

South Africa: ANC escalates privatisations and economic restructuring

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On January 14 President Thabo Mbeki gave his state of the nation address before the South African parliament, which was heralded with an air force flypast and a 21-gun salute.

In his speech Mbeki made vague and unsubstantiated promises that in the next year the government would increase the “social wage”, especially of the poor, the old and young children; reduce unemployment; improve public services like hospitals and clinics, schools, roads, access to water and electricity. He also promised to work to eradicate malaria, tuberculosis and particularly to “continue to focus on the treatment of sexually transmitted infections”.

These assurances were empty demagogy, intended to stem the growing tide of opposition to the government of the African National Congress (ANC).

A clearer assessment of the intentions of Mbeki’s government can be made from his speech at the 51st Conference of the ANC held in December 2002, in which he spelled out his intention to drive forward the IMF-dictated policies of restructuring and privatisation at the expense of the working class.

Mbeki insisted on the acceleration of the privatisation process and called for the formation of public-private partnerships. “We must implement all outstanding decisions with regard to this restructuring process,” he said.

He said the ANC had “various programmes to reduce the cost of doing business in our country.... We should encourage the investment community—the private owners of capital—to participate in the accomplishment of the objectives of the transformation charter.... To achieve this result, we will have to provide the necessary incentives to encourage the involvement of this investment community in the process of meeting transformation goals.”

This was well received by the business community in South Africa, who have already benefited from the policies of the government. According to a recent report given to the Swiss South Africa Chamber of Commerce by economist Mike Schussler, labour costs in South Africa have fallen by 6 percent in the last 10 years.

Mbeki speaks in particular for a layer of aspiring black bourgeois who are seeking personal enrichment in return for imposing the policies of big business. Thus he called for expansion of the programme of “black economic empowerment” (BEE), a policy that has resulted in the creation of a tiny elite of black businessmen and government officials which the ANC portrays as some kind of

“democratisation” of the economy.

Mbeki claimed that a new empowerment charter was needed to give a much bigger stake to black people. He cited the government’s Mining Charter, which has set a target of 13 percent black-ownership of the mining industry within five years rising to 25 percent in ten years.

Harry Oppenheimer, a major shareholder in Anglo-American, the mining company that dominates the South African economy, was present at the ANC conference. Both Anglo-American and De Beers have indicated they would be prepared to sell off a percentage of their assets to black businessmen over the next five to ten years. However doubts have been expressed about the ability of black empowerment companies to purchase mining assets, which would cost billions of rand.

Because in the past many empowerment deals were financed through debt rather than from income, some black-owned companies have foundered, especially after the stock market collapse of 1997/98. Since then black share ownership on the Johannesburg Stock Exchange (JSE) has fallen by 75 percent.

Two years ago the government passed the Preferential Procurement Framework Act, under which the government can favour “black” bids for tenders in the public sector. To protect the interests of BEE companies, Mbeki has called for a special government fund of R100 billion. At the same time he has made it clear that, in order to survive, BEE firms must adhere ruthlessly to the rules of the market. He said, “We will have to work to spread the understanding that black economic empowerment is not a synonym for a less efficient economy, nor for less returns relative to investment made.”

At the conference, Mbeki made it clear he would tolerate absolutely no opposition within the ANC to his policies. He attacked the “ultra-lefts”, accusing them of disloyalty and charging them with using the party to promote their own interests. This was a reference to elements within the two other partners in the ANC tripartite alliance, the South African Communist Party (SACP) and the Congress of South African Trade Unions (Cosatu), with whom the ANC has been ruling South Africa since 1994. Both play a special function in selling the ANC to the working class and preventing opposition getting out of hand by confining it to occasional and largely ineffective protests.

In an attempt to maintain some credibility, Cosatu, supported by the SACP, has organised a series of one-day general strikes against the government’s privatisation policy—the issue that has created

tensions with Mbeki. But more recently both organisations have shifted to a more low-key campaign for a Basic Income Grant (BIG) of R100 a month for the unemployed, insisting that the campaign has to be limited to “awareness raising” through discussions at church services and the distribution of pamphlets. When on December 11 *The Star* reported that Cosatu was organising a series of protests and marches in support of the BIG campaign, Cosatu President Willy Madisha vehemently denied it and accused the paper of “provocative reporting”.

Mbeki’s response to even such ineffectual protests has been consistently aggressive. In the Eastern Cape, a stronghold of Cosatu and SACP, he recently purged the leadership and asserted central control. Provincial party elections, which had been won by the ANC, were annulled amid claims of corruption and mismanagement. An ANC task force was set up to “assist” the branches with nominating candidates for the top party positions.

There has been some press speculation about the possibility that a section of the SACP and Cosatu may split from the ANC and form a new party. However, neither of these organisations or any breakaway formation from them can provide a way forward for the working class and the peasant masses.

There are no differences of principle between the alliance partners. All three organisations fully support the market economy. An SACP statement issued on January 22 on a Telkom share offer and BEE said, “The SACP accepts the inevitability and in certain well-defined circumstances, even the potential advantages of an emerging black capitalist strata.”

The SACP’s response to Mbeki’s conference threats was to praise the “wide range of progressive resolutions” tabled by the ANC and said the resolutions “once more affirm the ANC as a political movement of the left”. Cosatu offered its “Congratulations to the National Office Bearers on their elections. Our movement is safe in their hands under your collective leadership....We have made democracy, political and social freedom a reality for our people.”

Both organisations welcomed Mbeki’s acknowledgement of their continuing role in the tripartite alliance. Cosatu president Willie Madisha said, “Whatever the differences between us, we must never forget the critical challenge facing us all to take forward the national democratic revolution to transform the lives of our people.”

Thus the National Democratic Revolution, proclaimed by the Stalinist SACP as the first stage in a “socialist road” for South Africa, is exposed for what it is. The SACP is not against the exploitation of the working class; it simply wants a share in the spoils. The leadership of Cosatu has also benefited from BEE, having set up “empowerment” enterprises with union funds.

There is an ever-widening gulf between the privileged minority of black entrepreneurs and the mass of the population. A recent survey by Statistics SA shows that poverty in South Africa is worsening. More than 70 percent of the population live in poverty—below the monthly \$41 to \$46 poverty threshold recognised by the government and aid workers. Many families are poorer now than they were under the apartheid regime.

At 30 percent, unemployment has almost doubled since 1995. A recent poll conducted by the South African Catholic Bishops’

Conference showed that 55 percent of the unemployed and 34 percent of the employed are unable to afford food. Only 1 percent of the unemployed received government social grants, whilst the majority have to depend on money from family or friends.

The AIDS epidemic affects the most economically productive age group in the population, with approximately 4.5 million people infected with the AIDS virus, most with no access to lifesaving anti-retroviral drugs.

Support for the ANC is falling significantly among the South African working class. Less than half of people between the ages of 18 and 25 voted in the 1999 election. At the same time support for the government is growing among the white population, with 45 percent expressing approval compared with 12 percent only five years ago.

Recent by-election results showed a reduction in the ANC’s share of the vote, even in its election strongholds. Discontent in the Eastern Cape is said by the press to be so deep that the province is “practically ungovernable”.

The government is afraid that this discontent will erupt in a widespread rebellion. In an attempt to strengthen the state, Mbeki has invited members of the New National Party (NNP) that ruled South Africa under the repressive apartheid regime to become ministers in his government. In November 2002, senior ANC cabinet minister Steve Tshwete declared, “There is a closer affinity between the ANC and the NNP than with any other party in this country.”

ANC-NNP collaboration has been established at every level of government. The coalition has recently taken control of Cape Town and many other town councils in the Western Cape. This was done under a 15-day “window of opportunity” sanctioned by the Constitutional Court, which allowed hundreds of NNP councillors elected in 2000 under a Democratic Alliance ticket to cross the floor and rejoin the NNP without losing their seats.

NNP leader Marthinus van Schalkwyk said the parties aimed to establish a strong political centre in the country, a development he said would prevent the kind of lawlessness seen in Zimbabwe in the past few years.



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