



STATE CAPTURE: COUNTING THE COST



RAYMOND
'THE CHAMPION'
ZONDO

JACOB
'THE CHALLENGER'
ZUMA

VS

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EDITOR'S NOTE

BY GERSHWIN WANNEBURG

NEW DAWN, OLD SCORES

Over the past few months, I have frequently experienced the disorienting sensation of awakening in a foreign land, where the discourse is taking place in an unfamiliar tongue.

That feeling is especially prevalent when one peruses the front pages of our newspapers or our television bulletins. The state capture inquiry has unearthed some startling revelations about the systematic way in which key state institutions were callously corrupted in order to serve certain private and political interests.

The cost of the corruption has often been estimated in numerical terms. But surely there is another toll that the nefarious project has taken: the damage done to organs whose entire functioning was usurped, captured and deliberately allowed to fall into disrepair. And perhaps a biological characterisation such as this is the most effective to describe what unfolded. Think of it as a perverted bypass surgery to rot, rather than remedy, the functioning of a vital organ.

What must be done to reverse the devastating impact of such a twisted operation? First, it will require deft skill on the part of the surgeon who is to undo the harm; second, he or she must possess unshakeable nerve; third, a team who is equally committed to the healing process and willing to be led, while offering vital support and insights when required.

In this edition of SPII Talk, we examine both the extent and effects of state capture. Some of these factors are obvious, others less so. For one, we detail the testimony heard by Justice Raymond Zondo at the inquiry. Next, we juxtapose that evidence with news that South Africa sank into a recession in the second quarter of this year, together with a new wave of protests that signal a deepening level of dissatisfaction among township residents, many of whom feel that they have been forgotten by their leaders.

Protests are nothing new, of course, but the demonstrations appear to have taken on a different tone in recent years. The anger seems to have reached a tipping point. In the post-Marikana era, there seems to have been a surge in movements

who have taken an adversarial stance against the state, who has come to be viewed as the enemy. A case in point is the rise of Abahlali baseMjondolo, a Durban-based NGO that has made no secret of its enmity with the local municipality.

Not even the medium-term budget policy statement was immune from the wreckage this year. In his maiden budget speech as finance minister, Tito Mboweni painted a depressing of government finances, which have been brought to the brink by a decade of mismanagement.

"We are in deep economic trouble, with ordinary people, who are battling to make ends meet, experiencing an income squeeze, and with 9.75 million people who do not have jobs, or who have given up looking for jobs,"

- DA MP David Maynier.

Cumulatively, these events represent a national index of sorts, a composite indicator of our overall economic and social well-being.

In this SPII Talk, we also assess the one bright spot of the past quarter: President Cyril Ramaphosa's effort to attract investment and spur job creation. Ramaphosa's endeavours hold the potential to launch South Africa towards a positive trajectory. But will our chief surgeon enjoy the operation room support needed to get South Africa out of ICU?

***UPDATE:** SPII, with partners SASPRI and LRS, launched the Decent Standard of Living Index for South Africa on 20 November 2018. This DSL focuses on a socially determined acceptable standard of living for people to allow them to participate fully in society.

SPII has also updated its working paper on the Right to Basic Education and the Right to Food in South Africa. The papers are a part of SPII's project to monitor the progressive realisation of socio-economic rights, with the support of Foundation for Human Rights and the endorsement of the South African Human Rights Commission (SAHRC).

Further information on both these projects can be found on the SPII website: <https://spii.org.za/>

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Towards a Decent Life for All

Decent Standard of Living Index Final Report

October 2018

Isobel Frye, Gemma Wright, Trenton Elsley,
Michael Noble, Helen Barnes, Jabulani Jele,
Faith Masekesa, Wanga Zembe-Mkabile
and David McLennan



DECENT
STANDARD
OF LIVING

DSL 18

Ubomi obungahlelekanga

#decentstandardofliving



LRS Labour
Research
Service



FRIEDRICH
EBERT
STIFTUNG

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TOWARDS A DECENT LIFE FOR ALL



DECENT STANDARD OF LIVING

*Ubomi obungahlelekanga
"a life without a struggle"*

There is a crucial link that exists between the right to a decent standard of life and the right to dignity. The right to dignity is an inalienable right guaranteed in **Section 10 of the South African Constitution**.

South Africa is also a signatory of the **UN International Covenant on Economic, Social and Cultural Rights**. Article 11(1) of the ICESCR recognises the right to an adequate standard of living for all.

There are still no empirically grounded measures of a decent living level in South Africa. In October 2018 the UN Committee on Economic, Social and Cultural Rights in its Final Observations recommended that South Africa design and regularly update a composite index on the cost of living in South Africa so that social benefits could be benchmarked to ensure an adequate standard of living for all.

This research presents a **Decent Standard of Living (DSL)** and a **DSL Index (DSL I)** for South Africa. It is based on a concept of relative poverty that focuses on **the ability of people to achieve a socially determined acceptable standard of living to enable them to participate fully in society**.

Where does it come from?

The **DSL** was developed using simple steps that included what ordinary people thought.

48 Focus Groups were held across the country

A **selection of goods** that people thought were necessary, not luxury goods, was developed.

These were developed in **two national surveys**.

21 Socially Perceived Necessities (SPNs) were identified - goods that two thirds or more of participants thought were necessary for a decent standard of life.

We then identified the **income range** of people who had all 21 SPNs from *Statistics South Africa Living Conditions Surveys*.

We chose the **median income amount**, which in 2018 prices, is **R7 043** per month, per person.

We were then able to see also what items the people who had all **21 SPNs spent their money on**.

This enabled us to **update the DSL** every year taking these goods and services bought, into account.

BUT, this is not a standard that many people currently have in South Africa – in fact, only around **3% of the population have all 21 SPNs** - approximately 1.7 million people.

Just over a quarter (26%) of the population have 18 or more SPNs - approximately 14 million people.

42% of people have 16 or more SPNs - approximately 23 million people.

#decentstandardofliving

ACTING OUT

THE PEOPLE WERE MISSING IN THE MINI-BUDGET

ISOBEL FRYE

Finance minister Tito Mboweni's maiden medium-term budget policy speech, delivered on October 24, seemed to have forgotten a key component for a ruling party: the citizenship. Like a bad nightmare of a stage production, the supporting cast appeared to have lost the leading actor. An economy is meant to be developed to support the people of the country. It is not a thing in and of itself, but 56 million South Africans seemed to have gotten lost in the theatre.

"It is rather for us to be here dedicated to the great task remaining before us — that from these honoured dead we take increased devotion to that cause for which they gave the last full measure of devotion — that we here highly resolve that these dead shall not have died in vain—that this nation, under God, shall have a new birth of freedom—and that government of the people, by the people, for the people, shall not perish from the earth."

Given our very recent history of struggle and sacrifice, Abraham Lincoln's last address, known as the Gettysburg address, delivered on 19 November 1863, might have been a more inspired choice for the third finance minister of 2018, rather than the rehash of Dickens's *A Tale of Two Cities*, first used by President Thabo Mbeki in his 2008 state of the nation address. Perhaps it would have been more appropriate for Mboweni to set the tone by recommitting himself to lead in a way that benefits the people, as a whole, especially given recent revelations of state capture that happened under the watch of the current ruling party.

In February 2018 we witnessed an historic, and almost incredible, first; namely the increase of the flat rate Value-Added Tax. A flat rate tax has a disproportionate impact on the poor, as all citizens are taxed the same, despite levels of wealth or expenditure.

Civil society groups made very striking submissions to parliamentary committees around the punishing impact that a VAT increase would have on the pockets and stomachs of the poor. Still, the decision stood.

Our rulers cannot claim that they are ignorant of the increasing levels of poverty and inequality in which the majority of South Africans live. Statistics SA released figures last year that should have brought about national uproar. Despite the frequently repeated commitment by government towards eradicating poverty and inequality, in fact both in headcount and proportional levels, the breadth and depth of poverty has been steadily rising since 2011. If the statistics were not available to all our leaders, then listening to any traffic programme on the radio could alert them to the fact that people are protesting. Across the country.

Whether the protests are about land, housing, healthcare, transport, the cost of food, poor sewerage, poor policing, poor teaching, poor clinic staffing, lack of jobs, lack of money, lack of hope: people are gatvol, people are hungry and people feel betrayed. While fiscal constraints are blamed, amongst other things, on the many corruption scandals that are emerging, this

DECLARED UNSPENT FUNDS AND PROJECTED UNDERSPENDING

VOTE AND DESCRIPTION OF EXPENDITURE	R THOUSAND
National Treasury - R17.473 million from the Jobs Fund	17 473
Public Service and Administration - R4 million from compensation of employees and R2 million from goods and services	6 000
Social Development - R100 million from social grant payments due to the lower than anticipated take-up of the child support grant	100 000
Police - R150 million from the implementation of the criminal justice system 7-point plan	150 000
Labour - R12.373 million from compensation of employees	12 373
Arts and Culture - R43 million from heritage assets (R40 million); goods and services (R1 million); the Mzansi golden economy strategy for the facilitation of public funds for arts projects (R1 million); and the building and upgrading of infrastructure for performing arts projects (R1 million)	43 000

Source: National Treasury

malfeasance and this theft, these heists, to use the colourful language of the finance minister, happened under the watch of the same government that presented the medium-term budget to parliament.

Not once have I heard – and I am happy to be corrected – a penitence, a mea culpa of this government of the people, to the people. Rather, those most dependent on government delivery – the poor – are being expected to tighten their belts once again.

Our political leaders seem to marvel at the slow economic growth and lack of economic turnaround. According to the 2017 General Household Survey, 44 % of households consumed less than R2,500 per month.

The president's recovery plans set out in minister Mboweni's speech are useful, but not a single plan made reference to the actual well-being of ordinary people. Our unemployment rate conservatively sits at 27% or 6-million working-age people. This definition excludes discouraged work seekers (2.8-million) and "other not economically active" people outside of the labour force, which make up an additional 12.5-million.

The youth fare even worse. According to the Q2 QLFS, the narrow unemployment rate for people between 15 and 24 was 53.7% – 1.2-million young people were employed compared to 1.3-million people who were unemployed and an additional 7.7-million youth between 15 and 24 were not economically active. For people between the ages of 25 and 34, the unemployment rate dropped to 33.6%, with 4.8-million people employed, 2.5-million unemployed and 2.5-million people not economically active.

We know that jobs cannot be created overnight. We know the optics are there, with all social partners having spent much time deliberating over the potential wins from the Jobs Summit. But these plans do NOT put food on the table of the poor. One in four South Africans were food hungry before the VAT increase. In 2017, 30.8 % of South Africans received some form of social grant in South Africa. Social grants form the main income for 30% of households in South Africa.

Where is the signalling that this is a crisis? There is none. Instead if we look at the Adjusted Estimates of National Expenditure, we see that there was an under-run of R100-million on child support grants in the half-year to date.

Instead of focusing on outreach work to caregivers of poor children, Sassa officials were trying to ensure that grants were in fact received, as they dealt with yet another governance crisis.

What really was tragic, however, was the following story that emerged from the Treasury tomes. From the 13.8-million people who fell below the Food Poverty Line in South Africa, the department of social development had targeted 415,000 hungry people to receive food assistance in the first half of the year. However, a mere total of 112,806 individuals received food relief from this programme.

The reason for the reduced targeting was a failure by the state to pay tranches to 84 of the 221 designated community centres. That is the optic. That is the signal that is being sent by the government of the people, to the people.

Despite the weight of its constitutional guarantee, people between 18 and 59 have no access to income if they are poor. None. The UN Committee on Economic, Social and Cultural Rights recommended on 12 October that South Africa investigate the feasibility of a Basic Income Grant for all to address this wrong.

Stimulus in a time of austerity. A magician's trick? Smoke and mirrors do not put food on the table for the poor. In short: from a government on whose watch massive state capture was effected with dubious links to individuals in the ruling party, to its electorate on whose behalf it governs, this statement of intent revealed no effort to alleviate their plight, no attempt to redress the impact that the regressive VAT increase has had on exacerbating their hunger, no promise of a better future.

We hope that any party that is interested in obtaining a majority of votes next year commits to providing social security coverage to all. Stimulate economic development from a bottom-up demand stimulus. Commit to a decent life for all.

INVESTOR PLEDGES BODE WELL FOR SA'S ECONOMY

ANDILE NTINGI

South Africa has endured a dearth of capital investment since the employment-destroying recession that swept across the world in 2008 and 2009. While many emerging economies have dusted themselves off from the ruins of that global economic meltdown, the worst since the Great Depression in the 1930s, South Africa's economy struggled to shrug off its aftermath, in part due to former president Jacob Zuma's unpredictable and ill-advised regulatory policies that turned off investment decision-makers from placing money in our country. This investment strike against our economy, which lasted throughout Zuma's reign that began in 2009 and ended in February this year, was finally broken by current President Cyril Ramaphosa.

Ramaphosa, a billionaire-turned politician, held an investment summit on the 9th of September in Johannesburg, where he convinced local and international investors to take a bet on our economy. What transpired at the investment summit were investment pledges totalling R290 billion from some of the world's largest corporations doing business in South Africa.

Auditing firm PwC has projected that the pledges, if translated into actual investments, could create as many as 165,000 jobs over the next five years while STANLIB's chief economist Kevin Lings has a far more optimistic view of the impact that the investments will have on the economy. Lings has predicted that the investments could boost SA's Gross Domestic Product (GDP) growth rate above 2%, generating 275,000 jobs annually.

PwC estimated that roughly R338 billion could be added to SA's GDP between 2019 and 2024, while the government could net R59 billion in additional tax revenue if the investors made good on their investment promises. In the long term, from 2025 to 2035, government could earn an additional R133 billion in taxes, if all the promises are kept.

The investments announced at the summit form part of a drive by Ramaphosa to lure \$100 billion in local and international investment to our shores over the next five years to boost economic growth and employment. Prior to the summit, the president had already garnered investment commitments worth more than R400 billion from China, Saudi Arabia, and the United Arab Emirates (UAE).

In a short space of time, Ramaphosa is trying to reverse the declining trend in South Africa's fixed investment as a percentage of GDP over the last decade. The fall in fixed investment has had a negative impact on foreign direct investment (FDI), which declined from around R76

billion in 2008 to just R17.6 billion in 2017.

President Ramaphosa's investment mission will help our country move closer to the target set in the National Development Plan (NDP), where as a country we aim to increase total fixed investment to at least 30% of GDP by 2030 from 19% last year.

The turnaround in the investment fortunes of our country will bring much-needed investor confidence, which has been low to missing. However, the government will have to implement structural reforms that remove obstacles that have been holding back investment and economic growth.

In the past 10 years, South Africa has been reduced to a low-growth, high-unemployment, high-regulation country, blighted by high levels of corruption. As a result of the decline in fixed investment and regulatory deficiencies, the economy has been growing at an average of less than 2% over the last five years.

Ramaphosa has promised to usher in economic reforms that will create a business-friendly environment, not corruption disguised as radical economic transformation. As a new leader of the ruling ANC, he has also taken a reconciliatory tone when dealing with business. This is a massive departure from the adversarial, socialist stance taken by some sections of the party under Zuma, who often threatened to destroy "white monopoly capital" they accused of holding back equitable distribution of wealth in this country.

But Ramaphosa has stood firm on the issue of his party's land expropriation without compensation, saying it will be implemented in a "fair and equitable" manner, taking into account interests of the land owners and those that lost land under apartheid and colonial rule. The president has also stressed that property rights will be protected under his rule, allaying investor fears.

While Ramaphosa has promised reforms aimed at stimulating economic growth, the reality is that changes are seldom done in one big-bang, abrupt approach. They are implemented incrementally.

An example of this accrual approach to structural reforms can be seen in the way that government recently handled immigration reforms following a public outcry that our country's "restrictive" visa regime was keeping international tourists and business travellers away. For a while, the business sector has been calling for a system that is predictable and efficient in processing people in and out of the country. Initially visitors travelling with minors were compelled to carry unabridged birth certificates, but government has said this is no longer a requirement. Immigration officials will now insist on full documentation for foreign minors in exceptional, high-risk cases. Visas have also been waived for a select few countries.

Public opinion on the immigration reforms is split, with some saying it is "a step in the right direction" while others view it as "smoke and mirrors". Whatever the case is, government will have to implement credible reforms that make South Africa attractive to investors.

- Andile Ntingi is the chief executive and co-founder of GetBiz, an e-procurement and tender notification service.

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DAILY CIRCULAR

RAMAPHOSA SPEECH

CLOSING REMARKS BY PRESIDENT CYRIL RAMAPHOSA AT THE SOUTH AFRICA INVESTMENT CONFERENCE SANDTON CONVENTION CENTRE, JOHANNESBURG

As this inaugural South Africa Investment Conference draws to a close, I wish to express my profound gratitude and appreciation to all of you for having participated with such interest and enthusiasm in this landmark event.

Allow me also to acknowledge the presence of the co-founder and executive chairman of the Alibaba Group, Mr Jack Ma, who will be giving the keynote address at the Business Dinner this evening.

Welcome once again to South Africa and thank you for joining us. We have witnessed today the beginning of a new narrative on investment in South Africa. Throughout the day, we have heard how business continues to reap sustainable rewards in the South African economy. The case studies that have been presented affirm that South Africa is a diversified economy that presents great opportunities across a wide range of sectors. We heard investment announcements from companies in mining, forestry, manufacturing, telecommunications, transport, energy, agro-processing, consumer goods, pharmaceuticals, infrastructure, financial services, energy, ICT and water. Prominent among these announcements are the themes of value addition, beneficiation, innovation and entrepreneurship. The investment announced today by Amazon, for example, is a good illustration of how we are building the economy of the future and seizing on the opportunities presented by the Fourth Industrial Revolution.

By establishing a cloud computing hub in South Africa, the company will enable

businesses in the region to build products and solutions that are based on new digital technologies.

The investment announced by Vedanta reinforces our drive towards greater beneficiation, the investment by Mara highlights the opportunities for pan-African collaboration, and the Aspen announcement underscores South Africa's capabilities for producing products for the export market.

These are just some examples of the investments that have been announced today – investments that are cumulatively worth nearly R290 billion. As we indicated earlier today, these investments are in addition to pledges of over R400 billion that we have received from several governments over the last 6 months. We have already begun to put in the effort to turn pledges into firm commitments, and commitments into projects on the ground. We are working to ensure that we resolve whatever blockages that may stand in the way of the roll-out of these investments; acting within the context of our policies and laws. We have also published a portfolio of projects, mostly proposed by the private sector, that require financing.

The project book is a live, dynamic portfolio that will be updated as new projects emerge, or when some projects make their way from ideas; to bankable prospects; to funding and implementation.

As a country, we will continue to play to our strengths, and build on the comparative advantage we have in sectors such as mining, tourism and agriculture. At the same time, we are working to nurture the talent and harness the energy of our youth. This conference kicks off a significant work programme for our investment mobilisation institutions, particularly Invest SA.

But all government departments and entities, from policing to health, have a bearing on the investment climate. We will measure the impact of the investment that we attract, and work with business to maximise the potential for job creation and socio-economic development that flows from investment.

As a precursor to this conference, yesterday the Industrial Development Programme hosted a conference on impact investment. This is an important area of investing that we are keen to encourage.

At the same time, we believe that all investment can be shaped and deployed in a manner that generates not only profit, but social good. Today marks an important milestone along our journey of establishing South Africa as an investment destination of choice. We will derive important lessons from this conference as we prepare to make it a regular feature in our annual calendar.

In this conference, we have focused on re-engaging with the business community to make our investment case.

We have reminded our local investors, and also the global community, of the compelling reasons to direct resources into this economy.

In coming to this milestone, we have also enabled government to think deeply about the impediments to investment – and to address them.

Our investment envoys have brought us tough and frank feedback.

As we track the investment pipeline and continue to build our dynamic portfolio of opportunities, we will sharpen our investment mobilisation tools.

From this, we will emerge with renewed energy and revamped institutions that will drive us towards our objective of increased investment, inclusive growth and decent jobs.

THE REAL RECESSION

IT'S BEEN HAPPENING FOR YEARS AND IT'S NOT GOING ANYWHERE

GERSHWIN WANNEBURG

One of the most haunting stories I came across during my time as a journalist was that of a man whose sister was killed underground.

What did the company do to compensate his family for the loss? They offered him a job in the same mine where his sister had perished. If memory serves, it may have been the very shaft where she had died. Imagine walking past your sister's grave nearly every day of your life as you head out to earn a livelihood. Imagine having no other choice but to do so.

I tell the story to illustrate the desperate circumstances under which some of the most vulnerable South Africans operate in order to survive; in no less an industry than the one that spawned generations and generations of wealthy lords and barons, who benefited shamelessly from the labour of a black underclass. The story also reminds us of the limitations of capital. It is loyal only to itself. In other words, human life can only be measured as a means of production.

Which brings to mind a comment made by mining boss Patrice Motsepe a few years ago, after several workers had died in an accident at one of his mines. The mining industry had a bright future in this country, he told mourners at a memorial service organised by Harmony Gold. He then announced that the mining house would dish out bursaries to the children of the dead. I couldn't help but think: These men had to die for their children to receive an education?

Such is the feudal economy of South Africa, whose class structure has not changed much in 150 years or so. Except that we have become recession-proof, judging by the permanent fixtures of unemployment and inequality that have plagued our economy over the past two decades, even in the best of times. That doesn't mean that it no longer matters whether we are in recession or not. The term has taken on a psychological connotation, without actually signalling a fundamental shift in the economy. It has become an official indicator that the economy is in distress.

The recent news that the economy had slipped into a recession in the second quarter alarmed many South Africans.

The South African economy shrank by 0.7% quarter-on-quarter followed by a revised 2.6% contraction in the first quarter of 2018, according to Stats SA.

**"HOW TO SURVIVE THE RECESSION,"
READ ONE HEADLINE.**

**"GOVT FACING TOUGH TASK TO DIG
SA OUT OF RECESSION,"
READ ANOTHER.**

By all accounts, we were in a totally different country than the day before. In fact, we were not. The economy was in pretty much the same state it had been for years, beleaguered by the same structural issues.

"We have a massive unemployment problem; our economy is actually permanently in recession because we can't find the people jobs. With such underperformance it becomes an academic debate whether we are in a recession or not," Wits professor Jannie Rossouw told Africa Check.

Rossouw is head of the economics and business sciences school at Wits. He argues that the country has become poorer given that population growth has exceeded economic growth. What's more, between 2006 and 2009, unemployment was virtually unchanged, even though there was a marked difference in the growth tempo. In 2006, growth topped 5.6% but in 2009 it was a totally different picture at -1.538%. On the other hand, unemployment remained constant at around 23.6%. Of course, the situation has not been helped by a decade of wanton corruption and mismanagement under the administration of former president Jacob Zuma.

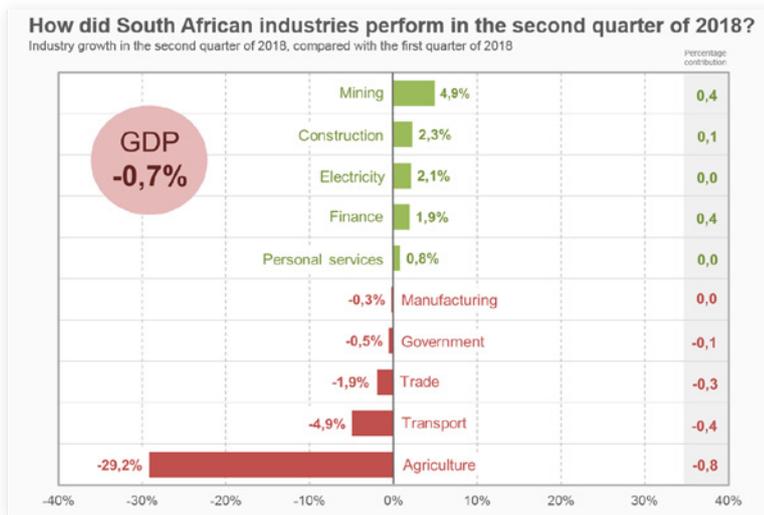
The Bureau for Economic Research has estimated that the economy lost R1-trillion between 2010 and 2017 as it failed to keep up with growth in other emerging market economies. Another R1-trillion in taxes was lost as a result of inefficiency. Public enterprises minister Pravin Gordhan has estimated that state capture cost the economy around R100-billion.

Put differently, years of ineffective policies and mismanagement have contributed to millions of job losses. Over the past decade, the unemployment rate has climbed from 21.5% to nearly 28%, according to Stats SA.

Around 6.2 million South Africans are unemployed, according to the Quarterly Labour Force Survey for the third quarter of 2018, released by Stats SA. More than 4.3 million of those people have been out of a job for a year or longer.

Between Q3: 2008 and Q3: 2018, long-term unemployment (12 months +) increased by 1.7 million, from 2.6 million in 2008.

Worryingly, that trend seems unlikely to change any time soon. And here is crux of the real recession, pointed out in a recent Stats SA report: once someone has been in long-term unemployment, the probability of finding a job declines, "leaving them at risk of being permanently detached from the labour market."



Both the GDP and unemployment stats reflect a fundamental shortcoming in our economy: our failure to provide sustenance to those who rely on the lower rungs of the economy, such as agriculture, mining and manufacturing.

Agriculture was one of the main contributors to the drag on GDP growth in Q2 2018, along with transport, trade, government and manufacturing.

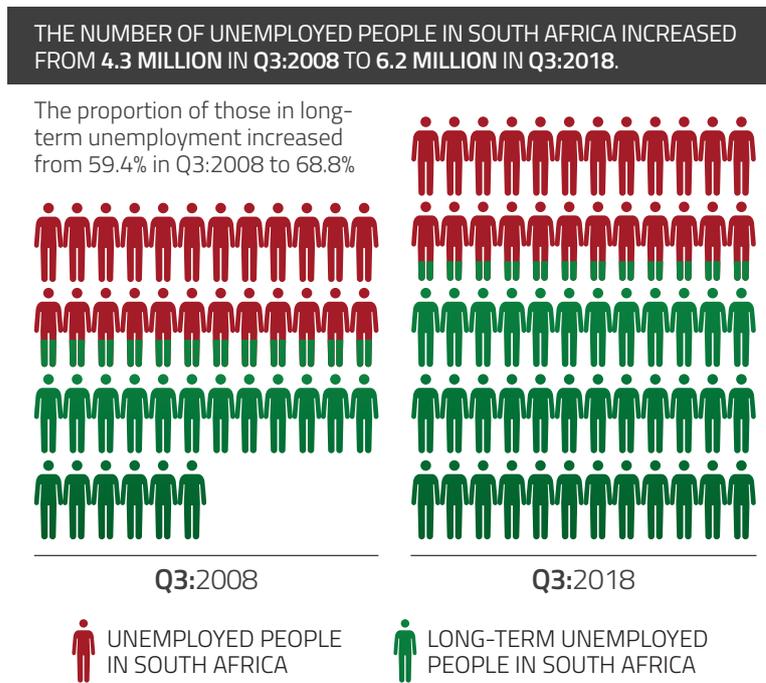
Manufacturing and mining also featured strongly in the Q3 Quarterly Labour Force Survey (QLFS). The number of employed persons declined in seven of the 10 industries, according to the latest QLFS. Mining shed 29,000 jobs in Q3, while manufacturing lost 25,000 workers.

In truth, our economy has been in recession for years, as Professor Rossouw reminds us. So, when politicians tell us that they have five-point plans that will shake off the recession, chances are those plans do not include the most vulnerable South Africans, who have for long been shut out of economic decisions. That group of economically susceptible people is bound to grow, based on recent economic projections.

It is important to monitor economic indicators like gross domestic product, but in isolation they tell us little about the true state of our economy. Viewing GDP alone would be similar to judging the economy based on the exchange rate.

It would be far more useful to ask probing questions about our economic indicators, such as: how does this recession differ from previous ones, and what does that tell us about where our remedies have fallen short?

Furthermore, will President Cyril Ramaphosa learn from the past and ensure that South Africa does not witness another prolonged season of jobless growth?



SOURCES

Graph: Stats SA | <https://africacheck.org/2018/09/21/analysis-when-is-a-recession-not-a-recession/> | <https://www.iol.co.za/business-report/economy/sa-in-technical-recession-16880751> | <https://www.businesslive.co.za/fm/features/2018-09-06-counting-the-cost-of-state-capture/> | <https://www.timeslive.co.za/politics/2018-10-12-r1-trillion-the-cost-of-the-zuma-years/> | <https://www.imf.org>

'THEY'RE SHOOTING AGAIN.'

INDIFFERENCE LEADS TO VIOLENCE IN POOR COMMUNITIES

SERGIO BEN

I know something about hate. I know something about rage. I know abuse ... to be possessed by an otherworldly force and submit to the seething cauldron of chronic disappointment, frustration, hopelessness, bitterness, outrage and the longing for justice repeatedly denied.

That is what happened on Tuesday 25 September 2018 in the Western Cape. The usual pleas for help and understanding now turned into demands. And rightfully so.

On Tuesday 25 September 2018, the people of the Western Cape interrupted the regularly scheduled programming of life in the province.

Working-class communities from Bellville, Bishop Lavis, Bonteheuwel, Langa, Steenberg, Manenberg, Nyanga, Hanover Park, Freedom Square, Samora Machel, Philippi, Mitchell's Plain, Khayelitsha, Kensington, Factreton, Heideveld, Delft, Kraaifontein, Ottery, Ruiterswacht mobilised support, took to the streets, blocked roads. In some areas, residents burned tyres.

People submitted to their lust for justice and equality. Fifteen people were arrested for public violence.

Riedwaan Jacobs-Ahmed Jan is from Hanover Park and carries a genuine and profoundly humbling love for his childhood home. What terrifies him is getting a call about family and friends slain by gang violence, yet another victim to the perpetual daily horror.

"I was a high school teacher in the area. In one term we lost three young men. I started to hate my 'hood. I cried for days. I couldn't teach my classes. This violence disturbed me for weeks, and in the end I resigned. Yes, I threw in the towel. I left Cape Town for another province, I needed the breather. For months after that, I couldn't bring myself to read any sort of crime-related news online or in a newspaper. I would simply just avoid it.

"My family is coping. Sadly, it has become the 'norm'. My nephews run to school, when they hear gunshots, they run

back and, as cool as a cucumber, would shrug and say 'They're shooting again.' We had to remove one nephew from the area; he was unable to function and not dealing well with the trauma. He had nightmares and wet his bed."

Khadija Tracey Heeger once lived in Hanover Park. She grew up there and credits her parents for sheltering her from the worst. She is a poet and my friend.



Photo: Zoe Postman | Source: GroundUp

The majority of the middle class responded in predictable fashion on social media about the protests – with blatant contempt.

"Not surprising. We are not given to the kind of empathy nor are we (society as a whole) open to understanding the level of degradation inflicted upon these areas by years of oppression," says Heeger.

"Even those of us who may have once come from those communities forget – when insulated by financial stability – the mess and depressing environment people are forced to inhabit."

Outpourings of frustration with the state is, of course, nothing new. So much so that it has become the subject of research.

By July this year research body Municipal IQ had recorded 144 protests throughout the country, mostly in the Eastern Cape and Gauteng.

"Service delivery protests have become a daily feature of South African life with an alarming increase in violent confrontations between protesters and police. As a result, the opportunity for communities to engage constructively on grievances is lost and municipalities need to work to ensure that channels for such communication remain accessible and relevant," said Municipal IQ managing director Kevin Allan.

Municipal IQ has shared some valuable insights into our protest nation. However, it may have overlooked a key element of the protests, if it believes that police intervention ruins chances for engagement. In many cases, communities have attempted to engage officials BEFORE they turn to toyi-toying. Protesting is usually a last resort. And that's why it's often so ugly. By then, frustration has reached boiling point.

The recent protests triggered the first few lines of a Sunday school song I used to love as a kid. For the life of me I can't remember the song's name or the rest of it.

"ALL OVER THE WORLD, THE SPIRIT IS MOVING. ALL OVER THE WORLD AS THE PROPHETS SAID IT WOULD BE HALLELUJAH ..."

Yes, all too true for South Africa. I'm at the next shutdown.
I will be there throwing stones. If arrested, then so be it.



**WE ARE ALL STANDING IN
THE SAME FIRE.**

WHEN ANGELS HAVE HORNS

THE STATE CAPTURE COMMISSION HAS BEEN AN EYE-OPENER

GERSHWIN WANNEBURG

If the state capture inquiry achieves anything, it will be that we finally understand the extent to which our state organs were perverted.

The abuse was wanton and callous, with no regard for the dysfunction that it bred.

Even though allegations around state capture had been widely reported since last year's Gupta leaks, the first-hand accounts that were related before the commission were nevertheless startling. We heard how senior ANC leaders had played a role in enabling state capture, how the Guptas had flaunted their political clout, which they claimed reached from our criminal justice system all the way to the highest office in the land.

If we are astute enough, we will emerge wiser from the process and not be distracted by the side-shows that have sprung up alongside the inquiry. The commotion around the inquiry has certainly been nothing short of dramatic. Within weeks, we witnessed the resignation of two ministers: Nhlanhla Nene as finance minister and Malusi Gigaba as home affairs minister.

Gigaba's demise was not directly linked to the commission but ultimately it was part of the same sordid political soap opera. Nene, on the other hand, had been caught in a lie. He was forced to acknowledge under oath that he had met with the Guptas several times, contradicting previous statements that had characterised his interactions with them as casual run-ins at events.

Right before our eyes, Nene's image was transformed from hero to villain. Before the former finance minister took to the witness stand, the EFF had pilloried him as a man who could not be trusted. The party threatened to reveal Nene's skeletons, should he lie to the commission.

Nene had until recently been heralded as a bulwark against state capture. He was fired by former president Jacob Zuma in December 2015 in a cabinet reshuffle that has become infamous in democratic-era politics.

Nene had apparently refused to bow to pressure to approve a nuclear deal that would reportedly benefit Zuma's associates. Reports suggested that Nene had also resisted other demands. "This side of heaven and hell, political battles, and economic

battles disguised as political battles, are almost always between angels with horns and devils with haloes..." political analyst Aubrey Matshiqi wrote recently.

Matshiqi was referring to the phenomenon of state capture, which he believes has been too narrowly defined. The commission has certainly disabused South Africans of the notion that our leaders can be categorised as either saints or sinners. But these spectacles are mere sideshows, aimed at protecting the political interests of the sparring parties.

What should be of real interest is the damage that has been wrought by the wholesale destruction of state institutions over the last decade as state capture took hold. That fall-out has been quantified in both numerical and political terms. However, the official mandate of the state capture inquiry provides a more sober reminder of what has been lost.

Read paragraph 1.4 of the commission's terms of reference:

"whether the President or any member of the present or previous members of his National Executive (including Deputy Ministers) or public official or employee of any state owned entities (SOEs) breached or violated the Constitution or any relevant ethical code or legislation by facilitating the unlawful awarding of tenders by SOE's or any organ of state to benefit the Gupta family or any other family, individual or corporate entity doing business with government or any organ of state."

Those words "breached or violated the constitution" are chilling, especially when read in conjunction with "the president or members of his executive." They suggest a complete breakdown in the very foundation of our democracy. Of that there can be no doubt. The only unknown is the extent of the collapse. Journalist Marianne Thamm offers a searing assessment of the wasteland that has been left in the wake of the Zuma era. "There are towns and municipalities – rendered shells by deploees – where

citizens have been left without water, without toilets, without teachers, without nurses, without doctors, without homes, without schools, without food, without jobs," she writes in the Daily Maverick.

"A litre of petrol costs more in South Africa than the minimum hourly wage. VAT was hiked to make up for the shortfall because SARS could no longer be milked by President Jacob Zuma's parasites. Our citizens burn and protest daily because there is no other way to express the deep and wounding frustration of living with a class of ruthless political and economic predators who seem inured to the founding principles of democratic South Africa and the law itself."

A similarly gloomy tone pervades a 2017 academic report on state capture, titled *Betrayal of the Promise: How South Africa is Being Stolen*. The report argues that South Africa is a "typical example of a global trend in ... increasingly authoritarian, neopatrimonial regimes where a symbiotic relationship between the constitutional and shadow states is maintained, but with real power shifting increasingly into the networks that comprise the shadow state."

The academics believe that South Africa is in the throes of an existential struggle against "a power elite that pursues its own interests at the expense of South African society, in particular the poorest people who will suffer first and most from the consequences of what is in reality a de facto silent coup."

State capture has been a sustained, deliberate project, executed with quasi-ideological zeal. Dismantling it will require more than simply replacing one regime with another. The fetid culture that has infected our state departments and agencies is too far-gone for that. What we should seek is an entire overhaul, something more akin to a social movement than a political one. Something that outlasts the short-sighted conflicts that preoccupy politicians and their handlers.

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TESTIMONY AT THE STATE CAPTURE COMMISSION

21 AUG "Some of the reasons could be intentional abuse of the system but some of the reasons could be the interpretation of the application of the rules of the game... If you look at what has been happening in the past years one could ascribe more than 50% of these infractions as intentions to abuse the system."

- Willie Mathebula, acting chief procurement officer, National Treasury

24 AUG "[One of the Gupta brothers] pointed at Mr Duduzane Zuma and said that they had made him a billionaire and that he had bought a house in Dubai. He said that they worked closely with a number of people, including Lynne Brown and Brian Molefe, and, as a result, they were protected. The pressure on us from president and cabinet to approve the nuclear deal was immense."

"He said: 'You must understand that we are in control of everything – the National Prosecuting Authority, the Hawks, the National Intelligence Agency and the old man will do anything we tell him to do.'"

- Mcebisi Jonas, former deputy minister of finance

27-29 AUG "[Ajay Gupta] mentioned an issue of Denel that pertained between Denel and some companies in India and particularly the Indian government ... I was surprised that he knew about the matter, I was also extremely shocked because that matter was top secret."

- Vytjie Mentor, former MP

30 AUG "After the pleasantries, the President then said the following: 'mfokababa. Kunalamadoda akwa Gupta. Ngifuna ukuthi uhlangane nabo futhi ubancede! The English translation is - 'my brother, there are these Gupta guys who need to meet with you and who need your help. Please help them.'"

"Mr Ajay Gupta then introduced the subject of the meeting as follows: The Gupta family was setting up a media company which needed government support in the form of advertising spend. The company would have interests in print media and a TV station. "He then went on to tell me that he was aware that government was spending around R600 million on advertising in media platforms and that he wanted all that expenditure to be transferred to his company, the would-be media company."

- Themba Maseko, former head of GCIS

31 AUG - 3 SEPT "I had panic attacks. I saw torture going through my body again. I never thought in this government people can do such things. I was tortured for weeks [by apartheid government] and Muthambi did the same... She was cheating the state because basically I was being paid because she wanted that procurement [unit] at all cost. She wanted to steal at all cost."

- Phumla Williams, acting CEO of GCIS

SPII *Matters*

UPCOMING EVENTS

SPII offices will be closed from 14 December to 14 January 2019.

We wish all our readers a pleasant year end and look forward to a new year committed to advancing social justice victories.

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