



**SHOW OF FORCE:** Cosatu supporters march in the streets of Johannesburg to demand an end to labour brokers. This week the IMF warned South Africa to rein in unions or face a bleak future.

PICTURE: REUTERS

# Should SA heed the IMF warning?

Africans are forced to live off the crumbs of the rich and the IMF is perpetuating this

Institution is saying SA's reputation is at stake over persistent labour unrest

**T**HIS week, the International Monetary Fund executive board concluded the 2013 Article IV consultation on South Africa. In its report, the IMF board correctly highlights the challenges facing the country, such as the inability of the South African economy to grow on a par with other emerging economies. It laments that the apparent lack of growth will result in increasing levels of joblessness, although South Africa has for many years been faced with jobless growth.

In simple terms, though the economy has been growing consistently, that growth has failed to translate into an increase in the number of jobs.

In essence, that was the thinking behind the failed Growth, Employment and Redistribution (Gear) strategy of 1996, which argued that first there must be growth, then there shall be employment and then redistribution.

The IMF urged South Africa to rein in trade unions by ensuring that there are lower wage demands.

It also recommended that the country support labour brokers, whose practice creates a triangular relationship: labour brokers employ a worker on behalf of a company to fill a vacancy that has always been there.

It justifies through a fallacious argument that temporary employment is responsible for a large share of employment growth.

Labour brokers do not create jobs, they are simply intermediaries and the practice is tantamount to slavery.

The IMF recommends that the country must move quickly to implement the National Development Plan, a policy framework that infuriates trade unions, who regard it as a neo-liberal project.

As if that were not enough, Jeff Nemeth, the president of the American Chamber of Commerce in SA – which promotes the interests of US business in South Africa and lobbies for our inclusion in the US Congress's Africa Growth and Opportunities Act – took aim at trade unions.

He argued that if South Africa wants to operate like a global player then it must act like a global player and cautioned that the strikes that take place here don't happen anywhere else in the world.

Blame is largely apportioned to trade unions for the strikes haunting the country and not to the employers – though it is said it takes two to tango.

According to the IMF, unions must moderate their demands in the interests of the country.

But South Africa is a country of two nations, one extremely poor and black and the other extremely rich and white.

Like the biblical Lazarus, the African continues to feed from the crumbs that fall from the rich man's table.

By arguing that poor workers must moderate their demands and that the state must rein in trade unions, the IMF advocates for a continuation of the status quo where the black man remains subservient to a lily-white economy.



Lesiba Seshoka



**BY ARGUING THAT POOR WORKERS MUST REIN IN THEIR DEMANDS THE IMF IS VOTING TO KEEP THE STATUS QUO**

Cosatu has correctly characterised the IMF's social bargain between business and labour, where labour will make commitments to wage restraints, as an "egg and bacon" agreement. In terms of the agreement, business, as the chicken, commits to lay eggs for breakfast and calls upon the worker as the pig to lay down its life to supply bacon.

The World Bank, another neo-liberal institution, in 2012 argued that with an income Gini coefficient of around 0.70 in 2008 and a consumption Gini coefficient of 0.63 in 2009, South Africa had become one of the most unequal societies in the world.

It further argued that economic growth has been highly uneven in distribution, perpetuating inequality and economic exclusion.

More important, the report by the World Bank apportioned blame to what it calls an enduring legacy of apartheid which denies black people, especially Africans, the chance to accumulate capital in any form, be it land, finance, skills or social networks.

Now, how does a person who lives in a shack in Mshongoville, Winnie Mandela Park or Ramaphosaville moderate his wage demands, as proposed by the IMF, when he lacks basic amenities such as running water, sanitation and electricity?

How does the migrant mine worker, who comes from a rural area where he shares water with animals, not rebel against a mining boss who pays him a monthly wage equivalent to the amount he

spent on parking tickets?

The International Labour Organisation contradicts the IMF report by correctly advocating a wage-led growth strategy which it argues will generate a much more stable growth regime for the future.

A survey was released this week which categorises miners as doing the worst kind of work. But these miners are also the lowest paid.

For example, Patrice Motsepe owns a number of mines in South Africa as well as a football club, Mamelodi Sundowns.

He pays his miners at Two Rivers Platinum Mine around R5 000 a month. This is the miner who works at 40°C underground to create Motsepe's wealth.

But he pays his goalkeeper at Sundowns R9 000 for standing at the goal posts for 90 minutes.

Some will argue that he gives a lot of money to charity. But charity must begin at home, with the mineworker!

It has become as clear as daylight whose agenda the neo-liberals at the IMF are pushing.

In the same manner that the International Criminal Court at The Hague treats Africans with disdain, the IMF is doing the same, albeit in a different manner. The intention is to impoverish the people of Africa and rule the continent by hook or by crook.

When Robert Mugabe proclaimed to former UK prime minister Tony Blair: "Keep your Britain, I will keep my Zimbabwe..." it was out of frustration at being dictated to by foreigners and their agencies in the name of being a global player, as suggested by Nemeth of the American Chamber of Commerce in South Africa.

Thomas Hardy wrote the book *Far from the Madding Crowd*.

Through its title, he suggests avoiding the life of a city, a modernised government, crowds and industry; in it, he tries to fashion a portrait of what he saw as an endangered way of life and to create a snapshot for future generations.

In the same manner, albeit in a different way, Mugabe attempted – out of frustration at the West's dictatorship – to create an independent Zimbabwe in a globalised world, and the consequences were disastrous.

As it appears, it is a matter of you do, you die, you don't you die, in the sense that if third-world countries simply implement everything the West or its agencies such as the IMF prescribe, they may be faced with the wrath of their citizens.

If they don't, they may be faced with the wrath of the powerful countries that impose their agenda on them.

South Africa is a democratic state, whose constitution has been lauded all over the world.

Now, the IMF wants the country to breach its own constitution and rein in the trade unions.

Steve Biko in his book, *I Write What I Like*, warned us. He argued that the Westerner has an aggressive mentality. When he sees a problem, he will not rest until he has found "some" solution to it.

■ Seshoka is NUM spokesman.

**B**RAND South Africa is under siege. Africa's dominant economy is facing internal disruptions and external competition from rising African peers who are more attractive and growing at a rate of 5 percent, while South Africa is lagging behind at 2 percent.

The Economist projects that 7 of the top 10 fastest growing economies in the world by 2015 will be African. South Africa is not among them. While the weak global conditions are to blame, as the recent IMF report highlighted, domestic factors such as strikes and policy uncertainty have had an adverse impact on South Africa's growth, investments and attractiveness. A recent government study indicates that the top five issues facing South Africa are unemployment (62 percent), crime (33 percent), housing (26 percent), roads (22 percent) and corruption (20 percent). There's chronic unemployment of over 20 percent in general and an estimated 50 percent among frustrated youth.

The incessant and increasingly fatal labour disputes in the public and private sector are exacerbating the crisis, and have earned South Africa the unenviable distinction as the "protest capital of the world". Without a doubt, the darkest hour in post-apartheid South Africa is the Marikana strikes in August last year which claimed 34 striking miners' lives, injured 78 and put an undesirable focus on South Africa in every major news bulletin in the world.

Although during apartheid strikes were effective in destabilising the government, strikes have now become the de facto language for addressing all grievances and bargaining with the government. Unfortunately, they have had an undesirable negative impact on South Africa's growth, reputation and attractiveness.

The 2013 World Economic Forum's global competitiveness report shows South Africa, the leading African economy with a GDP of \$384.3 billion, has been overtaken by Mauritius with only an \$11.5bn GDP. South Africa has slipped one place to 53 out of 148 nations, from a historic high of 35.

The most cited reasons for the decline are labour discord and a failing education system and health-care provision.

According to the WEF Competitiveness Index, labour market efficiency, one of the key 12 pillars of the index, in South Africa has declined to 116, hiring and firing practices have become rigid (147), companies cannot set wages flexibly (144), and there are significant tensions in labour-employer relations (148). The health of the workforce is ranked 133 as a result of high rates of communicable diseases and poor health indicators.

According to the International Labour Organisation and the South African Department of Labour, in post-apartheid there was a period of "labour peace" between 1994 and 1999, with the number of lost working days in South Africa ranging only between 0.4 (1995) and 24.7 (1998). Since then there has been a steady incline with more than 2 million people protesting



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**THE STRIKES ARE COSTING THE NATION ITS GLOBAL REPUTATION AND ABILITY TO DELIVER A BETTER LIFE FOR ALL**

every year, resulting in a dramatic spike in 2007 and 2010 of 9 529 and 20 675 lost working days, respectively. The average wage per hour has grown at 9.5 percent compound annual growth rate since 1994. According to Stats SA, total labour productivity has declined relative to labour costs since 2007.

While during apartheid the unions and ruling party were unified in driving a better South Africa agenda, the honeymoon and cordial relationship between the government and labour seems all but over. The new government, like the old, is now perceived as the enemy rather than the champion of "the people" who demand rapid progress on the promise of a better life. As the survey conducted around the crippling public sector strike in 2007 highlighted, the core basis of the strike was – and is – better work conditions. At least 75 percent of all public sector workers surveyed then cited poor pay (80 percent), pay disparity between managers and workers (75 percent) and disparity between public sector and equivalent private sector jobs (75 percent). These key issues are the dominant theme of the strikes in both the public and private sector where often the nominal increases in minimum wage are outstripped by the increases in costs of living and growing income inequality.

While South Africa is a fairly diversified economy, in the resources sector, in particular mining, its most global export which constitutes about 10 percent of the South African economy, but accounts for almost 60 percent of its exports, the impact

on brand South Africa's image has been the most severe.

According to the UN Conference on Trade and Development, South Africa has experienced a 24 percent decline in foreign direct investment (FDI) behind Nigeria and Mozambique between 2011 and last year. There has been a decline in sovereign rating of South Africa as a nation and its major metropolitan cities and its state-owned companies such as Telkom, Eskom and most recently Sanral by rating agencies such as Moody's, Fitch and Standard and Poor. SA Post Office labour issues are said to have cost it over R100 million last year. These downgrades and protests affect South Africa's ability to raise capital, repay its sovereign debt, and ultimately compromises its ability to deliver a better life.

But South Africa has largely withstood the global economic crisis because of its solid fundamentals. Its highly regarded and ranked financial sector has been credited with shielding the country's economy from the worst of the global crisis. As a tourism destination, South Africa grew at 10.2 percent, more than double the global rate, and recorded 9.2 million visitors compared to 3 million in 1994. But as a nation brand, overall South Africa has remained stagnant in the Anholt Nation Brand Index, at number 36 out of 50 nations worldwide, with declines in immigration (number 38) and governance (number 41).

While there are merits for South Africa's drive to measure itself and often outperforming other developing and Brics nations, to become a winning nation, South Africa, the only G20 African nation, the erstwhile standard bearer for Africa, must measure itself against global standards.

The attitude that strikes are the only language understood to effect change and the aftermath of Marikana shows that there is an ongoing distrust between labour and government.

That strikes are costly to South Africa is not merely an academic, opposition and media past-time, but a reality that is affecting the majority of citizens struggling to survive. They are costing the nation its global reputation and ability to deliver a better life for all, and will affect the NDP goal of eliminating poverty and reducing inequality by 2030. They are undoing the good that made South Africa a proud and winning nation.

What this country needs is the resolve, trust and partnership between labour, government – all its citizens that rescued South Africa from near ruins in the 1980s.

The working class, who are the majority of the voters who dutifully take to the polls with the hope of a better life, deserve a collaborative, listening, peaceful and winning South Africa, and not a deaf government or sideshows by competing labour unions focused on their own welfare rather than that of the workers.

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