

South Africa: Something's got to give

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The election of a new government should be a time of celebration. 25 years since the end of Apartheid should be the time of immense celebration. Yet, 25 years since the “dawn of democracy” and South Africans are engulfed by extreme forms of anger, disillusionment and alienation. 22 million adults of voting age are so alienated that they did not even bother to participate in the national elections that brought the new Ramaphosa government into being.

Behind this disaffection lies a wasteland. Instead of a flourishing society freed from racism, division and violence, post-Apartheid South Africa is a society of social decay. Most of us have become numbed to its everyday violence and brutality. Incidents like these scarcely register:

- Three children hanged by their father, after which he hangs himself;
- Four children found burnt to death by their mother, who left them unattended and locked up in their home;
- School student stabbed to death by a fellow student who had waited patiently outside the school for him to finish his exams; two other students left with serious stab wounds;
- Church services commonly attacked and congregants robbed.

Underlying this depth of social decay is a frightening level of unemployment. More than 10 million people are unemployed. This translates into an unemployment rate close to 40%.

And there is no sign that things will get better. Quite the reverse. The economy is weakening rather than strengthening. The first quarter of this year saw the biggest drop in what the South Africa economy produces (GDP) since the financial crash more than ten years ago. And this is getting on for a year and a half since Ramaphosa took office as president, promising a new dawn on the back of economic growth.

With an economy teetering on another recession, debt levels rising, credit rating agencies banging at the door, something has got to give. The last time we were in such a situation, the newly elected Mandela government gave us GEAR – a home-grown structural adjustment programme, that effectively crushed the dream of a new South Africa, for the millions made poor by Apartheid. Are we headed for a new wave of austerity, privatisation, retrenchments and wage cuts?

ESKOM will be decisive.

What happens with Eskom will be a clear indication of the role and nature of Ramaphosa's government and signal the likely direction of its macro-economic policy. Will Ramaphosa, and now his new man overseeing the energy sector, Gwede Mantashe, be able to break the resistance of NUM and Numsa to the restructuring of this key state owned enterprise at the engine room of South Africa's economy? It is clear that the unbundling of Eskom will result in retrenchments and

privatisation of parts of the electricity sector. NUM and Numsa have sworn they will resist this at all costs.

Big capital sees Eskom as a testing ground. Can Ramaphosa finally rise above the factional battles in the ANC and deliver the market reforms they insist on before they will open the investment flows? A recent IMF report on South Africa was very clear on this:

“Public enterprise efficiency needs to be improved with measures that strengthen their finances and harden the budget constraints they face. In particular, Eskom will require bold action to redefine its business model so that it becomes self-sustained and ensures affordable and reliable electricity supply. Without fundamental reforms in Eskom’s finances and operations, continued budget transfers or assumption of its debt by the government will not resolve the company’s issues. Postponing the needed adjustment of the entity will only force greater difficulties down the road.”

And here lies the rub. This will entail pushing through a harsh anti-poor and anti-working class agenda. This is why, for the IMF and capital, Ramaphosa is their man. He has the ability to be all things to all people. His mastering of the politics of social compacting will be used to obscure the coming assault on the poor and working class. We have already seen him at work. It was Ramaphosa who oversaw the adoption of a minimum wage proposal while placing curbs on the right to strike. It was Ramaphosa who sold the Investment Summit to the unions with a meaningless jobs summit. His ability to paper over acute class differences can also be seen in the way he has taken the sting out of the land expropriation debate.

Eskom would not, one imagines, have been Ramaphosa’s choice as his first protagonist. He takes on all the key organised components of the labour movement – Cosatu, Saftu and Fedusa. In particular he needs to neutralise the resistance of NUM, the very union where he comes from. It probably explains why he put NUM’s other former General Secretary, Gwede Mantashe, in charge of the energy portfolio.

Breaking the resistance of the unions, to Eskom’s restructuring will entail dividing NUM and Numsa, which up to now have been working very closely at Eskom, in spite of the previous antagonism between them. Somehow, Ramaphosa and Mantashe need to break this collaboration, otherwise they can expect a long, hard battle to unfold. Eskom is designated an essential service, which means strike action is illegal. But that did not prevent NUM and Numsa from striking together against the zero wage increase that the ESKOM management first offered in 2018.

And although the labour movement has been substantially weakened over the years, NUM and Numsa were able to win a credible wage increase of 7.5%. Can the NUM leadership be persuaded to retreat and support Eskom unbundling, in the face of fierce opposition from Numsa? This would almost certainly lead to them losing a large number of members, something they can hardly afford after the Marikana debacle.

Given the pressures from foreign investors, who Ramaphosa courts, and the influence of the credit rating agencies, it is likely that the interests of big capital will prevail. His strategy is rooted in foreign investment, and he knows full well that he must satisfy their needs if they are going to come to South Africa. That’s why his victory at Nasrec was so celebrated, and why his election victory was both promoted and celebrated by such mouthpieces of big capital as Business Day and Sunday Times journalist, Peter Bruce, and The Economist. They have invested in Ramaphosa to pull the economy out of crisis. Dealing with state capture and the Zuptas is just the first and easy part of what he is expected to deliver. Now he must take on the public sector, restructure state owned enterprises, contain state debt and reduce the public sector wage bill.

It all begins with ESKOM.

Resisting the break-up ESKOM will need more than the labour movement standing together. It will require alliances with social movements and the broader public. A successful strategy to defend ESKOM from unbundling and privatisation will require that the unions go beyond a defensive posture. They will need to re-imagine a public utility able to serve the interests of the vast majority, who suffer energy poverty. For this reason, it will be necessary to develop a vision of Eskom as an efficient public utility, at the centre of a transition to clean, affordable and democratically run energy production and distribution. The unions must develop a programme capable of forging a broad and progressive alliance of social forces.

For this reason, it will be necessary for NUM and Numsa to clearly articulate a commitment to drive the transition in Eskom to a public utility that serves the interests of the poor. It will entail the reform of Eskom from top to bottom, with transparent and effective governance structures introduced that give decision making powers to workers, middle management, and representatives of communities and municipalities. Such a vision would include expanded provision of free electricity for the poor, the rapid development of socially owned renewable energy through Eskom and a low carbon industrial strategy to create decent jobs.

Such a strategy would provide a model for the type of alliance and programmes needed to resist the coming Gear 2019 programme of the new Ramaphosa government. Defensive piecemeal struggles will not cut it. Without a vision of social justice, the unions will be isolated, divided and defeated and we will all suffer at the expense of the corporate elite.

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P.S.

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