South Africa: Big business demands ANC speedily impose its National Development Plan

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The bourgeoisie is urging the African National Congress (ANC) government to use the 62.2 percent “mandate” it won in the recent general election to fully implement the anti-working class measures of the National Development Plan (NDP).

The rating agency Moody’s commented, “Thanks to its clear majority win, the incoming administration will be less indebted” to its allies, the Congress of South African Trade Unions (COSATU) and the Stalinist South African Communist Party (SACP).

In the first instance, Moody’s is keen to ensure that the ANC is not pressurised into backing down from its pro-business agenda for fear of working-class opposition. But as far as COSATU and the SACP are concerned, it is doing them a disservice. Even after the government-sponsored bloodbath of 34 striking miners killed by police at Marikana in August 2012, COSATU and the SACP served to corral the working class into supporting the ANC. They do this by fostering the illusion that workers may yet prevail over the pro-business officials at the top of the ANC, if only they flock to the party in sufficient numbers. Meanwhile, the bourgeois lawmakers enjoy free rein in implementing antilabour programmes like the NDP.

Secondly, the ANC is being reminded just how much their top personnel got in return for their cooperation in rescuing capitalism in 1994, while being put on notice of the view taking root among global and senior local capitalists that they are paying too high a premium for the post-apartheid compromise between themselves and the ANC’s elite.

John Kane-Berman of the Institute of Race Relations (IRR) noted, “In the last 20 years, government revenue as a proportion of GDP has gone up from 22 percent to almost 29 percent. Expenditure has increased from 28 percent to 33 percent, the difference leading to a rise in the budget deficit. Almost 60 percent of government expenditure now goes on…housing, social grants, health and education. That’s up from 45 percent 20 years ago…Finally, there’s the cost of black economic empowerment [BEE] deals—R600 billion at least.”

In return for maintaining their favoured position within the post-apartheid set-up, the ANC is being told that it must drive through a wholesale transfer of wealth to the major corporations—even if this means privatisations and cuts in government spending that will alienate many lower-ranking officials whose privileges are bound up with their role in the existing economic arrangements.

The International Monetary Fund-inspired NDP seeks to guide economic policymaking up to the year 2030. For the global financial elite, the attraction of such long-range planning is that it may transcend not only changes from one ANC administration to another but even changes of governing party. The NDP calls for a loyal opposition. This may be formed in future by either of the bourgeois parliamentary parties—the Democratic Alliance (DA) or the Economic Freedom Fighters (EFF)—which were runners-up to the ANC in the polls.

Adopted as an “overarching framework” at the ANC’s December 2012 Mangaung conference, the NDP was welcomed in business circles when first formally introduced by President Jacob Zuma in his 2013 State of the Nation Address. However, new legislation undercutting the plan looks set to become a bone of contention between major established bourgeois forces and politically connected “emerging” black capitalists.

The Employment Equity Amendment Act, signed into law by Zuma but yet to be enforced, seeks to compel designated employers to meet racial targets at the management level in aid of the “transformation” of post-apartheid society. Businesses face fines of up to 10 percent of turnover if they cannot show they made a “reasonable” effort to meet the quota.

Under the amended act, Labour Minister Mildred Oliphant has gazetted draft regulations requiring that employers of 150 or more workers use national demographics in setting racial targets for workers in senior management. This would prejudice Indian workers in KwaZulu-Natal province and “coloured” (mixed race) workers in the Western Cape. Indians comprise 11 percent of KwaZulu-Natal’s economically active population (EAP) but only 3 percent of the national figure. People designated as “mixed race” form 51 percent of the Western Cape’s EAP, and 11 percent of the overall EAP. Therefore Indians and “racially mixed” persons would respectively have to pursue career advancement outside KwaZulu-Natal and the Western Cape, or in those provinces where they are not in “oversupply”.

The Mineral and Petroleum Resources Development Amendment Bill of 2013, approved by parliament in March, empowers the minister to order a set percentage of minerals to be locally beneficiated at “agreed” prices. In addition, this bill would give the state a minimum 20 percent “free carried interest” (gratis stake) in all new oil and gas exploration and production ventures. The state would be “entitled” to a further stake of up to 80 percent—totalling a potential 100 percent of a venture.

For investors, the Promotion and Protection of Investment Bill of 2013 creates the main risk of expropriation without compensation. The Investment Bill declares that where the state deprives, for example, a deed holder of a piece of land and holds it in custody for another without title actually passing to the state, no compensation is payable to the original owner.

The Restitution of Land Rights Amendment Bill of 2013, having been adopted by the National Assembly, is expected to be enacted into law soon. It reopens the period for dispossessed communities to lodge land claims until June 2019. This applies only to those who lost land after the notorious 1913 Land Act, which limited the majority-black population to just 13 percent of South Africa’s total land area. Lacking the R180 billion [US$17.4 billion] estimated to be necessary for the purchase of even this limited acreage, the ANC government may rely on the Investment Bill to seize land without compensation. These holdings will probably then be kept “in trust” until claimed by others whose right to them the government will adjudicate.

For all the legislative objections raised by one of its sections as stumbling blocks to the plan’s implementation, the capitalist class as a whole is fully behind the anti-working class provisions of the NDP.

The NDP defines poverty as living on less than R418 per month. However, the NGO Section27 has cited research showing that a basket of goods “for a family of four would cost approximately R7,000 per month,” or on average R1,750 per person at 2009 prices.

From its definition of poverty, it is easy to see what kind of work would be generated through the NDP, which aims to “eliminate poverty and reduce inequality” by creating 11 million jobs. Of these, nine million would supposedly be generated by small and medium enterprises. The conditions of employment which would entice the petty bourgeoisie to create so many jobs include the resort to labour brokers enshrined in the NDP. By subcontracting their staffing needs to labour brokers, who provide casual as opposed to permanent workers, employers are able to save on costs like paid leave, medical aid, and pension fund and unemployment benefit contributions. Workers, on the other hand, are exploited twice—first by the businesses which actually consume their labour power, and then by their broker who takes a percentage of the monthly fee charged to business owners.

Already in force, the Employment Tax Incentive Act, adopted in response to the worsening global economic crisis, subsidises businesses to the tune of R1,000 per month for employing youth aged 19-29 for a maximum of two years at between R2,000 and R4,000 monthly. According to the International Labour Organization, the unemployment rate in South Africa for those aged 15-24 is around 50 percent, or the third highest proportion in the world after Greece and Spain, the models for the austerity measures enacted following the euro crisis.