

South Africa: Approaching a Moment of Reckoning

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Ladies and gentlemen, Friends and Colleagues, and Comrades

Let me begin by thanking the organisers for inviting me to do the keynote address at this year's Mail & Guardian Literary Festival. It is a real honour to do so. This festival and this newspaper play an important role in enabling difficult conversations within our society. This does not mean that M&G journalists and editors are always correct. Indeed there are often times when I disagree with some of its coverage or its analysis. But this does not prevent me from recognizing that the Mail & Guardian has played a fundamental role in strengthening our democracy and facilitating a greater accountability dynamic, within our society.

It does this of course by, in Edward Said's memorable phrase, 'speaking truth to power'. And I want to honour this invitation by the organisers to do the same this evening. However, unlike Said, I do not aim to speak 'truth' only to state power. Rather I aim to engage societal power as well. That is, I aim to speak with those at the apex of business corporations, with leaders and activists in the trade union movement; with members of the ruling and opposition parties; with those who are part of the social movements and other civil society expressions, and even with intellectual brokers within the academy itself.

Progressive scholars all too often forget the power wielded by individuals in these groups. I want to direct my attention to the country's President and those around him, but also to the CEOs of corporations, the general secretaries of trade unions and civic organisations, and the leading mainstream and radical lights within the academy as well. I aim today to speak plainly to all manifestations of power, and hopefully to challenge ideological, political and strategic orthodoxies, and to urge everyone to interrogate conventional wisdoms in an effort to fashion strategic solutions that enable us to collectively transcend, the challenges of our historical moment.

So where to begin?

Perhaps it should be at the fact that Democratic South Africa is approaching its moment of reckoning. Such moments emerge in all societies. And in the last century we have had our fair share of them. We had it in 1910, when the English established a union with home rule for Afrikaners and excluded the vast majority of the population. We had it in 1922, when the white mineworkers were killed on the Rand in pursuit of a 'white socialist South Africa'. We had it in 1948, when the National Party came to power and formally established the project of Grand Apartheid. We had it in 1960, with the Sharpeville massacre and the subsequent banning of the ANC and PAC. We had it in 1976 with the murder of school children, the subsequent repression and attempts at reform. And we had it in 1990 with the unbanning of the political parties, and in 1994 with the emergence of the democratic era.

Each moment of reckoning, and the decisions taken therein, crucially influenced the patterns of events in future years, sometimes lasting decades. Each moment also played a role in configuring the long term evolution of the society itself. The decisions taken within the moment were of course not always positive. Indeed, in the vast majority of such moments in our society, decisions taken by political elites, heralded oppression and exploitation, societal fracture, and future conflict.

Only in 1994 and the immediate year preceding it, did our political elites have the maturity to transcend conflict, and make decisions that partially established us on a positive track. But even here it was only partial. It was positive in that it brought the vast majority of our people into the political system. And it was positive in that it enabled a significant deracialization of the public sphere. But decisions in that moment also established an economic arrangement that was to consistently grow our economic inequalities for the next two decades, thereby sowing future strife within the ruling political alliance and the society itself. It was this decision and its consequences that was the source of the palace coup in the Polokwane conference in December 2007, and is the cause of the current fractures within the ANC and COSATU. It is also this decision that is the source of the conflict and subsequent massacre in Marikana, and in the violent service delivery protests in the country.

But these moments of reckoning are not simply the product of the foibles or wisdom of leaders.

They are often the result of the complex interplay of structural transformations in the society and the world, and the response of elites and other societal actors to these developments. Our current moment of reckoning is similarly being influenced by both variables. It is partially a product of a new generation emerging onto the political scene. The ‘born frees’ – those born in 1994 and later – will for the first time have the opportunity to vote in 2014. Less burdened by our Apartheid past, they refuse to be encumbered by a blind loyalty to the ruling party.

Yet they are not a homogenous group as some seem to imagine. The more privileged among the ‘born frees’ – the recipients of higher education and the BEE largesse in post-apartheid South Africa – are increasingly becoming sceptical of the ANC’s political rule. Repelled by the traditionalist and non-modernist elements of its political rule, they are casting around for new political alternatives. The less privileged – those denied contemporary South Africa’s educational and economic benefits – are also becoming cynical of the ruling party. However, unlike the more privileged layer, these born frees are the architects of the spontaneous violent service delivery protests, that have become a continuous pattern of contemporary South Africa.

Accompanying all of this is a general decline in the legitimacy of the ANC. Part of this has emanated from the inefficiencies that has become typical of administrative governance under the ANC. Part of it emanates from the enrichment of ANC politicians and politically connected entrepreneurs that masquerades as black economic empowerment, the most recent expression of which is the National Empowerment Fund’s financing of Khanyi Dhlomo’s and Judy Dlamini’s clothing boutique. Most of it, however, emanates from the corruption scandals affecting the ANC and its senior leadership. The most damaging of these is of course those associated with President Zuma and his family, which has occurred so often in the last few years that it is no longer shocking as South Africans, become resigned to the first citizen’s predisposition to immerse himself in scandal after scandal.

The legitimacy crisis of the ruling party has provoked widespread factionalism within the ANC and within the Tripartite Alliance. This factionalism was concentrated within the ANC in the build-up to Mangaung. In the aftermath of Zuma’s decisive victory in Mangaung, the factionalism shifted to COSATU. The focus of this factionalism has revolved around attempts to expel Zwelinzima Vavi from the union federation because of his criticisms of, and independence from, the Zuma Administration.

Initially, the expulsion was attempted at the COSATU Congress, but his grassroots popularity prevented this. Subsequently, attempts were made to subject him to corruption charges primarily around of the sale of COSATU's previous headquarters. When this seemed to go no-where, Vavi's opponents opportunistically latched onto his sexual indiscretions, to have him suspended from the Federation. The move has paralyzed the union federation and its affiliates at a time when it confronts its greatest threats at the grassroots.

The National Union of Mineworkers, for instance, is focused on expelling Vavi at a time when its own legitimacy is severely threatened by platinum mineworkers abandoning it in droves in favour of AMCU. There is widespread suspicion, including in the Vavi camp, that the attempts to expel the outspoken General Secretary is receiving support from the highest office in the land. Ironically then, the Zuma Presidency in the ANC has been able to effect on its ally what Apartheid and Corporate South Africa have failed to do in almost three decades: achieve a political and administrative paralysis of the largest union federation.

Yet Corporate South Africa is also not immune from the legitimacy crisis. The protests in Marikana and the subsequent massacre have focussed the public glare on Corporate South Africa as much as it has on the Zuma Administration. The enrichment of corporate executives who earn double digit multi-million rand packages has not only generated widespread cynicism among the citizenry, but has also provoked organised workers to demand between 60% and 120% salary increases. Marikana has also cast a public glare on the close collusion between corporate South Africa and ANC politicians, manifested in black enrichment schemes captured most dramatically in Cyril Ramaphosa's shareholding, in Lonmin itself.

The widespread cynicism of both the political and economic elites has not gone unnoticed in the world. Foreign investors have become increasingly sceptical of South Africa's economic prospects, as have rating agencies, especially because of the political instability emanating from the widespread resentment in the society. Direct investment has plummeted, as have growth rates, making manifest our day of reckoning even to the most politically oblivious corporate economists in the country. The approach of our day of reckoning is increasingly obvious to all but the most blinded. Yet as I have indicated earlier, we are not predestined to make bad choices. It is possible for our political and economic elites to transcend their narrow short terms interests, and make decisions that could place us on the path to an economically sustainable, more inclusive, and less fractitious society.

Such decisions would require the establishment of a social democratic political economy, which is a necessary prerequisite for South Africa, to comprehensively deal with the challenges of inequality, poverty and unemployment. Although this was acknowledged at the ANC's national conferences in 2007 and 2012, and some elements of a social democratic platform have gradually been adopted, this economic perspective is still constantly challenged within the ruling party by individuals and factions that advocate fiscal conservatism in the guise of financial prudence. This battle for the economic soul of the ANC has to be resolved. Related to this is the need for a new social pact to be cemented between business, labour and the state.

However, the Zuma Administration has failed to manage the expectations of both the economic elite and the general populace, with the result that an essential foundation for a successful pact – a willingness by all to defer the immediate realisation of their desires – has not been achieved. This is a profound failure of political management.

At one level, this has been recognised by some political leaders, and in particular by finance minister, Pravin Gordhan, who has spoken out against excessive executive remuneration and enrichment in both the private and public sectors. At another level, however, the lesson has not been truly internalised. This is most evident in a column featured in the *Sunday Times* since February 2012, entitled 'Each One, Hire One'. The column aims to encourage public debate on how to deal with South Africa's unemployment crisis, and has attracted contributions from a number of politicians, some corporate executives, and even labour leaders such as Zwelinzima Vavi.

What is striking about the contributions, however, is that while all recognised the need for a social pact, as well as the formal necessity of compromise, none (other than Vavi) were willing to recognise the legitimacy of workers' concerns related to labour-broking practices and South Africa's low-wage growth path. Indeed, almost all the contributors berated the unions for focusing solely on the interests of their own members, ignoring the needs of the unemployed, and undermining economic growth and efficiency. Despite all the platitudes about working together, most contributors to the column (most of whom represent political and economic elites) seem to assume that any social pact must be constructed on terms favoured by the corporate sector.

It is cause for concern that this diverse set of leaders, with their impressive track records and experience, do not yet seem to understand the basis of successful social pacts. Pacts require compromise. They are established to manage the dilemmas presented by competing interests. A central dilemma that a South African social pact would have to address is how to enable economic competitiveness and the accumulation of work experience by new entrants to the labour market, without losing the hard-won gains of the labour movement as expressed in the Labour Relations Act of 1995. The unions fear that compromises might weaken the 1995 Labour Relations Act, and that this would allow employers to roll back the gains won by workers in the formal sector.

There is precedent for this in the post-apartheid era, and to argue that this is impossible and unrealistic is to be seriously out of touch with the economic dynamics of the last 20 years. For example, in the mid-1990s, internal employees carried out cleaning services in most companies and public institutions. Since then, most private companies and public institutions have subcontracted cleaning services to external companies that employ workers at much lower wages and provide far fewer benefits. Similarly, a study on transformation in South African mines demonstrated that as the racial ownership of mines has changed, so working conditions have worsened. Essentially, South Africa's more marginal mines have been sold to black entrepreneurs who have derived profits from squeezing wages and reducing benefits. This has been achieved mainly through the use of labour brokers, which have served as a 'safety valve' for business owners, enabling them to avoid the obligations made mandatory by the Labour Relations Act.

But Business is also correct to insist on the recognition that South Africa faces significant economic challenges. Many economic sectors are not globally competitive, and excessive red tape compromises the viability of many small enterprises. Moreover, given the staggering rate of unemployment among young people, there is an urgent need to create an environment in which employers are willing to take on new entrants into the labour market so that they can accumulate the necessary work experience to make them valuable and productive employees. These challenges should be of as much concern to labour as they are to employers and the state.

The challenge for potential partners in a social pact is to create the conditions for addressing these problems without sacrificing or weakening the protections afforded to formal sector employees. With some imagination, this can be done.

For example, agreements entered into with employers in the textile sector in Newcastle in October 2011 involved wage concessions for new employees. This suggests that unions can be pragmatic when it comes to ensuring company competitiveness and survival. Unions may have to compromise on a wage subsidy for new and young employees, and allow for special wage and employment provisions for certain economic sectors or geographic zones. Similarly, employers may have to commit to employment targets in these sectors, and provide guarantees that they will not try to generalise these special provisions to the broader labour market. In other words, the fears of all parties must be addressed, and in this process, compromises are required from, and costs need to be borne by, both business and labour.

This message was, however, missing from the ‘Each One, Hire One’ columns. None of the contributors seem to have thought through the compromises required for the establishment of a social pact. But if this is not done, how is a social pact to be realised? Moreover, for as long as an equitable social pact remains a distant dream, South Africa will not succeed in bridging the divide between economic growth and inclusive development, nor will it be able to address the related polarisation and social pathologies – chronic unemployment, child and women abuse, substance abuse, violent crime - that characterise our society. If we do not do this, we would also not have responded positively to our moment of reckoning. And if this does not happen, then we set the trajectory for an alternative evolution of a society; one where the future is not so promising.

It is often said that South Africa is fast approaching its ‘African Spring’ when its people will rise up against the government. Moeletsi Mbeki most provocatively raised this as a possibility a year or two ago, and since then many others have echoed him. But Moeletsi Mbeki was too categorical and certain about this future. As I have argued, it is not inevitable that we go through an African Spring in South Africa. Other societies have avoided it, as we did in 1994.

But should our elites – both political and economic – not have the wisdom and maturity to respond to this moment of reckoning with magnanimity, to establish a pact and a social democratic political economy that heralds an inclusive future, then, we do indeed run the risk of an African spring. This too is in our history. It is our people that rose up in 1960 at Sharpeville, in 1976 in Soweto, and in 1984/5 in the Vaal triangle. In those moments we rose up against apartheid.

But our elites – both political and economic – should not become too sanguine because of their liberation credentials. Increasingly the history of this continent is becoming one where citizens stand up against would be liberators, who have become perverted by the trappings of power. This too can happen in South Africa. Only a mature response to our moment of reckoning, by government, business and labour can avert this.

And in the meantime, while we wallow on in this moment of reckoning, we remain caught, as Achille Mbembe describes, “between an intractable present and an irrecoverable past, between things that are no longer, and things that are not yet”. We remain trapped in South Africa’s suspended revolution.

I thank you

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