenge the country is facing is that in the first 19 years of democracy the biggest beneficiary of the economic transformation has been white capitalists. 40% of South Africans

willing to work are unable to find jobs. Two out of three African people under the age of 30 are unemployed. The quality of jobs is declining, meaning more workers are working as casuals or on temporary contracts.⁷ Unemployment discriminates on the basis of race, affecting more Africans than other groups. Unemployment afflicts women more than men. The lack of job opportunities is devastating young people which will affect political direction if the government does not take serious measures to address the problem. A planning process that includes listening and gathering information before making strategic decisions on labour market challenges is needed to address youth unemployment, improve citizen services and strengthen the operational performance of government.⁸

The key theoretical elements underpinning the argument for a change in ownership from public to private related firstly to the view that public ownership led to the pursuit of objectives that detracted from economic welfare maximisation; and secondly, an ownership change could improve economic performance by changing the mechanisms through which different institutional arrangements affect the incentives for managing enterprises. These arguments are linked to presumptions concerning the condition of publicly-owned enterprises before they are privatised. A typical view presented publicly-owned enterprises as overextended and poor performers. In this situation publicly-owned enterprises crowded out private enterprises in their access to credit and erected statutory barriers to preserve the monopoly status of publicly-owned enterprises. It is argued that the net effect of a change in ownership from public to private would be improved economic efficiency, and over time an increase in investment and employment.

Although economic analyses of the effects of privatisation have focused almost entirely on company performance, the greatest political and social controversies have usually concerned the consequences for the firm's employees. In most cases, it has been assumed that the employment

and wage effects would be negative, and workers all around the world have reacted to the prospect of privatisation, especially when foreign ownership may be involved, with protests and strikes. The motives for privatisation have encompassed improved fiscal equity and distributional performance, although the importance attached to each has varied between and within countries over time.⁹ Nevertheless, the link between privatisation and economic growth relates most directly to the micro-economic theories used to justify privatisation. At the heart of the debate are theoretical perspectives on the ownership issue drawn from property rights theory, public choice theory and principal agent analysis. If privatisation was sufficiently extensive and had efficiency inducing effects

“A planning process that includes listening and gathering information before making strategic decisions on labour market challenges is needed to address youth unemployment, improve citizen services and strengthen the operational performance of government.”

then the contribution of improved performance could be detected at the macro-economic level.

Privatisation, it is claimed, would reduce crowding out and provide more credit to the private sector. It would increase the opportunities for investment in newly privatised enterprises by releasing them from the capital constraints previously faced under public ownership. A change in ownership from public to private would increase efficiency by introducing changes to the governance mechanisms and structure of incentives for a few employees but would not create more employment opportunities. Instead it would lead

to redundancies and restructuring. Privatisation is often accompanied in developing countries by changes in economic policies that affect economic growth. Significant attention has been focussed on the process of deregulation and the importance of competition and its relation to economic efficiency. The dominant form of socialism, as it has existed since roughly 1920, has now proved to be a dead end. This has to be recognised even by those of us who still regard ourselves as socialists. Marx was correct on a crucially important point more than 160 years ago, viz: that capitalism will not collapse; capitalism will not be overthrown until it has realised its own complete potentialities.¹⁰

Levels of unemployment have worsened since the beginning of the 2008 financial crisis. Employers as well as policy-makers are convinced about the potential gains from privatisation but the trade unions have been mainly concerned about the erosion of jobs security and acquired rights. In order to achieve positive results on privatisation there must be extensive consultations with workers and their organisations. In developing economies governments undertake privatisation without a clear understanding and knowledge of its social consequences. Governments need to understand that workers in factories facing privatisation, and organised labour, whose leaders have gained both power and privileges within medium and large firms owned by the state, are potential opponents of privatisation.

Measuring the impact on labour of the various forms of transition from a state-owned and -directed economy to a private one will be neither easy nor quick for most countries. There is the need to take account of objectives other than increased efficiency and faster economic growth. In many privatisation programmes simple reduction of the size of government is a key goal. In others, the broadening of share ownership is a major objective. In many, a major purpose is to send signals to investors and donors that policy environments have changed.

What is the impact of privatisation on employment opportunities and basic rights services in Africa? This is

difficult to measure, first of all because privatisation takes place largely in the context of structural changes in markets and the economy which have their own impact on employment and basic rights services. Capitalist society is based upon the exploitation of labour through the buying and selling of labour power. The existence of labour power as a commodity implies not only the capital relation but the circulation of capital. Since money is advanced to initiate production, realisation must follow production so that the process can be started afresh.¹¹

Is Privatisation a Panacea for Government's ills?

In the world of globalisation, the word privatisation means different things in different countries. In most countries, privatisation means the sale of state-owned assets or equity to private investors (foreign or domestic) in exchange for cash payments sometimes with elements of corruption.¹² While corruption and fraud can never be justified, it is vital to consider them in the context of history as well as in the current global economic climate. International traders, with the full acquiescence of governments, have engaged in bribery in one form or another for many years. Major bribery in contracting and procurement, plus systematic corruption among government officials, constitute serious obstacles to foreign investment, economic growth, and social equity, as well as undermining political legitimacy in Africa.¹³ In the United States of America, privatisation usually refers to the contracting-out of government services to private operating companies. In the economies of Eastern Europe and the former Soviet Union and the so-called transition economies, privatisation necessarily involved the entire transformation of a command economy into a market-oriented one with private ownership, and was typically accomplished through voucher privatisations - essentially giving stock away free or at nominal cost to all citizens. In modern China, privatisation involves state enterprises selling newly-issued stock to private investors, but never involving surrender of state control over these

enterprises.

One of the main arguments for the privatisation of publicly owned operations is the estimated increases in efficiency that can result from private ownership. The increased efficiency is thought to come from the greater importance private owners tend to place on profit maximisation as compared to government, which tends to be less concerned about profits. Governments usually adopt privatisation programmes primarily to raise revenue and in order to improve the economic efficiency of former state-owned enterprises (SOEs). Most also hope that privatisations implemented through public share offerings will develop their national stock markets. The greatest opposition to privatising a firm usually comes from the firm's own employees, who are fearful of

“At the heart of the debate are theoretical perspectives on the ownership issue drawn from property rights theory, public choice theory and principal agent analysis.”

wage cuts and job losses. Workers' apprehensions about privatisation are consistent with standard economic analyses, whereby new private owners raise productivity and reduce costs in response to harder budget constraints and stronger profit-related incentives.

Several rationales have been put forth by pro-free market economists to justify the privatisation of public service delivery, each one having direct implications for public employment and the size of the public workforce. First, public choice theorists and other economists have advocated privatisation on the grounds that it leads to improvements and efficiency in the economy. Second, from the perspective of liberal political philosophy, the coercive power of the state poses a danger to the personal freedom of citizens, and privatisation keeps this power in check by making government smaller and less intrusive.

Finally, one finds in the literature a more practical case for privatisation based on the idea that it offers public managers greater flexibility in the management of human resources and the delivery of public services. Pro-free market economists generally assert that in the absence of competition and profit incentive, public agencies are unlikely to produce public goods or services at minimal cost. Government is not an economically driven institution where efficiency is necessary for survival; it is a political institution designed to govern. Moreover, government is a monopoly and monopolies are inherently inefficient due to a lack of competition. It is important to note that some experts claim that privatised service delivery is more efficient than direct public service delivery.

Public choice theory also assumes that individuals, including bureaucrats, act to maximise their utility or economic self-interest. Because they operate in a public bureaucratic setting that shields them from the competitive forces of the market, public managers rationally engage in utility-maximising behaviour such as budget maximisation and oversupply of public services. Privatisation, then, becomes a way of breaking the monopolistic power of public bureaus and improving public sector performance, particularly in terms of efficiency and economy. Public choice theorists maintain that private service delivery together with competition leads to gains in efficiency and economy, unlike the case made in the property rights literature, which maintains that private service delivery (i.e., private ownership, with its profit-maximising incentive structure) alone results in better performance. The efficiency and economy argument for privatisation made by public choice theorists and other economists has clear implications for public employment and the size of the public workforce. One of the early experts on contracting out observed that since labour consumes anywhere from 70 to 80% of a local government's budget, the cost of hiring local government employees is the major cost that is eliminated when local officials opt to contract out. The

burgeoning privatisation movement has elicited a strong response from experts who challenge the view of privatisation as a panacea for government's ills.

Since the 1980s, a new stream of literature has emerged, addressing the challenges of how best to manage privatisation and avoid its shortcomings. Some economists have identified critical contingencies that must be addressed for privatisation to succeed, including competition and adequate contract management capacity to ensure accountability and reduce the incidence of adverse selection and shirking. Within a market driven economy the state essentially has three sets of policy instruments, namely those pertaining to macro-economic management, those related to regulation and the provision of incentive and disincentives, as those concerning the provision of public goods. It may be useful to begin by accepting the need for stable and sound macro-economic fundamentals. But it is necessary to admit that while such fundamentals may be necessary given current domestic and global imperatives, they may not be sufficient to precipitate a labour absorbing growth path as needed.

It is important nonetheless not to be oblivious to the manner in which governments have been misguided and the manner in which such interventions have been abused, necessitating the current preoccupation with economic reforms. In particular, there is a need to avoid deadweight negative effects whereby public expenditures are used to support activities which entrepreneurs would otherwise undertake in any case, rent seeking behaviour and corruption arising from distortions in price mechanisms, and the unsustainable use of public moneys. There is a need to narrowly target transparent incentive and supportive measures which have sunset riders and quid pro quos tied to them.

Conclusion

This is the first time in history that capitalism has moved to the position of controlling the entire globe; it is able to penetrate anywhere it pleases and move labour, capital and manipulate

trade. But capitalism cannot develop the whole world because it cannot use the techniques with which it developed the central countries of capitalism. What it has done since 1945 is to develop techniques of high mass consumption. But is it reproducible? It is not, because it is based on a combination of advanced technology and high income. These techniques cannot be transferred to any extent to the African countries or developing countries, as the cost is too high. An investment in high incomes is required before mass consumption is

“No one should be hungry, ill-housed or ill clothed; everyone should have work, decent housing, proper education and access to medical services.”

achieved.

I do not think that capitalism is willing to make the necessary and much needed investment in Africa, even if it has the capacity. Socio-democracy is the only approach, which has the potential to achieve this kind of alternative in a way which can be completely democratic and which can offer a decent life to the world population. No one should be hungry, ill-housed or ill clothed; everyone should have work, decent housing, proper education and access to medical services. Socialism per say will not be accepted at the centre, because people will not voluntarily give up what they perceive as their high and necessary standard of living. The future of moderate socialism or socio-democracy lies in the developing countries, particularly in Africa. That is where the crucial struggle has to be fought in the coming years. We have a duty to protect the human race to live in this circumscribed globe without corrupt leaders and individuals. We must reveal the causes of international monetary instability and the failure of traditional Keynesian remedies to

maintain domestic economic stability. In short, we as economists have the task of explaining the concrete manifestation of the capitalist crisis throughout the capitalist epoch: depression, inflation, deflation, and stagflation. ■

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- ⁴ Note: A more acceptable definition of a youth and one adopted by the United Nations (UN) set the age limit of 15-25 years. Youth unemployment as a proportion of the youth population is calculated by dividing the total number of young unemployed persons by the total number of young persons.
- ⁵ StatsSA
- ⁶ <http://en.wikipedia.org/wiki/Government-owned-corporations>
- ⁷ About 30% of all jobs in the mining industry and 60% in the construction industry are casual. Close to 55% of all workers in the formal sector are earning around R2500 a month, while another 30% earn R1500 a month and a staggering 15% earn R500 a month. *The Sunday Times* September 17, 2006.
- ⁸ Note: Government executives whether political appointees or career staff must carry out and implement successful public strategies without delay. Even when a national planning mission is clear accomplishing that mission can be difficult, especially when goals, leadership and strategy are constantly changing. Therefore change of government not "unconstitutional change of government" is the only way to end a culture of dirty tricks in economics and politics in Africa.
- ⁹ UNCTAD, 1996, Yarrow, 1999.
- ¹⁰ Note: Marx's theory largely reflects the different political perspective of those calling themselves "Marxists". Marxists divided into two camps: (i) those who, like Marx, concluded that capitalism could not be reformed to any basic degree and required violent overthrow by the working class and its political party, (ii) those who thought that Marx's analysis could provide the basis for the reform and rationalisation of capitalism, and a peaceful, even parliamentary transition to socialism. *Capital Particular Volume 1* is filled with contemporary examples of horrors of the Industrial Revolution and capitalist abuses of the masses of British population. The key to unlocking the inner nature of capitalism is the labour theory of value.
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CAUSALITY, CORRELATION AND ARTIFICIAL INTELLIGENCE

Implication on policy formulation

In this paper we propose neural networks to build models that are able to transmit information from the cause to the effect and this is called a causal machine... We also use neural networks to build an autoassociative memory network which is in essence a correlation machine.

By Tshilidzi Marwala

The problem of understanding causality has eluded philosophers for a very long time. The significance of understanding causality to enhance the functioning of society is enormous. As an example, the medical field is based on the premise that some medicines cause healing of diseases. To link specific medicines to the curing of diseases requires a good understanding of causality and as long as this understanding is not complete the results of clinical studies will always be sub-optimal.

There is an old Venda saying: *"Tsho bebiwaho tsho fa"*. What this expression says is that there is a perfect correlation between birth and death and that those who are born will necessarily die. Many have simplified and misinterpreted this idiom to say that it means birth causes death. In fact, there is an information flow from birth to death but this is not causal information. It might be that the actual causal relation for this case was between a road accident and death and, therefore, the road accident caused death. This example illustrates a very simple explanation of what a cause is and what a correlation is. On trying to understand causality it is vital to understand the principle of correlation because within any causal model lies a correlation machine.

Causality

In this paper we use key terminologies, one of which is a causal path that links an event (cause) to another event (effect) as well as a correlation path which links one variable to another. Hume (1896) observed three principles with regards to causality and these are that the cause and effect are associated, that the cause happens before the effect and that cause and effect are connected. In the causal model proposed in this paper, causal information is transmitted from the cause to the effect. This is known as the transmission model of causality and this has been proposed and described in detail by Ehrling in 1986, Kistler in 1998, Salmon in 1984 and Dowe in 1992. What this transmitted information is depends on the specific case being analysed. Because of the transmission of such information from a cause to the effect, there should be a correlation between the cause at the time of the transmission of this information and the effect at the time of the arrival of the information. In simple terms the effect at the time of the arrival of the information is correlated to the cause at the time of the departure of the information. It is for this reason that whenever correlation is observed causality is wrongly inferred and human intuition has evolved such that it has learned to identify causality

through correlation. This is because of the inability to detect a time lag between a cause and effect which necessarily implies causality.

This paper proposes that within any causality model is buried a correlation machine. Indeed, if x causes y then y at a later time must necessarily be correlated to x at the earlier time. This study uses Salmon's definition of causality which states that when x causes y then there has to be a flow of information between variables x and variable y . As correlation is a vital part of causality it is important to understand correlation.

Correlation

Correlation is the measure of a degree of how a variable is related to another. Philosophically two variables are related if they have a common base which we call a base structure. A base structure is the lowest layer which relates two variables. For example, in the correlation relationship between rain and dark clouds the base structure is the water vapour. The reason why dark clouds and rain are correlated is because they are both caused by the water vapour in the atmosphere. Another example is the correlation between childhood obesity and heart diseases later in life. The base structure that causes this correlation might be the genes. In the next section we discuss artificial intelligence which is used to build a causal and correlation machine.

Artificial Intelligence

Artificial Intelligence (AI) is a relatively modern field which is about building intelligent systems with the ability to learn and reason just as intelligent human beings are able to do (Marwala and Lagazio, 2011). AI has found applications in vital areas such as making decisions with incomplete information (Marwala, 2009), engineering sciences (Marwala, 2010), automatically monitoring of critical infrastructure (Marwala, 2012) and modeling of economic systems (Marwala, 2013).

There are largely two categories of AI systems and these are learning and optimisation techniques. Learning techniques imitate the mode in which the human brain functions to construct better machines. The second category

uses the mechanism of complex social organisms such as a flock of birds, a colony of ants and a school of fishes to design systems that are intelligent to adapt without human involvement by demonstrating dialectic relationships between individual and group intelligence.

In this paper we propose neural networks to build models that are able to transmit information from the cause to the effect and this is called a causal machine. This transmission process is enabled using neurons which transmit information from the cause to the effect. This in essence means the effect depends on the cause. We also use neural networks to build an autoassociative memory network which is in essence a correlation machine because it is primarily based on correlations between the data (Hopfield, 1982). It is called autoassociative memory network because it is able to reveal a complete set of information by observing a small piece of information. It is an associative memory network because learning is based on association of the small piece of information to the whole. In cognitive psychology association is a powerful tool which is useful for learning complex patterns. This paper uses these two systems i.e. causal and correlation machines to understand the value of each for solving complex social and economic systems.

Some Applications

This section gives some examples of how the principles of causality and correlation can be applied. The practice of monitoring and recognising problems in critical systems is of significance to an economy and society. Aircraft operators must be certain that aircraft are free from cracks. Bridges approaching the completion of their useful life must be evaluated for load-bearing abilities. Cracks in turbine blades lead to an interruption in the electricity supply and must be detected early. Artificial intelligence can, therefore, be used to detect these failures before they occur, thereby saving lives and economic resources. The general framework is based on the old premise that everything has something to say and the trick is to recognise its voice and interpret its

language. There is an old lady in the village who makes clay pots and when they are dry puts them in a furnace and then taps them and listen to how they ring to assess their structural integrity. This old lady assumes that there is a correlation between the manner in which the clay pot rings after being tapped and the structural integrity. In the artificial intelligence world the old lady does not need to listen to the ring of the pot after being tapped but she can let her computer listen then advise whether the clay pot is good or not.

Our reserve bank has a policy known as inflation targeting to regulate the inflation rate to fall within certain predetermined limits. This is done by manipulating the interest rate. This whole framework is based on the premise that there is a causal relationship between interest rate and inflation. Artificial intelligence can be used to identify this causal relationship and thus it becomes an instrument that informs policy makers on the required interest rate that will give the desired inflation rate.

Implications on Policy

In this paper, four main themes were considered and these were causality, correlation as well as causal and correlation machines which we build using artificial intelligence. What are then the implications of all these on policy formulation? For one, as South Africa moves more and more into the realm of evidence based policy formulation, it is important that the basis of evidence based formulation is understood and these bases are the principles of causality and correlation. The principle of causality is important because it is vital to understand what the effects of certain policy implementations are given the relevant drivers (cause).

For example, South Africa aims to increase its economic growth to a rather ambitious 6%, which is probably an unattainable target given our serious weaknesses in the social, political and economic spaces. One driver required to achieve such a target is to improve our schooling system. In the formulation of a relevant policy it will thus become necessary to identify a cause and effect model that relates the character of our schooling system to economic growth.

The principle of correlation is important in policy formulation because correlations give us a diagnosis on what is happening in society. For example, if you wanted to know what our society is going to look like in 50 years, you just have to observe the character of our current teachers because this is correlated to the character of our students coming from our schooling system. Correlations can be used, for example, to understand in both space and time the big issue of our time which is China's economic expansion into Africa, using the autoassociative correlations. We can understand China's current activities in Africa and use this information to infer the evolving relationship between China and Africa. The other vital area in South Africa is the problem of service delivery and in this regard it is important to identify factors that could improve service delivery and relate such factors to service delivery.

Conclusions

It is evident that causality, correlation and artificial intelligence have a role to play to advance society. The understanding of these concepts is far from being complete and further work still needs to be conducted to bring more understanding and application of this subject. ■

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The world demands the release of the five Cuban heroes

In the letter Comrade Fidel asked the US President to prosecute the people implicated in the terrorist activities against the Cuban revolution. But instead of arresting the terrorists involved, the FBI arrested the very same Cuban heroes who were involved in gathering the information exposing the crimes.

By Justice Piitso

Last year the Cuban five heroes demonstrated the most courageous forms of human solidarity when they wrote a letter to Oscar Lopez Rivera, a Puerto Rican freedom fighter who has now served more than 32 years in American jails. This letter of solidarity from the five Cuban heroes was written on behalf of the Cuban revolution and her people to Oscar Lopez Rivera, one of the world longest serving political prisoners fighting for the freedom and sovereignty of the Puerto Rican people against American colonialism.

This most revolutionary letter of solidarity reads as follows:

"With the same unyielding and moral spirit that we share in common, we send you our strongest hug of solidarity as we reiterate our admiration and affection.

"Oscar needs all the solidarity we can give him, and he is an example to follow for current and future generations of Puerto Ricans.

"Men like Oscar are indispensable if we are to build a society for human beings, which has encouraged the noblest actions ever, since history began to be written."

Indeed the five Cuban heroes, Oscar Lopez Rivera, and many other brave men and women across the whole world serving harsh prison sentences for the noble cause of the freedom and dignity of their own people, need all the solidarity we can give, as they are the example to be followed by current and future generations to come. Men and women like them are indispensable if we are to build a world of peace, justice, freedom and democracy.

On the occasion of the January 8 rally this year the President of the ANC, Comrade Jacob Zuma, reaffirmed our liberation movement's solidarity with the struggles of the working class and those fighting against imperialism and neo-colonialism. The National Executive Committee of the ANC also reaffirmed that the struggle of the people of our country is indeed part of the struggles of the peoples of the world to fight against imperialist exploitation and colonial domination.

We are proud that our movement is still part of the rich historic tradition

of struggling to create a better world for humanity. The leadership of our movement has reiterated our revolutionary commitment to give unconditional support and solidarity to the Cuban revolution and her people. Our national liberation movement is part of the collective effort by the progressive people of the world to lead the campaign for the immediate end of the economic blockade against the Republic of Cuba and the release of the Cuban five heroes languishing in American jails.

In 1959 the 26 July movement under the leadership of Fidel Castro, led a victorious guerrilla war that saw the collapse of the repressive regime of the

“These five Cuban anti-imperialist heroes uncovered and exposed with irrefutable evidence the involvement of US sponsored mercenaries in those dastardly acts of terrorism against their country and its leaders.”

dictator Fulgencio Batista. During his reign of terror of the innocent people of Cuba were subjected to the most brutal atrocities and abuse of human rights. The Batista regime suspended the constitution of the country and banned all political parties. Workers were not even allowed to join trade unions or to strike. US imperialism supported Batista as the alpha and omega of the affairs of the Cuban nation.

The dictator Batista was manipulated by wealthy American business people who owned vast tracts of commercial lands and the Cuban sugar and cigar industry. He also committed countless economic crimes in collaboration with the American mafia gangs who controlled the drug, gambling and prostitution business empires in Havana. The mismanagement of

the Cuban economy by US business interests led to the severe poverty of the people.

As a result of the deteriorating socio economic contradictions the regime embarked on a massive crackdown on freedom of expression and association. There was wide-scale violence and torture, and public executions were carried out by the regime throughout Cuba. Thousands of innocent people, including revolutionaries, were massacred by the regime with the support of the American government.

All this led to the formation of the 26th July movement which overthrew the repressive regime of Batista in 1959, led by the Commander in Chief Fidel Castro. The triumph of the Cuban revolution subsequently led to the declaration of the socialist character of the Cuban revolution in 1961.

The historic declaration of the first socialist state on the doorstep of the USA followed the failed attempt by US sponsored mercenaries to invade Cuba and destroy its revolution during the victorious battle of Playa Giron. The triumph of the revolutionary forces at Playa Giron signified an important step in the process that culminated in the unity and cohesion of the Cuban revolution and the people. Playa Giron was the first military defeat of US imperialism in Latin America.

The humiliation of US imperialism at Playa Giron led to the US administration imposing a unilateral economic blockade against the peaceful Cuban revolution and its people. The economic blockade against the Republic of Cuba continued under successive American administrations to oppose the will of the Cuban people and the very existence of the first socialist state in the Americas. During the battle of Playa Giron the people of Cuba defended socialist principles and socialism as the future for humanity.

Since the declaration of the socialist character of the Cuban revolution, the United States, through its sponsored mercenaries, has been involved in acts of conspiracy to undermine the sovereignty of the Cuban state as well as plots to murder the Commander in Chief Fidel Castro. The revolutionary government and the people of Cuba have been subjected to endless threats,

sanctions, invasions, sabotage and violent attacks that have resulted in the loss of more than three thousands innocent lives, as well as many injuries.

In one of the worst crimes against humanity, seventy three people were killed when a bomb exploded aboard a commercial airliner carrying people in 1976. The people behind this horrible criminal act were two CIA mercenaries of Cuban origin staying in Miami, Orlando Bosch and Luis Posada Carriles, who were never held accountable by the US administration.

In the period of the nineties just after the collapse of the Soviet Union and the other socialist states in Eastern Europe, US sponsored mercenaries embarked on sabotage projects targeting the Cuban tourist industry. The project was to commence with a violent campaign targeting tourist hotels and resorts, buses, airports, and other facilities to destroy the booming Cuban tourist industry. As a result of this in 1997 a bomb that killed one Italian tourist exploded in the lobby of the Hotel Copacabana in the city of Havana. Raul Ernesto Cruz Leon, a citizen of El Salvador, who confessed to have been hired and paid thousands of dollars by the US sponsored mercenaries, was arrested.

The sustained acts of terrorism, aggression and sabotage against Cuba were initiated by and carried out by counter-revolutionary Cuban exiles mainly based in Miami. Five Cuban patriots, Gerardo Hernandez Nordelo, Ramon Labanino Salazar, Rene Gonzalez Sehweret, Antonio Guerrero Rodriguez and Fernando Gonzalez Llort were sent to Miami to uncover those responsible for the nefarious plots against revolutionary Cuba. These five Cuban anti-imperialist heroes uncovered and exposed with irrefutable evidence the involvement of US sponsored mercenaries in those dastardly acts of terrorism against their country and its leaders.

After receiving evidence from the five heroes about the involvement of the US sponsored mercenaries in these acts of sabotage against the Cuban revolution, the Commander in Chief sent his personal emissary in 1998 to deliver a hand written letter to the then President of the USA, Bill

Clinton. In the letter Comrade Fidel asked the US President to prosecute the people implicated in the terrorist activities against the Cuban revolution. But instead of arresting the terrorists involved, the FBI arrested the very same Cuban heroes who were involved in gathering the information exposing the crimes. They were given maximum prison sentences and are still languishing in US prisons.

In a letter commemorating the 11th anniversary of the incarceration of himself and his fellow comrades, Antonio Querrero Rodriguez writes as follows:

“Dear friends:

On June 8th eleven years ago, we were declared guilty of all charges by a jury in the city of Miami, where we could never have received an impartial and fair trial.

“In one of the worst crimes against humanity, seventy three people were killed when a bomb exploded aboard a commercial airliner carrying people in 1976.”

I think one of us heard something on the Miami radio, or perhaps on television, on the 7th we were pretty certain that the verdict would be the following day. And, indeed, they came to wake us around 4 a.m. to take us to the Court.

We knew not to expect anything good. The members of the jury had barely taken any time to arrive at their decision. Despite that, I remember vividly, in none of us Five was there the slightest bit of defeatism, in fact, just the opposite. We went with our heads high as we sat down before that jury, which obviously had heard only the version of the facts fabricated by the prosecutors, and they had not even expressed one doubt in arriving at their conclusion.

What would the jury's

deliberations have been like, if there had been any doubt?

What could be expected of a jury that felt an immense pressure on them from the very day they were selected?

A jury whose vehicle license plates were filmed. A jury that was told not to read the press nor discuss what was published with anybody (and now we know about all that was published by the [U.S.-] paid journalists), but who went to their homes every day. A jury in which some of their family members had links with government entities. A jury whose foreman came to sit next to Basulto, one of the many admitted terrorists in Miami, on the day of Gerardo's sentencing, and he was visibly euphoric.

I remember that night of the 8th I wrote a poem, inspired by that thought of our Apostol, José Martí:

‘Truth is like a colossal arm, which raises justice up where the avarice of men cannot reach.’

One day after that colossal injustice, our Commander-in-Chief Fidel informed our people and the world of our situation.

Thus began an unstoppable, long and difficult battle to bring us home to our homeland, a battle in which loyal friends of Cuba from around the world have joined together with our people.

Nothing can hold back that great wave of solidarity that grows more each day.

Truth is ours.

There never was nor will there ever be defeatism.

Venceremos!”

We are encouraged by the revolutionary words of wisdom and solidarity from Comrade Antonio. We support the worldwide movement and campaign for the immediate end of the US led economic blockade against the Republic of Cuba and for the release of the Cuban five. The freedom of the people of Cuba and the five Cuban heroes is part and parcel of the struggle against imperialist aggression and regime change plotting in Libya, Iraq, Syria, Ivory Coast and many other countries, which is threatening progress daily throughout the world. ■

"...the day should not be far off, when we shall have a people's shrine, a Freedom Park, where we shall honour with all the dignity they deserve, those who endured pain so we should experience the joy of freedom." - Nelson Mandela

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Global economic outlook and policy implications for the second phase of the transition

The full integration of South Africa into the global economy and the pursuit of growth-at-all-costs placed goals over people. The 53rd National Conference in December 2012 evinced a refreshed energy in the ANC to address the triple burden of underdevelopment.

By Zamani Saul

International political economy is a relatively complex subject, and many factors make it intricate, ambiguous, and at times very unpredictable. The major challenge for policy makers is to find ways to frame their countries in a world economy that has become more globalised, divergent and turbulent, with many twists and turns. One of the critical challenges of the second phase of the transition is the way in which the ANC

intends to locate South Africa in the complex global economy. The second phase of the transition is dialectically linked to the first phase and provides the foundation that shapes both the thinking and content of the second phase. This marks continuity and change in action.

The US, Euro Zone and the emerging economies are heading in different directions defined by two-speed recovery. There is moderate growth in

the US and parts of Europe, whereas China and many emerging economies continue to expand rapidly. Minister of Finance Pravin Gordhan remarked in his 2011 budget speech, "The roots of this divergent growth pattern lie in unbalanced structure of world growth in the years leading up to the financial crisis".

Industrial global production and world trade had gained considerable momentum by the end of 2011. The

emerging markets – spearheaded by the Asian economies – once again led the growth in 2011. The varied nature of the global recovery was due to the different impact the 2008 financial crisis and the 2011 sovereign debt crisis had on individual economies. It is worthwhile to note that “industrial production in the US, the Euro Zone and Japan is still below the 2007 level” (Price Waterhouse Coopers 2011). Conversely, industrial production in emerging economies has expanded by around 35% since 2007. With the first decade of the twenty first century there were signs of imminent multipolarity, which is principally marked by a three-way split in the global economy – the US, the Euro Zone and the emerging economies.

The US and the Euro Zone

Both the US and the Euro Zone economies are suffering from slow growth, and have high sovereign debts. The sovereign debt of the US stands at more than US\$16 trillion: twice the GDP of China, the world's second biggest economy. During the first quarter of this year, the global economy was struggling with a multitude of trends that all seem to be pulling in different directions. On the positive side, the International Monetary Fund (IMF) continues to project relatively robust global economic growth of 4.3% in 2011 and 4.5% in 2012. But on the other side, there is now a whole bundle of negative supply and demand-side factors which in total pose a substantial risk to the world economy. Three of these factors are:

- negative growth of global manufacturing output;
- slow growth in the US; and
- the debt crisis in peripheral Europe.

The global manufacturing output growth was negatively affected by the Japanese earthquake in March, weak consumption growth in the US and Euro Zone, and high commodity prices. Industrial output in Japan fell by 15.5% in March, disrupting global supply chain, particularly in the vehicle industry; but production modestly recovered by 2.4% between April and May. The global Purchasing Managers' Index fell from a peak of 57.4 index points in February 2011 to 52.3 points

in June. Employment remains well below the pre-crisis in the US, the United Kingdom (UK) and the PIIGS (Portugal, Italy, Ireland, Greece and Spain).

After getting back into stride in the closing quarter of 2011 with growth annualised at 3.1%, US economic indicators at the beginning of 2012 sent out mixed signals. The housing slump shows no signs of a quick turnaround. The weak recovery in the US has stumbled again in 2012 owing to three factors. Firstly, the price of gasoline soared in 2011 and early in 2012, driven by market optimism about global growth and the turmoil in the Middle East. Increases in gasoline prices negatively affect the input costs of production and lead to increases in prices of goods and services. Secondly,

“A deepening in the European crisis must be expected to result in the weakening of the euro, which will put US exporters at a competitive disadvantage.”

there was substantial increase in the fiscal rate tightening at the federal level, coupled with the downgrade of the US long-standing credit rating by Standard and Poor. Lastly, there was threatening spill-over to the US of the fiscal stress in Europe. A deepening of the European crisis must be expected to result in the weakening of the euro, which will put US exporters at a competitive disadvantage. Tilton argues that “The main concern surrounding the spill-over effect from Europe into the US is that weaker exports or volatile financial markets could weigh on US growth” (2011:3). It would also result in global risk aversion given the degree of interconnectedness of the world financial systems.

In relation to the debt crisis in peripheral Europe, it has been said that the Euro Zone needs a new idea to avoid an eventual breakup. With

the Irish fiscal consolidation efforts resulting in a larger budget deficit, smaller GDP, higher bond yields, and more onerous credit default, it is obvious that orthodox, single-minded efforts to reduce budget deficits will not solve the problem. The Euro Zone is an artificially created currency zone. In formulating this grand scheme the founders had to impose conditions on member states so they would not take action that would undermine the credibility of the common currency. In particular, they wanted to ensure that those member countries would not run profligate fiscal policies, taking advantage of the ease of attracting foreign funds in a single currency arrangement. This concern led to the limits of the budget deficits of 3% of the GDP. Recent problems in Greece and Ireland, however, have proven that this limit not only failed to prevent the occurrence of problems, but it also made the situation worse for many countries. As a result the European Central Bank (ECB) and the EU are now forced to fight fires in one country after another.

The problem, Koo argued “...was that countries would profligate fiscal policy financed by foreigners. This is a problem Greece created for itself. The problem that was not anticipated was fighting of balance-sheet recession triggered by massive private sector deleveraging following the bursting of the debt-financed bubbles” (2011:89). Ireland and Spain are now facing this problem together with the United Kingdom. During the recession, the collapse in asset prices forced the private sector to minimise liabilities in order to repair negatively affected balance sheets. The Euro Zone is an aging economy riddled with widespread austerity measures, particularly in PIIGS countries. Germany remains the engine of Euro Zone growth with 3.25% in 2011 compared with growth of 2.1% in France. A further escalation of the sovereign debt crisis could threaten financial stability in the Euro Zone core.

Emerging Economies

The balance of economic power is gradually shifting to emerging economies, particularly the East. At the

heart of these changes is the driving force of the developing economies pre-eminently dominated by the unparalleled and rapid growth of the economies of India and China. In 2010 the world output began to recover from the 2008 – 09 recession, the first global downturn since 1946. The Gross World Product grew by 4.6% largely on the strength of rebounding exports, which rose about 20% from the level of 2009.

The growth was not evenly distributed across countries. The lower-income countries – those with per capita income below \$30, 000 per year – averaged 6.3% growth. Higher-income countries - with per capita incomes above \$30, 000 - averaged just 2.8% growth. Among large countries China recorded a growth of 10.1%, India 8.3%, Taiwan 8.3%, Brazil 7.5% and South Korea 6.1%. In the *Economist* magazine projections are made that “Over the next five years emerging economies are expected to account for over 50% of global growth, but only 13% of the increase in net global public debt. Rather than rebalancing, the world economy will in the immediate future skew even more between debt-ridden West and thrifty East” (December 11th 2010:13).

Brazil, China and India recorded the highest GDP gains in 2011, and are part of the BRICS formation; the 2012 forecast shows the same trend. China, the world’s largest merchandise exporter, has over the past three years surpassed all projections. In 2004 Global GDP projections, Goldman Sachs projected that in 2009 China would overtake Germany to be world’s third largest economy, and that in 2016 China would pass the \$5 trillion barrier and overtake Japan to be the world’s second largest economy behind the US. In 2007 China overtook Germany, in 2010 it overtook Japan and was ranked by IMF (2010 Report) as the world’s second largest economy. With the 2010 revised projections Goldman Sachs believes that the Chinese economy will overtake the US in 2027 and not 2041 as initially projected. This is further confirmed by Standard Chartered Plc which projects that China will be the world’s largest economy by 2020.

“ In 2007 China overtook Germany, in 2010 it overtook Japan and was ranked by IMF (2010 Report) as the world’s second largest economy. With the 2010 revised projections Goldman Sachs believes that the Chinese economy will overtake the US in 2027 and not 2041 as initially projected.”

Brazil is ranked ninth and will move up to fifth, Russia from twelfth to sixth and India from eleventh to third. Despite the balance of growth shifting decisively towards the BRIC economies, the average wealth levels of individuals in the more advanced economies will continue to outstrip the BRIC economic average. A combination of loose monetary policy and high food and energy prices have resulted in strong inflationary pressures building up in most emerging economies.

Major risks to the global outlook

- A future default from one of the PIIGS will harm the financial stability of the Euro Zone; increasing risk aversion by investors, and spreading contagion to other countries. These countries are debt trapped and reliant on the IMF and the EU for support.
- Weak growth and accommodative monetary policy of the US will weigh on the dollar and place upward pressure on emerging market exchange rates.
- Overheating in emerging economies is fuelling inflation over and above the effects of high food and oil prices. Tighter monetary policy to reign in credit growth and inflation may contribute to slower growth.
- Global trade imbalances continue to pose a threat to the sustainability

of growth. Greater export-led growth is needed in deficit nations (US, UK and PIIGS) and stronger consumption in surplus nations (China, Germany and Japan). In contrast to this, China continues to peg the Yuan to support its exports and keep domestic demand subdued, while export growth and fiscal consolidation in the US has been insufficient to correct imbalances. Beneficiation of raw products to expand the industrial base of countries of origin is an absolute necessity, as the current trade patterns with Africa seek to reinforce the neo-colonial structure of African economies as commodity suppliers; this growth trajectory is not sustainable. Agricultural subsidies also create imbalances in global trade which will be further compounded by the intended subsidies for the manufacturing sector by the Chinese government.

South Africa’s Response and Outlook

With the advent of democracy in 1994 South Africa’s economy was reeling, largely as the result of the economic sanctions imposed in the 1980s against the apartheid government. The ANC government inherited a stagnant economy with major structural flaws. To address these shortcomings the Growth, Employment and Redistribution (GEAR) macro-economic policy was introduced in 1996. At the core of the policy was integration of South Africa into the global economy with the hope of deriving massive revenues from exports and an eagerness to pull the economy out of stagnation into a positive growth path.

GEAR regarded the export market and economic growth as the panacea for the socio-economic problems confronted by the country. Based on economic growth projections, GEAR made ill-pondered assumptions about employment, savings and poverty. GEAR swiftly integrated South Africa into the global economy. This swift integration underestimated the contradictory nature of the global market. Through GEAR, there was vigorous pursuit of growth which

reinforced the capitalist accumulation pattern in the country reproducing racial under-development and massive income inequality. South Africa today is one of the world's most unequal societies. Inequality breeds instability, hence the Lonmin/Marikana crisis, the wildcat strikes in the platinum belt, gold and coal mines and the constant increase in economic crimes.

Notwithstanding this, GEAR's pragmatist approach earned the country macro-economic stability which was underpinned by tight monetary and fiscal policies. This resulted in astute management of the budget deficit, and inflation targeting. In his 2011 budget speech the Minister of Finance Pravin Gordhan mentioned that "Debt service costs will amount to R77 billion next year, rising to R104 billion in 2013. Although our overall debt burden remains moderate..." Government spending continues to grow modestly despite the sharp deterioration in revenue which is also due to the global economic downturn. Inflation remains between the target range of 3–6% despite the increases in food and oil prices.

There are trends in the domestic economic performance which are worth noting; the employment trends are improving, with two successive quarterly increases in employment in 2012. However, the labour absorption rate is low; hence unemployment averages at 25% which is a seven-year high. The decrease in the manufacturing base of the country is a concern, which effectively means that the country is experiencing de-industrialisation. Export volumes declined by 3.6% in the first quarter of 2011, but export earnings increased by 1.2%, boosted by high commodity prices and a slightly weaker rand. The positive growth in household expenditure remains robust, expanding almost every quarter of 2012, supported by growth in disposable income. This trend boosts strong consumption in the economy.

South Africa is affected both directly and indirectly by the global turmoil. Uncertainty around the Euro Zone debt crisis causes volatility in the financial markets, and failure to resolve the debt crisis will result in global contagion. The direct impact on South Africa's

economy will result in the following:

- a downturn and weak revenue performance from global recession;
- volatility of the exchange rate;
- weak global demand for South African exports;
- global investment uncertainty;
- volatile commodity prices, including volatile food and oil prices; and
- turmoil and sovereign debt downgrades, likely to impact directly on our ability to borrow.

Conclusion: A few hard lessons and policy implications

The main drivers of globalisation are the multinational institutions and the financial sector. Globalisation has mixed outcomes for countries; it integrates the global economy and exposes investors to opportunities beyond their own geographic boundaries. However, it also makes domestic economies vulnerable to uncompetitive trade practices which can have a seriously adverse impact on their socio-economic profile. The shift in the global balance of forces offers space for more progressive and people-centred policy shifts and initiatives to tackle the triple burden of underdevelopment, namely, poverty, unemployment and inequality.

The major economic challenge of the first phase of the transition was the

problem of the isolation of South Africa, which led to slow industrialisation, and stagnation. To address this challenge, swift policy measures were undertaken to integrate South Africa into the global economy through reduction of tariffs on imports, and improvement of the port infrastructure. Furthermore, to deal with stagnation in the economy, GEAR propounded growth at all costs. This was a pragmatic response, with the hope of addressing the socio-economic challenges that confronted the country. Based on economic growth projections and increase of South Africa's share of the global market, GEAR made a number of assumptions on reduction of unemployment and poverty.

The emphasis on growth in South Africa's economy to address stagnation and integration into the global economy to address isolation was an example of focussing on the wrong problems. South Africa was expeditiously integrated into the global economy, underestimating its contradictory nature which is characterised by trade imbalance. This integration exposed the country to a speculative market driven by "hot money", job losses due to cheap imports and automation. Between 1996 and 2010 the textile and clothing industry lost more than 300 000 jobs, the manufacturing base of the country became emasculated owing to lack of competitiveness in the domestic industry. The quest for growth at all costs was also underpinned by a misunderstanding of the white-monopoly capital accumulation patterns in the South African economy. The positive growth of the economy was at record levels, yet continued to reproduce racial under-development, which is the continuation of the poverty trap set by apartheid. Terreblanche (2001) identified four poverty traps inherent in the socio-economic situation of the country, which were:

- high and rising levels of unemployment in a sluggish economy;
- deeply institutionalised inequalities in the distribution of power, property and opportunities between the white and black elite and the poorest half of the population;
- disrupted and fragmented social structures and the syndrome of

“Based on economic growth projections, GEAR made ill-pondered assumptions about employment, savings and poverty. GEAR swiftly integrated South Africa into the global economy. This swift integration underestimated the contradictory nature of the global market.”

chronic community poverty among the poorest 50 per cent of the population; and

- the mutuality reinforcing dynamics of violence, criminality, and ill-health on the one hand and the process of pauperisation on the other.

The 53rd National Conference in December 2012 evinced a refreshed energy in the ANC to address the triple burden of underdevelopment. In an attempt to make poverty, unemployment and inequality history, consideration must be given to five critical areas. Firstly, there is a need to strengthen the programme for the construction of a developmental state with adequate capacity to intervene in the economy. A developmental state is not a souvenir but an ideological construct that requires revolutionary vigour to construct and reconstruct.

There are cultural and conjunctural peculiarities in the emergence and nature of developmental states around the world. Therefore, there cannot be a single model in the engineering and modelling of developmental states. Developmental states, however, have common attributes that may be investigated across countries and time so as to draw lessons that can be used to facilitate rapid economic transformation and development. A strong and effective developmental state that directs market investment could ensure that there are backward and forward linkages in the mining sector to contribute to sustainable industrialisation in the country.

Secondly, there exists the possibility of introducing measures to protect the country from speculative markets and “hot money” by vigorously campaigning and incentivising investment in the productive sector. The strategic emphasis of GEAR was to position South Africa for FDI. Instead, the country experienced increased capital inflows mainly into the portfolio and stock markets. The relatively high interest rate environment in the country was abused, as investment in the financial sector is considered more profitable than productive industry. It is investment in the manufacturing sector that will create a strong industrial base in South Africa, to create more decent

“A strong and effective developmental state that directs market investment could ensure that there are backward and forward linkages in the mining sector to contribute to sustainable industrialisation in the country.”

jobs with the possibility of factory-floor skills training. The apartheid legacy of deskilling the black majority, and the current challenges in our education system are the major contributing factors to structural unemployment in the country. Introduction of a massive factory-floor skills training programmes in a country with a strong industrial base has both economic and social benefits.

Thirdly, with the reconstruction of the global balance of trade, the country should be strategically aligned with progressive developing or emerging economies. BRICS is one such trade and political forum. However, the demand and supply trade configuration

“The apartheid legacy of deskilling the black majority, and the current challenges in our education system are the major contributing factors to structural unemployment in the country. Introduction of a massive factory-floor skills training programmes in a country with a strong industrial base has both economic and social benefits.”

in such trade relations should benefit the country and Africa. This alignment should also serve to strengthen South to South trade relations, with particular focus on African countries. The integration of Africa is both a political and economic imperative, and the Euro Zone crisis provides a classical example of pitfalls to be avoided in integrating the continent.

Fourthly, improvement of competitiveness of domestic industries must be achieved, as supply and demand in the global economy is crowded by cheap goods from the east. Stagnation in our domestic economy is largely due to deindustrialisation. Strategic sectors in the economy should be identified so that the developmental state can be actively involved in improving the competitiveness of domestic industries. This will include the adoption of various infant industry strategies designed to stimulate economic growth. Stimulating this growth through infant-industry strategies will require increased domestic consumption of domestic produce.

Fifthly, South Africa should consider as critical the establishment of a strong entrepreneurial base particularly for the previously disadvantaged group, which could serve as a base for equitable distribution of the country's economic resources. Many measures, such as the Black Economic Empowerment (BEE) charters are not sustainable without a strong black entrepreneurial economic base. To build such an economic base requires an enormous amount of focus and patience. ■

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Should we Speak with one Voice?

Only when it is challenged by those in the receiving end is racism ousted, and attitudes begin to change. Nations are never honest about themselves: they are all in varying degree of denial.

By Vusumzi Nobadula

There's a serious problem that I've noticed over the years when it comes to psychologically oppressed people: they do not speak with one voice and they do not like their weaknesses to be aired, and I will prove that to you. I will begin with the debacle around Louis "Skip" Gates Jr,¹ the American-based Harvard professor and public intellectual. The well-respected African-American Studies professor undertook a research trip to West Africa to personally find out whether the claims that the black man himself played a crucial role in selling his own people into slavery in the Americas were true or false.

After talking to a number of people in Benin (which used to be the Kingdom of Dahomey during the time of the trans-Atlantic Slave Trade) – he concluded that indeed African kings and the elites of the time did capture and sell their own people to Portuguese seafarers who in turn sold their human cargo to slave owners on the plantation fields in the southern states of North America and the Caribbean.

He also went to Aksum,² a city located in northern Ethiopia, which is famous for its claim that it houses the Ark of the Covenant, the chest containing the tablets on stone inscribed with the Ten Commandments, where it will

remain until the End of Time and the Last Judgment. According to Ethiopian tradition, the Ark of the Covenant remains under the close guard of a high priest. Gates was not allowed to enter the church building by the priests there, ostensibly on the grounds that he was not appropriately dressed. He was wearing a pair of jeans and a T-shirt.

On his return to the United States he wrote an opinion piece that appeared in the *New York Times* that questioned the demands for reparations by radical black US-based groups.³ These groups claim that current US governments carry the moral responsibility to publicly apologise to African-Americans because their ancestors were worked to death building America to what it is today without being paid any form of remuneration. They demand that the United States must pay reparations to the descendents of black slaves who are now American citizens. Gates, on the other hand, argues that since black people themselves played no insignificant role in the slave trade, African governments which took part in that discredited commercial activity must also pay reparations.

Gates' perspective caused a furore, and he took flak from the black community. Eminent black scholars such as Dr Barbara Ransby,⁴ among

others, sent hard-hitting opinion pieces to the mainstream media expressing their utmost disgust against that line of thinking. Dr Ransby writes in part:

"Gates essentially absolves Americans of the guilt, shame and most importantly, financial responsibility for the horrific legacy of slavery in the Americas. How does he do this? Through a contrived narrative that indicts African elites. And they did collaborate in the trade. But this is no news flash. Every history graduate student knows that African elites (like the elites from every other corner of the globe) waged war against one another, captured enemies in battle, and enslaved their weaker and more vulnerable neighbours. This is nothing unique to Africa. What is problematic about Gates's essay is how he frames and skews this fact.

"The frame is this: black and white people in the United States should now "get over" slavery because as we all know, this was not a racial thing but an economic thing. Since both blacks and whites were culpable, the call for reparations is indeed meaningless and bereft of any moral weight . . . At its worst, Gates's argument resembles that of some Holocaust deniers who deny that "bad things" happened to the Jews, but add that maybe the Nazis weren't the only ones to blame. Maybe the Jews, in part, did it to themselves. Stories that overemphasise the Judenrats (Jewish Councils), for example, who were coerced into providing slave labour to the Nazis and organised Jews to be sent to the concentration camps, distort the real culprits and criminals of the Holocaust, and in the final analysis, serve to blame the victims.

"Finally, despite its flawed and reckless uses of history, and powerfully disturbing political messages, there are some useful messages embedded in Professor Gates's essay. The lessons are about the self-serving role of certain black elites, who in slavery times and now, will sell (or sell out) other blacks for their own gain and advancement. African royalty did it in the 1600s and 1700s.

"Comprador elites did it in colonial and postcolonial settings through the Global South. And certain public figures, in political, cultural, [commercial] and academic circles, do so today, with a

kind of moral blindness and impunity that rivals the slave sellers of old. As we know, ideas have consequences. And misleading narratives that fuel and validate new forms of denial and give cover to resurgent forms of racism should not be taken lightly.”

It does not help to discredit Gates as hell-bent on appeasing whites – and in so doing actually exonerating them from taking full responsibility for the nefarious actions of their marauding forebears. To his detractors, Gates’s intellectual bravery in bringing to the fore this dark episode in our history is tantamount to sacrilege.

Without taking sides or looking at the merits and demerits of the Gates imbroglio, what is interesting is that this whole fracas took a strange twist. Just about this time of the Gates saga, the president of Benin⁵ travelled to America and publicly apologised to the African-American community on behalf of black people on the African continent, for the key role that his forebears played in selling their own flesh and blood to European slave traders. The facts, as presented here, speak for themselves.

And very recently, another powerful and authoritative testimony is the one presented by Moeletsi Mbeki, author of *Architects of Poverty – Why African Capitalism Needs Changing*. The book tells us that of an estimated one billion people in the world who are trapped in a cycle of grinding poverty and despair, a disproportionate number live in sub-Saharan Africa. Mbeki analyses the plight of Africa and concludes that the fault lies not with the masses of its people but with its rulers – the political elites who contrive to keep their fellow citizens poor while enriching themselves.

He opens the book by recounting his experiences when he visited Goree Island, off the coast of Dakar, the capital of Senegal, the place where the final journey of those unfortunate black souls captured by fellow African slave traders ended on the continent – and began their new journey into a life of untold hardships, a life of eternal servitude to the white race. He writes:

“The curator pointed to a large musket hanging on the wall – one of the items sold to Africans as part of

the infamous Triangular Trade whereby manufactured goods were shipped from Europe to West Africa and exchanged for slaves, who were shipped to the Americas to grow sugar, cotton and tobacco that were then shipped back to Europe. This was mercantile capitalism in action.

“With my South African mindset I queried the wisdom of European slavers selling guns to Africans: surely the guns would be turned on the Europeans, I ventured, betraying my ignorance about the workings of the African slave trade. The curator, a patient professor from the University of Dakar, explained that it was the Africans who caught the people in the interior and sold them to the owners of the ships that transported them to the Americas to be sold into slavery. So it was the Africans who needed the guns to protect themselves against the communities they raided for people to sell . . .

“Fast-forward from the Slave House to the oil rigs along the Gulf of Guinea. One evening I flew from Lagos to northern Namibia along the gulf. Running the length of this amazing coastline are hundreds of oil rigs, rendered visible at night by the flames of the natural gas they flare. The rigs are not connected to the mainland; they pump crude oil from the bowels of the earth to waiting oil tankers – those ships again – which carry the oil straight from the rigs to the great oil-refining industries in the United States, Asia and Europe; another commodity Africa is selling to the rest of the world. In the past it was its people; today it is its natural resources.

*“The Slave House was, in reality, a prison-cum-warehouse the ground floor of which was used to house Africans destined for enslavement in the Americas . . . The Slave House is the only building on Goree Island whose back door opens directly to the sea. It’s known as “the door of no return”. The people walking through the door onto waiting ships would never see their home country again.”*⁶

Then there is the case of southern Sudan and Darfur in particular, which saw prominent black intellectuals squaring up against each other in defence of either the Khartoum regime or the people of Darfur. In fact, I was

taken aback by the cursory fashion with which Prof Ali Mazrui treated the Darfur crisis in an opinion piece he penned in *City Press* in 2006.⁷

He wrote “the more recent Sudanese war in Darfur is ethno-racial, between more Arabised and the less Arabised blacks”. That is not correct. I know he was not dealing specifically with the Darfur crisis in his column, but for a person with that extensive erudition to miss the fact that the conflict there is more complicated than a mere case of “black on black violence”, is really disturbing to say the least. Arabisation simply means “putting under Arab influence or control”. Why must the black people in Sudan or in Darfur for that matter, who have inhabited that part of the world since time immemorial, allow themselves to be Arabised?

For any careful observer of the black person’s predicament all over the world, it is of utmost importance that the Darfur crisis must be treated with the seriousness that it deserves. Without any doubt, that includes its historical perspective.

What is now northern Sudan was in ancient times the Kingdom of Nubia (“Nubia means black”), which came under Egyptian rule after 2600 BC.⁽⁸⁾ The region was converted to Coptic Christianity in the 6th Century and Arab conquests brought Islam there in the 15th Century.⁹

After the Sudanese government quelled a rebellion in Darfur in January 2004, “it allowed pro-government militias called the Janjaweed to carry out massacres against black villagers and rebel groups in the region.”¹⁰ The *Mail & Guardian*¹¹ reported that 300 000 people had died and 2.4 million more had been displaced in three years of fighting in the region between rebels and the Khartoum-backed Arab militias.

In his treatise, *Darfur: Hell on Earth*, Albaqir Alafif Mukhtar¹² says: “The dominant race in a society, whether it is white or otherwise, rarely admits to its own racism. Denial is near-universal. The reasons are manifold. It has a huge vested interest in its own privilege. It is often oblivious to its own prejudices. It will regard its racist attitudes as nothing more than common sense, having the

force and justification of nature. Only when it is challenged by those in the receiving end is racism ousted, and attitudes begin to change. Nations are never honest about themselves: they are all in varying degree of denial.”

He continues: “In his briefing to the Security Council on the outcome of the Report of the International Commission of Inquiry on Darfur (ICEID), Kofi Annan, [the former] UN secretary-general, said the report ‘demonstrates beyond all doubt that the last two years have been little short of hell on Earth for our fellow human beings in Darfur.’”

Prof Kwesi Kwaa Prah,⁽¹³⁾ explaining why the Sudanese conflict has so far eluded substantial peace, has this to say: “The dominant feature of these contradictions (on which the civil war is premised) is the ‘national question’ – a situation in which an Arab minority controls state power, dominates the armed forces, the civil bureaucracy, the political elite, commerce, trade, banking and the judiciary, and orders these instruments of state power towards a spoken and unspoken policy of Arabisation of the African majority.”

“Since the end of World War 2, more specifically since the Juba Conference of 1947, African nationalist opinion has largely defended the idea of a federal arrangement which will recognise the African majority. This has repeatedly been rejected by successive Sudanese governments.”

He says therefore, Sudan, in national terms, is a minority-ruled state – much like the former white minority-ruled South Africa and Namibia. “Interestingly, the Sudanese conflict is often explained as simply a regionalist confrontation. But this view is as erroneous as the suggestion that it is largely a religious conflict. While the problem bears regionalist and religious dimensions, the fundamental character of the conflict is clear – which is that Sudan is largely made up of Africans who are more concentrated in the south . . . The southerners have, to a great degree, been Christianised but most lean more profoundly on their traditional African cosmology and ritual.”

Savo Heleta, a DPhil candidate in Developmental Studies at Nelson Mandela Metropolitan University (NMMU) wrote in *The Thinker*:

“Continuing with the British colonial policies since the 1956 independence, successive central governments and military dictatorships controlled by the northern Sudanese elites have marginalised the country’s provinces politically, socially and economically. This marginalisation consequently triggered the southern rebellion and two civil wars that have ravaged the country for most of the second half of the 20th century.”

“During the second north-south civil war, which broke out in 1983 and lasted for over two decades, about two million southerners were killed and another four million forced to flee their homes. Given the post-independence history and the deep-rooted and protracted conflict between the north and south over power, resources, religion, race, ethnicity and self-determination, a peaceful separation seems like the best solution for Sudan.”¹⁴

It is one thing to rally behind the people of southern Sudan in order to highlight their plight and seek a workable solution to their predicament, and another thing for a prominent black scholar such as Ali Mazrui to openly disagree with everybody else – defending what is clearly indefensible. Without a fundamental capacity to unite, there is just no way we are going to collectively succeed as a racial group. The conflict in southern Sudan is also about natural resources, in this case, oil. Quite interestingly, the southerners unanimously and overwhelmingly voted for separation from the north. And as history will always be the judge, this act of collective consciousness on the part of the southerners led to the formation of a new African state: Southern Sudan.

And then there is the case of the non-utilisation of our highly gifted people. We seem not to treat these people with special respect – and before we realise this serious mistake while busy bickering on what happened or did not happen in history (what I call “self-defeating intellectual dissonance”) – eagle-eyed countries such as the United States and Britain had already acted quickly and grabbed these people for their own benefit.

One such person will serve to illustrate this point: Siyabulela Xuzza did

his under-graduate studies in America. To those of us who followed the debate that raged in the early 2000s over the fact that all knowledge as we know it was stolen from Africa – from ancient Egypt (Kemet) to be precise – such neglect of our own talent is of grave concern. I’m talking here about the caption under the image of Siyabulela Xuzza (“Budding young rocket scientist bags top award”) in *City Press*, in relation to an article about Xuzza headlined “SA’s own Einstein”.¹⁵ The article was about the fact that Xuzza had invented some kind of a jet fuel whilst barely doing his Grade 12 studies in Mthatha in the rural Eastern Cape province. For his (Xuzza’s) labours, a planet was named after him.

How many young people do not have the opportunity to reach their full potential in this country? When will we be able to respect our own heritage and nurture our own future? How can we collectively succeed in bringing about the unity and cohesion of our peoples, the continent and the diaspora? ■

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SKA SA: Delivering for South Africa

Photo by Jaco Marais

Dr Bernie Fanaroff, SKA SA Project Director:

“The SKA is not an answer, but rather a catalyst for development. It is an opportunity for the whole country to contribute to putting us on a developmental path. Eventually what will count is what the country makes of this iconic project. It is a wonderful opportunity.”

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MeerKAT will be the first 25% of phase one of the SKA. Scientists will use it to survey the universe and its constituents to understand the laws of nature that govern their evolution – all topics that are in line with the science goals of the SKA.

Project milestones and achievements to date

- Successful bid to host the SKA
 - All 3 000 dishes of the iconic Square Kilometre Array coming to South Africa, with outstations in eight African partner countries
 - Our scientists, engineers and industries are playing a key role in the SKA design, construction and operation
- Establishment of a scientific facility in the Karoo
 - KAT-7, a seven-dish telescope prototype, already delivering its first science images
 - Power, optic fibre, civil and road infrastructure to support the SKA project
 - MeerKAT under construction using local skills and industry – the first of its 64 dishes complete by end 2013
- New skills for new jobs: Science, Engineering and Technology
 - Five research chairs at local universities attracting top scientists and students from around the globe
 - 425 bursaries awarded, from technician to post-doctoral level
 - Active youth-into-science outreach programmes
 - Teams of young engineers delivering innovative new technologies with global impact
 - Skills and knowledge transfer to local industries
- International partnerships
 - Expanding international collaboration, facilitated via platforms such as the Africa-Europe Radio Astronomy Platform (AERAP)

DID YOU KNOW?

- Radio astronomers were responsible for the invention of the wireless network.
- GPS (geographical positioning system) depends on Einstein's Theory of Relativity, and measurements by radio telescopes, to work.

An artist's impression of the 64-dish MeerKAT telescope currently under construction near Carnarvon in the Karoo.



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SA'S INFRASTRUCTURE DEVELOPMENT



Lessons from China

Unlike most development experiments in most of Africa, China has also demonstrated a keen ability to change and not to cast development strategy in stone. Implicit in this approach is that development is a dynamic process.

By Mxolisi Notshulwana

South Africa's economic growth in the past few years was fostered by the confluence of the expansion of the middle income groups and the unleashing of their consumption potential in the economy. Recent slowdown in economic growth coupled with low output in the mining and manufacturing sectors of the economy have, however, shifted

focus to the trillion rand infrastructure programme of the government. There is a great deal of evidence¹ that infrastructure deficit in the developing world is inhibiting development and economic growth. On the other hand, the role of infrastructure in economic development cannot be over-emphasised – from Japan, to Malaysia, South Korea and China – infrastructure

development has been the backbone of these developing countries' rapid development and growth.

Strategic investments in infrastructure such as roads, ports, public transport, energy, high speed trains, water and sanitation are an effective way to enhance capacity and development. China's experience, characterised by its infrastructure development path, is

the most fascinating. China's economic development path is different from traditional continuous development innovation in that it is capable, over time, of bringing about economic restructuring. Further, China's ability to change its development strategy through disruptive development innovation at mid-course in its development path is critical. The ability of China to carry out disruptive development infrastructure innovation from scratch has placed it far ahead of its neighbours in the Far East. (Disruptive Innovation Theory denotes development innovation that helps to create new markets and value networks in the economy. The process fundamentally impacts on the existing structure of the market and networks in the economy in ways that change them to improve and enhance the development impact.)

South Africa's next miracle must occur in the careful, sound and innovative implementation of a broad-based infrastructure programme. Broad-based infrastructure development is the most compelling instrument that the state has to eradicate the spatial and economic legacies of apartheid. China is a powerful example of a developing country that has utilised infrastructure to facilitate a broad-based, urban-rural infrastructure development programme.

Indeed, infrastructure development can effectively and fundamentally alter South Africa's apartheid geography. South Africa has in the past two decades established institutions to deal with the policy processes of business innovation and productivity within the framework of the slow moving market. The Department of Trade and Industry has established a process of continuous innovation to boost business competitiveness in the South African, SADC and African markets. This value chain in the work of government is an important linchpin in South Africa's contribution to infrastructure development in the rest of Africa.

However, China's experience offers a fresh and bold network that deals with the uncertain and volatile market. China's disruptive infrastructure innovation builds the platform for exploring new markets and

consolidating various resources. South Africa's infrastructure development programme can derive a lot of lessons from how China has utilised its State Owned Entities (SOEs) to drive China's broad-based infrastructure development inside China and in Africa.

Two decades ago, the Chinese government led by Deng Xiaoping established a programme of economic restructuring and opening that resulted in China's economic rise. Three basic fundamental pillars informed Deng's economic development path: i) China's economic stability; ii) China's systems and policies must help to strengthen unity among its people; iii) the productive forces must continue to develop. At the core of the three pillars is whether or not a political system effectively promotes a country's progress and development.

“Strategic investments in infrastructure such as roads, ports, public transport, energy, high speed trains, water and sanitation are an effective way to enhance capacity and development.”

China is currently facing the middle income trap. Three decades of low labour cost induced growth and exports has reached its limits. Wages and production costs have risen sharply. Following the 18th National Congress of the Communist Party of China (CPC) in December 2012, the new leadership of Xi Jinping is formulating its economic priorities and policies. Amongst the range of interventions that the new leadership has indicated is increased investment in human capital, research and development (R&D), and the stimulation of domestic consumption. Research and development (R&D) remains one of the critical components of China's economic rise. It is in this area that South Africa's infrastructure

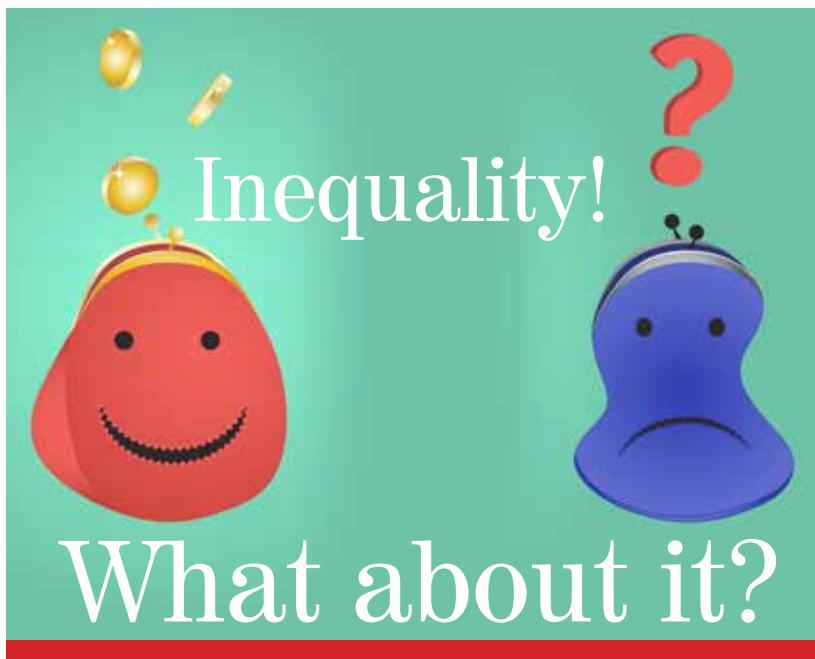
development programme can also draw significant lessons.

The most critical thing in China's construction of its democratic and peaceful development path is that it was able to choose between traditional and modern systems of development and applied these to suit its conditions. Unlike most development experiments in Africa, China has also demonstrated a keen ability to change and not to cast development strategy in stone. Implicit in this approach is that development is a dynamic process. The South African government's broad-based infrastructure programme must be based on sound research and development so as to be dynamic. In this process, it is important to think about how to diversify sources of growing the economy. The broad-based infrastructure programme provides a useful platform for the state to unleash the capacity and capabilities of all South Africans in rural and urban areas to engage in various forms of economic activity.

The South African government's broad-based infrastructure programme cannot falter. This programme has to succeed not only to lift the country's economic growth profile and pull up the people's living standards. It has to succeed in order to anchor and contribute to the North-South Corridor Infrastructure Programme of the African Union (AU). The South African government and its State Owned Entities (SOEs) need to play a more effective role in the development of infrastructure in the continent. The achievements of all the objectives of the process of regional integration in Africa are contingent on the success of the AU's infrastructure programme. Research and development is the critical pillar in the implementation of infrastructure both in South Africa and in Africa. The experience of China provides ample evidence that the combination of research and development as well as the ability to change development strategy are critical instruments. ■

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When half of the people get the idea that they do not have to work because the other half is going to take care of them, and when the other half gets the idea that it does no good to work because somebody else is going to get what they work for, that is the beginning of the end of any nation.

By Lusanda Batala

There is an on-going trend domestically and internationally that when countries engage in strategic or new policy direction, new terms or should I say new branded terms, come to the fore. Some of the recent policy focus areas before the Global financial crisis were on development aid, food crisis, poverty reduction etc. Following the global financial crisis focus moved to fiscal consolidation, growth and employment. Frequently these terms are treated as if they are not linked to one another.

Currently, the gear seems to have changed with a huge focus on inequality. South Africa is also not immune from this. Whenever there is a policy debate,

inequality appears to be at the centre of the debate. Is it only now that countries recognise inequality as a major concern within their economies? I doubt it. Inequality has been there for as long as I can remember. It baffles one to see that this issue (inequality) is being treated as a new focus area. Inequality has been there for decades, even centuries. For Africa, this should have been the key focus area after many countries were decolonised. However, this was not the case.

The focus should be on reviewing policy stances on inequality that have been implemented so far. Have those policies worked? If not, what then needs to be enhanced going forward? For example, one area that needs to

be explored is the distributional impact of projects undertaken at a country level towards reducing inequality and income distribution. A country such as South Africa that has undertaken some massive projects during the recent years, should pose the question: how have these projects contributed towards poverty reduction, inequality and income distribution for the country? For example, the Gautrain project: how has this project contributed towards income distribution and inequality?

Yet before one talks about solutions to inequality, one needs to have clarity as to what type of inequality is referred to? Inequality can mean different things to different people. For an example, inequality can refer to the following:

- In mathematics, inequality refers to a relation that holds between two values when they are different. For an example, the notation that says $a \neq b$ means that a is not equal to b . This notation does not say that one is greater than the other.
- In healthcare, there are health disparities and healthcare inequality.
- In economics, there is a whole list of inequalities, such as economic inequality, income inequality, international or country inequality.
- Social science also has its own inequalities, such as educational inequality, gender inequality, participation inequality, social inequality, etc.

Then, when we talk about inequality, which of these do we really refer to? Of these different areas of inequality, which type of inequality takes precedence over the other? I am sure politicians will have a different view compared to economists or social scientists. Also, individuals will have different definitions of what inequality is, based on their own environment. If the word inequality is used carelessly it can create a lot of confusion.

However, the most talked about inequality is that of the gap between the rich and the poor, specifically referring to wages (called economic inequality). This is the inequality that comprises disparities in the distribution of economic assets (wealth) and income within or between populations or individuals. For this kind of inequality (economic), the Gini Coefficient is the

most commonly used measurement to compare income distribution in different countries and is also used by the World Bank and other development organisations. By using the Gini Coefficient, maximum inequality would be represented by a Gini Coefficient of 1 - 'The higher the Gini coefficient, the higher the degree of income inequality'. This is the case for South Africa which has a Gini coefficient of 0.7. The issue of economic inequality is mostly related to ideas of equity, equality of outcome, and equality of opportunity.

Policy makers differ on the issues of morality and utility of inequality. The issue is how much inequality is necessary in a society and how it can be effected. Inequality has been praised as necessary and beneficial in some instances, and on the flip side of the coin it has been attacked as a growing social problem. Some earlier studies indicated that greater equality inhibits growth. However, this view has been shown to be flawed because it did not take into account the many years it can take equality changes to manifest in growth changes. Later studies have found that greater equality is conclusively linked to economic growth.

One may ask: What causes inequality?

There are different factors that are being identified as contributors to inequality in a society. However, according to the OECD (2011), the single most important driver has been greater inequality in wages and salaries. The other identified factors are:

- wealth concentration to the few
- labour markets such as globalisation, technological changes, and policy reforms; here the main issue is the determination of wages by the market; it is believed that a small part of inequality is being caused by the differences in the supply and demand for different types of jobs;
- more regressive taxation; and
- tax loopholes and shelters such as tax havens; increasing education costs; racial inequality; gender pay gap; and nepotism.

Is there any solution to inequality?

There are some policy initiatives

suggested to deal with inequality, such as a policy of progressive taxation and redistributive public expenditure transfers to the poor. The belief is that if these policy initiatives are implemented they will lead to the reduction of income inequality. South Africa has been implementing these policy initiatives since 1994. The question that's lingering is whether they have been effective and led to the intended objective. From where I stand, I doubt it. Then, what needs to be done?

Furthermore there is a debate that is currently going on between politicians and economists over the role of tax policy in mitigating or exacerbating wealth inequality. It is reported that economists such as Paul Krugman, Peter Orszag, and Emmanuel Saez are of the opinion that tax policy in the post-World War II era has increased income inequality. In the USA, this has enabled the rich to gain greater access to capital than other sectors of society.

As mentioned at the beginning of this paper, an option that needs to be explored relates to the country's projects being appraised and implemented. There is a need to incorporate distributional issues into project appraisal. This idea comes from the understanding that better-off people get less additional benefit from successive additional increments of income and consumption compared to less well-off people. Therefore, an increase in income that accrues to less well-off people should be valued at a higher level than the increase that accrues to better-off people. This means that on a cost benefit analysis for a project, more weight should be given to less well-off people. Going forward, projects selected should be those projects that benefit more the less well-off people.

The same principle can be utilised regionally where priority is given to poorer regions in the choosing of a location for public sector projects.

Is inequality a bad thing?

There are thinkers who believe that socio-economic inequality is a term used by communists to say that people who are not communists are bad because they are increasing socio-economic inequality. These thinkers believe that

socio-economic inequality is not a bad thing. They believe that true socio-economic equality is communism. They believe that under communism, no matter how much one works he/she gets the same amount as someone who does not work at all. In contrast, they believe that socio-economic inequality exists because some people work hard and others don't. Therefore, they argue that those who say socio-economic inequality is a bad thing are communists.

Conclusion

Inequality is not straight forward. It's a complicated puzzle and there is no 'one kind fits all' policy that can deal with this challenge. Countries, South Africa included, need to devise a long-term strategy on how to deal with inequality as it is currently. As the countries go through the process, prioritisation will play a great deal in dealing with this issue. Countries will have to take a stand as to whether socio-economic equality is achievable. If not, to decide what level of socio-economic inequality will be acceptable going forward.

At the end of it all, what is important is the economic emancipation of the people. It is about closing the gap between the rich and poor. It is about a better society for all. It is about reaching the Promised Land where no one will go to bed hungry.

As we unravel the meaning and implications of inequality, let's consider the following:

- Can we legislate the poor into prosperity by legislating the wealthy out of prosperity?
- Can one person receive without working, while another person must work without receiving?
- Can the government give to anybody anything that the government does not first take from somebody else?
- Can we multiply wealth by dividing it?

When half of the people get the idea that they do not have to work because the other half is going to take care of them, and when the other half gets the idea that it does no good to work because somebody else is going to get what they work for, that is the beginning of the end of any nation. ■



SAB KickStart national finalists for 2013 with SAB executives.

South African Breweries

As a company that itself started out as a small entity 117 years ago, and has grown a global footprint spanning 75 countries on six continents, employing more than 70 000 people, the South African Breweries (SAB) understands the importance of promoting small business in order to grow the economy and create jobs.

Locally, SAB continues to drive transformation through the increased use of small and medium enterprises in its supply chain, with an increasing focus on creating and using women, youth and black-owned suppliers.

Entrepreneurship is at the heart of SAB, and SAB KickStart, its youth entrepreneurship development

programme, is an important example of this spirit. Started 18 years ago, its successes have been enhanced through a re-engineering exercise in keeping with new realities within the SME marketplace.

According to Hepsy Mkhungo, SAB Head Enterprise Development and Community Partnerships, "SAB KickStart was launched with the strategic goal of supporting black South Africans, as defined in the BBBEE Codes of Good Practice, between the ages of 18 and 35, to start and grow successful and sustainable entrepreneurial enterprises, thereby contributing to job creation."

Achieving this was facilitated through the provision of business skills

training, mentorship, grant funding over a sustained period, using a competition model centred on the submission of business plans. "Along with the changing times, it was necessary to re-assess the SAB KickStart model and re-engineer it to keep abreast of the SME landscape."

Identifying the challenges

Mkhungo notes that many entrepreneurs experience difficulty in taking their businesses from a survivalist or micro-level enterprise to a high-impact, sustainable business. "That's owing to one or more of a combination of challenges which include a lack of access to capital, no collateral, inadequate education, training and

experience. There's also a lack of opportunities for these companies, due to mistrust by large corporations, which tend to use their standard suppliers – other large companies."

She says SAB believes that true commitment to Enterprise Development requires a holistic approach to ensure that sustainable small businesses are created. "Such an approach ensures that all the issues which face the emerging entrepreneur are addressed."

More than simply solving the problem for a micro-business, Mkhungo notes that the creation of high-impact businesses is what leads to true job creation. "We believe that it is only once the four areas of training, mentorship, access to markets and funding are addressed that we will be creating much-needed sustainable job-creating businesses."

Through its own experiences and through observations of the market, the company has learned that unless an Enterprise Development programme addresses all four areas, it is unlikely to be successful in the long term.

Change

The current challenges being faced in the business environment include the fast pace of change, with SMEs needing to keep abreast of issues such as new legislation. "In this environment, established companies like SAB are increasingly taking leadership roles in the Enterprise Development space," says Mkhungo.

That's perhaps appropriate, given that established companies truly know how an effective business operates, and can share insights and knowledge to help others.

As a result, Mkhungo says that today's SAB KickStart has a far greater focus on fostering an entrepreneurship culture. "As we amend the format of SAB KickStart, one constant can be expected - we will retain the positioning of the programme as a benchmark for private sector Enterprise Development."

It starts with a plan

That much is reflected in the approach taken to updating the programme, designed around targeted

strategic objectives. These include Sustainable Business Development; Improved Programme Governance; and Strategic Process Improvement.

"Sustainable Business Development depends on appropriate business development support, growth strategy development, needs analysis, the award of finance, best practice mentorship and business development support. These are the tools we use to embed innovation and build sustainable enterprises," says Mkhungo.

In terms of Improved Programme Governance, KickStart now has enhanced selection criteria, while it has worked to optimise training delivery while standardising national adjudication. "Candidate selection is driven by meritocracy. That's a key element in ensuring that Enterprise Development investment achieves the best returns – by ensuring that only the most exceptional candidates make it to the next level of the competition."

Ensuring that resources are applied where they can make the most impact, Strategic Process

“The creation of high impact businesses is what leads to true job creation. “We believe that it is only one the four areas of training, mentorship, access to markets and funding are addressed that we will be creating much-needed sustainable job creating businesses.” – Hepsy Mkhungo, SAB

Improvement is conducted, with key process milestones, checkpoints, re-engineering of procedures where appropriate, and an enhanced programme calendar.

From start to finish: A detailed process

Through a detailed process,

SAB KickStart leaves very little to chance. It starts with careful planning and preparation, which includes identification of the target market; it moves to recruitment and selection where, again, meritocracy is the defining criterion. Training is provided, with a focus on relevance and maximum impact. A transparent regional adjudication takes place where the top 18 candidates are selected, mentorship and business development support (BDS), as well as a grant is provided. BDS ensures that an individualised needs analysis and growth strategy is devised for each SAB KickStarter that is specific to their business needs.

And finally, the top 3 national winners are selected by an independent adjudication panel. These winners receive a further six months of business mentorship. "Across the entire process, performance management and continuous improvement are applied to ensure that SAB KickStart achieves its goals of initiating and supporting a culture of market-driven entrepreneurship," says Mkhungo.

The re-engineered SAB KickStart, she continues, is aligned to SAB's goals which are ultimately aimed at contributing towards its holistic Enterprise Development Programme. An exit strategy is in place to leave the KickStarted business in a position to prosper in its own right, providing employment to more people and contributing to the fiscus.

"In short, our goals revolve around accelerated development, sustainability, financial and operational independence," says Mkhungo. "SAB KickStart's re-engineering sets out to give existing businesses the growth boost they need to achieve these goals – and then continue to flourish independently of SAB's assistance." ■





The Editor welcomes contributions that take into account *The Thinker's* vision of a democratic, non-racial, non-sexist and caring South Africa. Submissions of poetry and the written word should be brief. For visual material, a high-resolution document is required (300dpi jpeg). Please send your work electronically to editor@thethinker.co.za for consideration.

Poetry by Dr Vassos Lyssarides

Dr Vassos Lyssarides was born in Cyprus in 1920. He became involved in politics early on in his life as a medical student in Athens, campaigning for Enosis (Union of Cyprus with Greece), and as a doctor he took an active part in the armed anticolonial struggle of EOKA for Enosis against the British (1955-1959).

He participated in the London conference in 1959 for the establishment of an independent Cyprus. In 1960 he was elected member of the first parliament of the Cyprus Republic (as a candidate for

the Patriotic Front), and since then was re-elected to all consecutive parliaments until 2006 when he decided not to stand again.

In 1969, he founded EDEK, a Socialist political party in Cyprus. He was repeatedly elected president of his party until the year 2001. He is now the Honorary President. He was vice-president of the Afro-Asian Solidarity Committee and head of the International Solidarity Committee on Southern Africa. Lyssarides is an internationalist in every sense of that word. He is an indefatigable

fighter for national independence, world peace and a world free of nuclear weapons. He was in the forefront of developing international solidarity with the ANC and fighting for the release of Nelson Mandela.

Lyssarides is also well-known as an artist and a poet. On his visit to South Africa to receive the national honour, the Companion of OR Tambo, and to attend the ANC's International Solidarity Conference in October 2012, he gave us permission to reproduce some of his work. Below are three of his poems. ■

My Road

Give me a thousand aeons
 from your sweet sterile life.
 I wouldn't change them
 with a drop of my anguish.
 Give me the palaces, the yachts, the odalisks,
 and your limitless affluence.
 I wouldn't change them with a moment of my joy.
 Give me the lasers, the telescopes, the satellites.
 I wouldn't change them with the colours that
 my dumb elderly eyes offer me.
 Give me the prizes, the medals, the red carpets
 and the trophies.
 I wouldn't trade them with a single phrase offered
 from the heart.
 Give me the thrones, the courtiers and the
 sycophants.
 I wouldn't change them with a simple good friend.
 Live the way you wish.
 I have chosen my road.

So Many

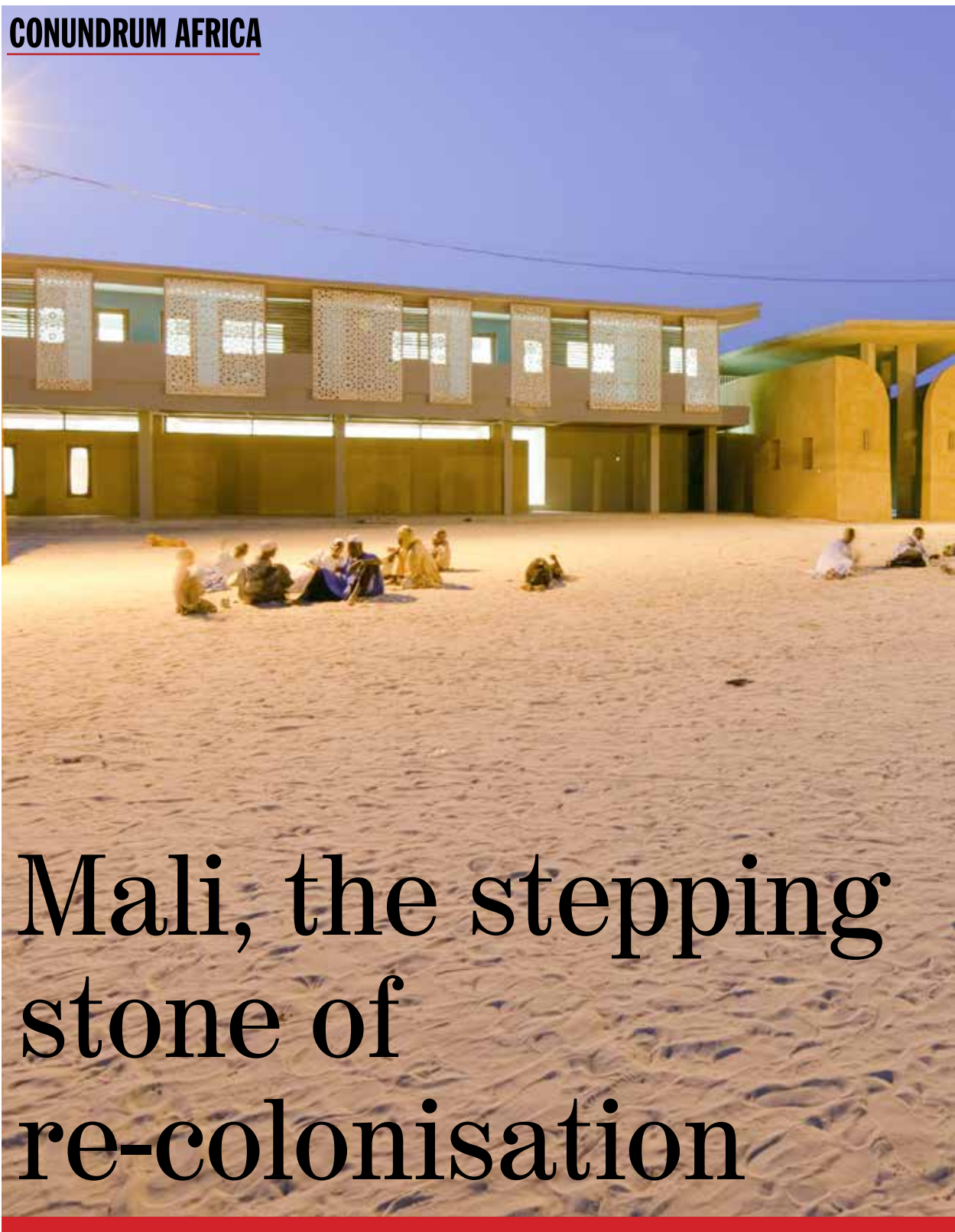
So many and yet so few.
 So few and yet an immense crowd.
 You think we could find the compass again?

I turn right, I turn left.
 I am lost.
 You think I am the one
 who lost the road?

To My Son

When a young boy I learned to walk to the
 sound of marches
 and with reverence and awe gaze at the flag.
 Later I learned to relay heroism for the old
 and later the new.
 As a student I dreamt of Thermopyles
 and freedom, bread and socialism.
 When mature I saw the enemy
 within the walls
 and when old I cry "release."
 The wise told me to differently
 raise my son.
 To teach him numbers, sums, amounts.
 To take root quietly and securely
 if I want my lineage to prosper.
 One morning as he sang in anger,
 timidly I told him this.
 Perplexedly he looked at me,
 eyes blurred and enraged and
 I have not seen him since.
 One evening they returned him to me lifeless.
 Cold and clumsily embalmed.
 In his dead hand
 he held a piece of paper and
 in large letters he had inscribed,
 Now You Know
 You have the Deepest
 Roots in the Earth.

CONUNDRUM AFRICA



Mali, the stepping stone of re-colonisation

The Ahmed Baba Institute

By Zaakir Ahmed Mayet

The recent news coverage with regard to the situation in Mali has left me in deep contemplation. Related in these news reports was the tragic tale of our Islamic heritage being torched, allegedly erasing the famous Quranic manuscripts of Timbuktu that South Africa contributed generously towards helping to preserve. As grief fills one's heart following the reports that Islamic heritage is being obliterated and an even greater sadness that African history is vanishing, one can't help but ponder certain questions. The reports stated that 'Islamic extremists' had gone on the rampage, torching and vandalising these historical artefacts. Yet recent reports have emerged questioning how many of these priceless artefacts of African and Muslim history were actually destroyed in Timbuktu at the time. The confusion surrounding these manuscripts reveals the danger inherent in an uncritical reliance on the mainstream media narrative. Despite the uncertainty surrounding the exact numbers of manuscripts destroyed, if any, let us emphasise that no mutilation or destruction which deprives future generations of their timeless heritage can be justified. However, a question lurks in one's mind. It seems ironic that for hundreds of years these manuscripts existed and survived despite these so-called 'Islamic extremists' who are projected to be adamant on destroying their own history.

The recent invasion by French troops into Africa is no coincidence. It was reported that the French had secured the airport in Timbuktu and would proceed to "protect" the people of Mali from these manic Muslims. More recent reports have materialised stating that French forces have extended their control of areas in the far North of Mali. This recent intervention has featured the former colonial Powers of the UK and the USA fuelling French aircraft, transporting French troops and bankrolling this orgy of violence and aggression.

The last time the word "protect" was used by these Powers was to justify the intervention in Libya. This was a country that boasted the best manmade irrigation system in the world, free education, health care and even a grant of \$50 000 for newly

married couples to begin their lives together. Today Libya lies in ruin with rival gangs wreaking havoc in what has become the Wild West of Africa. Is this the protection that the West is seeking to secure in Mali?

However, the most shocking element of the Mali crisis is the subtle message that is being communicated by France, the supporting colonial Powers and their media. The message put is being that Western Powers need to intervene to protect these 'backward' Africans from destroying themselves. That they have no appreciation for their own heritage and lack the intellect required for their own protection. The same narrative played out in the Middle East, particularly Iraq, which the Western powers plundered;

“However, a question lurks in one's mind. It seems ironic that for hundreds of years these manuscripts existed and survived despite these so-called 'Islamic extremists' who are projected to be adamant on destroying their own history.”

robbing it of its wealth, historical artefacts and oil. On a show entitled Inside Iraq, Jack Burkman, a republican advisor stated when referring to the Arabs "I hate to say it, these barbarians in the desert". Once again, it is the very same mentality manifesting itself today with the re-colonisation of Africa.

The propaganda campaigns to justify mass atrocities committed by colonial Powers haven't changed much. From attacking the Afghan people because they are a hotbed of terrorism and a threat to the entire world, to attacking Saddam because he is going to use Nuclear weapons to destroy us all, to Iran developing nuclear weapons to exterminate the World, to Assad because he is going to use chemical weapons, to these 'fanatical' Africans who are suddenly destroying

everything. In all of these propaganda stories the West is exonerated of their crimes of destabilisation, their colonisation, slavery and torture.

Western double standards are glaring, particularly with regard to the only nuclear power in the Middle East, Israel, and its vast arsenal of heavy armaments. The pressure placed on Iran to allow inspections of their nuclear facilities as the forceful intervention to 'disarm' Saddam have not been imposed on Israel despite its illegal occupation of Palestinian lands, violence visited upon the citizens of Gaza and military threats against its neighbours. Despite their double standards and mounting atrocities, the West continues to be projected as the only source of stability and rationality that serve as a buffer between the Third World and their self-imposed destruction.

As the West begins their re-colonisation of Africa with their bases in Djibouti, drone bases and secret torture facilities in Somali, troops in Libya, intervention in Mali and AfriCom spreading throughout Africa, there is tremendous doubt that the narrative being spun is authentic. Their claims of protection and democracy have only lead to failed states, lawlessness and poverty. Even their own populations are rejecting their narratives and this is producing movements such as Anonymous and the 99%. It was once said that the best way to destroy a people is to sever their roots, i.e. their heritage. It is no coincidence that the destruction of history occurs after Western intervention and support. The examples of Iraq, Syria, Libya and now Mali bear witness to that. What is required is not the West to glorify themselves as protectors of those who are portrayed as being incapable of protecting themselves. What is required is African solutions for African problems. We have overcome slavery, we have removed the yoke of colonisation and oppression with leaders like Patrice Lumumba, Kwame Nkrumah, Nelson Mandela and Steve Biko.

Why, oh Why, would we believe the narrative of those who colonised us before? And why would we allow their armed forces back on our African soil? ■

Coordination and Collaboration a necessity

By Velaphi Msimang

In the face of the failure to get developed economies to live up to their promise and put both their money and their energy into mitigating the pace of climate change and adapting to its effects as well as assisting developing economies to do the same, the DST is doing commendable work in building the country's capacity to respond to these imperatives.

The focus of this contribution is to identify some of the major gaps that remain to be closed in order for South Africa to better deal with global change, and the opportunities being missed as a result. The DST has had experts to look at the context and linkages that make up the country's science and technology (S&T) system and its relation to the broader economy and society. Popularly called the "national system of innovation" (NSI), this aggregation of entities that together should make up a network whose effect is the translation of knowledge into social and economic value, is a concept adopted in the 1996 White Paper on Science and Technology.

The ubiquity of devices that use energy – from your stove to your car – makes the necessity of effective coordination clear if one is to stem the emission of greenhouse gases and do so in such a way as to support job creation and reduce poverty and inequality.

The same holds for facilities impacted on by climate change effects. Over and above a set of complementary "carrot and stick" policies that incentivise adoption of and transition to sustainable business models and behaviour, the country's NSI could do with a choirmaster to ensure policy harmony in the energy and related S&T sector. This role could have been ideal for the National Planning Commission, whose commendable product – the National Development Plan – cannot by itself fulfil it.

Enabled by an effective education system that produces citizens eager and able to assimilate, adapt and generate new knowledge, and a regulatory regime that ensures equitable access to information and opportunity, South Africa can indeed harness its technological capabilities for the benefit of its economy, environment and its people's quality of life. Especially since globalisation has lowered barriers to access information and knowledge, the pace of development does not have to be as slow as it currently is. Indeed failure to leverage opportunities offered by globalisation can only further exacerbate the growing inequalities that characterise post-apartheid South Africa. Actions like the wine farm strikes that ushered in 2013 are likely to increase in frequency as

the marginalised become increasingly impatient with a status quo that continues to trap them in destitution, while the new emperors are celebrating their fancy clothes.

The Organisation for Economic Cooperation and Development (OECD)'s 2007 review of the South African NSI recognised that South Africa was in the midst of two specifically economic transitions, i.e., "it is responding to globalisation, and it is shifting the structure of its economy away from dependence on primary resource production and associated commodity-based industries." The purpose of this review was to assess "South Africa's innovation system both as actor in and contributor to this process and as a key structural determinant of the country's capacity to create employment while retaining dynamic productivity-driven growth." The conclusions were echoed by the 2012 DST Ministerial Review. Yet the country's innovation system continues to lack an integrative function. Rather than playing the coordinating role envisaged for it by the 2002 National Research and Development Strategy, the DST thus ends up operating like a line department. This problem is exacerbated by the fact that the ruling party has historically not seen the DST as a critically important department, and the consequences include the canned Pebble Bed Modular Reactor (PBMR) and the Joule Electric car.

This context has everything to do with the country's efforts to address global change imperatives as numerous sectors and stakeholders with different priorities are involved. This and the scale of the effort required makes coordination a *sine qua non*.

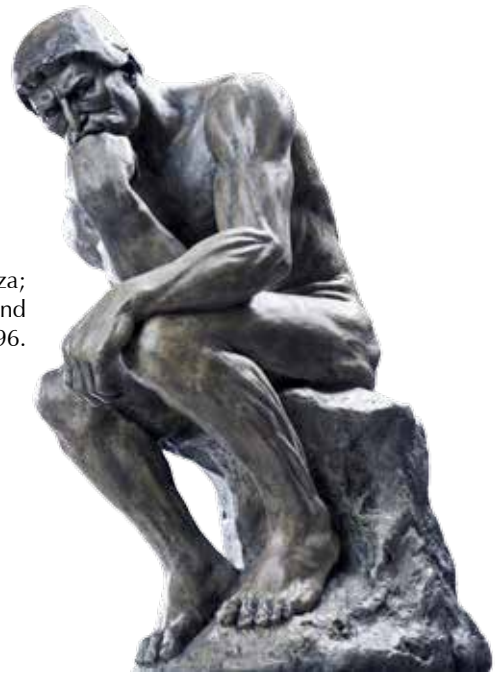
Based on their role as financiers of state and public institutions, the National Treasury could leverage its centrality in ensuring the necessary collaboration towards resolving the problem of misalignment in government. Further, instead of spreading revenues from the carbon tax among non-related initiatives, the creation of the green industries that would catalyse a low carbon and resilient South African economy could be incentivised at a scale commensurate with the challenge at stake. ■

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The power of one, be the change

As a white South African who claims his place in the Rainbow Nation, Igor Scheurkogel sees it as his responsibility to contribute to the development of his country, our country.

By Mzwandile Nonkula

A lot of White South African are ashamed and most times find themselves in an uncomfortable position, especially in the recent years as South Africa continues to undergo this great transformation. White South Africans are always blamed for the past even though we had the Truth and Reconciliation Commission which was designed to help heal the wounds of the past. You can therefore argue that the Truth and Reconciliation Commission did not achieve its purpose. Perhaps the Commission came at a time when the wounds were still fresh and those who needed it most could not fully understand the process and heal. Some have proposed that a similar Commission should be set up now. We are in a better position to appreciate our history and where it has led us.

It is not true that all white South Africans were part and parcel of the administration that oppressed black South Africans. If one argues that, then we are definitely dishonoring the memories of the late Helen Joseph, Braam Fischer, Beyers Naude, Joe Slovo, Arthur Goldreich, Harold Wolpe, Jack and Ray Simons, Ruth First, John Harris and many others. The list is extremely long. What are we saying about the great work by George Bizos? Just like those who have fallen

and some fortunate enough to still be living, there are still quite a number of white South Africans who are in their own way making a great contribution, trying to make a difference, building South Africa for us all. Some are running charity organisation, NGOs, schools, some are missionaries, some are making monetary contributions in the rural areas, and so forth.

Igor Scheurkogel is no different from Braam Fischer or George Bizos. He has quietly started his own revolution, one which will benefit his community. Like these great men, he too wishes to leave a mark on this country's political landscape. All he wishes to demonstrate is that we all have a role to play in this democratic country where we are all equal. We can do more than just complain. If we each make a contribution, we can change this country to be one of the greatest in the world. The benefits of this are enormous.

Igor Scheurkogel could have chosen a different route and emigrated to another country just like many white South Africans, but his love for his country haunted him while living and teaching in Taiwan for more than six years. Igor Scheurkogel finally surrendered to the voice inside of him which was telling him to come and make a contribution with his skills,

education and knowledge to our beautiful South Africa.

Igor Scheurkogel is involved in the Mama Semela Project, a community based organisation which is teaching English for free to the kids in Free State townships, give economic empowerment and skills training to adult females, (a job creation project) where the people of the township make soccer balls from the plastic bags which are polluting the community (thus having a dual function cleaning the environment and creating jobs) and his new exciting project is to collect old bricks from surrounding communities to build roads within the townships. When he was in Taiwan, he was an ambassador of our arts and culture products by working with Webspar to import SA Products. Igor Scheurkogel is an active South African who in his blog talks about his projects, his ideas and views about our South Africa, his South Africa, and our country as the Rainbow Nation.

Igor Scheurkogel is not just an ordinary school teacher in the Free State but a proud South African who advocates better education as he has managed to acquire it himself. He obtained his first Bachelor's Degree in Marketing in 2002, Master's Degree in Political Transformation and Governance in 2006, will complete his Bachelor's Degree in Accounting Sciences this June 2013 and will enroll for his PhD in Political Transformation and Governance in February 2013. Igor has done a lot already but still strongly believes that he has a lot to offer to South Africa.

The political landscape in South Africa becomes a stumbling block in our development and Igor Scheurkogel would like to share his views and ideas about the path we could take as a nation, the critical issues that we should address first. In his *The Power of One, Be the Change* campaign, he calls for the public to be involved and assist the government in building South Africa. *The Power of One, Be the Change* campaign seeks better governance and more transparency in all levels of government. ■

The Editor welcomes unsolicited submissions to the Readers' Forum and encourages those who would like to discuss or debate contentious issues to use this space. Please keep word count to no more than 800 words and note that some pieces might be edited for length. Send your contribution to: editor@thethinker.co.za.



Working
together
with the
Government
for a better
future for all



*working with
the Government
for a non-racial and
prosperous South Africa*

sasol
reaching new frontiers



*use 15% less
water by 2015
use your water sense*

Farming accounts for about 60% of South Africa's water use, so Sasol is working with the agricultural community to find practical ways of saving water. One such initiative is a series of workshops with farmers focusing on optimising irrigation practices. Additionally, a website has been set up to provide practical information to improve water management. At Sasol we believe in water sense, which is why we are committed to improving our water use intensity and helping communities to reduce their water consumption by as much as 15% by 2015, through our water leakage reduction programme. Let's do it together, because together, we are better.

For more practical ways on how you can save water, go to www.sasol.com/watersense