

South Africa: actions against the abusive debts imposed on the popular classes

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The 2012 Marikana mine massacre

In 2012 thirty-four protesting miners employed at the Marikana platinum mine were massacred by police repression. They were in a hard fought struggle for wage increases. They had nothing left to lose because at the demand of creditors the mining company was directly stopping large sums from their wages.

The stoppages were excessive and had no genuine legal basis. Low pay had pushed the miners into debt with loan-sharks who made immense profits and with the complicity of their employer company seized the miners pay directly at the source. When inspecting the dead miner's pay slips the commission inquiring into the circumstances of the massacre saw that 28 of them were having pay withheld. During the month that preceded the massacre many of the miners had had pay stoppages, some of which amounted to more than half their pay. One of them had no pay at all; his pay slip showed a negative balance. [1]

Although the situation of the miners in Marikana is an extreme case it is not at all unique. Stoppages on pay in favour of loan-shark creditors, by complicit employers, is a common occurrence in South Africa. In the case of Marikana it was the mining company itself that controlled the society that made the loans to the miners and so could put its fingers directly into the miners pay packets. As the old saying goes "each is his own best servant", here is a sinister example.

A movement demanding justice for the Marikana miners has arisen, see in particular Dick Forslund, [[The Bermuda Connection : Profit shifting, inequality and unaffordability at Lonmin 1999-2012](#)], AIDC,

Loan sharks reclaim direct access to social benefits

In good neoliberal tradition the South African government outsourced the management of social security payments from the South African Social Security Agency -(SASSA-) to a private management company - Cash Payment Services (CPS). Seventeen million people have rights to various kinds of benefits. CPS has used its position to collect claimants' personal information in order to draw them into the net of micro-credit debt. The double advantage for CPS is its subsequent practice of directly deducting the resulting micro-credit repayments from victim claimants benefits.

The NGO Black Sash has brought an action in justice against this practice as being conflict of interest, abuse of position and profiteering (the author's affirmations). The court fixed a limit to the stoppages but did not condemn the practices. CPS's contract was nevertheless renewed for a year in order to avoid excessive hardship on ongoing claimants. Black Sash continues its combat against these illegitimate practices.

[For more information](#)

Legal action against Lifestyle Direct Group International

The victims of a fraud that caused them to enter into illegitimate and illegal debt have grouped together to bring a class action against Lifestyle Direct Group International and its dependant internet offshoots. The plaintiffs are supported by the Stellenbosch University Law Clinic who are trying to help thousands of such victims of doubtful credit practices.

The plaintiffs say that they were pushed into signing loan contracts under false pretences. Briefly, the reimbursements became so exorbitant as to be impossible to repay. Consequently, the company used a clause in the contract to apply direct debits to borrowers bank accounts.

The plaintiffs are asking the courts to declare the practices of Lifestyle Direct Group International illegal and that its 19 websites be closed down.

The plaintiffs lawyers are arguing on the basis of articles 40, 41 et 48 of the Consumer Protection Act - CPA (2008).

The case is to be heard by the Cape Town High Court on 27 November 2019. The decision could make jurisprudence and reinforce complaints against the numerous companies that systematically abuse customer's good will in order to convince them to accept a loan contract and then despoil them.

[For more information](#)

Translated by Mike Krolikowski

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He is the author of [Bankocracy](#) (2015); [The Life and Crimes of an Exemplary Man](#) (2014); Glance in the Rear View Mirror. Neoliberal Ideology From its Origins to the Present, Haymarket books, Chicago, 2012 ([see here](#)), etc.

See his bibliography: https://en.wikipedia.org/wiki/%C3%89ric_Toussaint

He co-authored World debt figures 2015 with Pierre Gottiniaux, Daniel Munevar and Antonio Sanabria (2015); and with Damien Millet [Debt, the IMF, and the World Bank: Sixty Questions, Sixty Answers](#), Monthly Review Books, New York, 2010. Since the 4th April 2015 he is the scientific coordinator of the [Greek Truth Commission on Public Debt](#).

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P.S.

CADTM

<http://www.cadtm.org/South-Africa-actions-against-the-abusive-debts-imposed-on-the-popular-classes>

Footnotes

[1] See Dick Forslund, "The Bermuda Connection : Profit shifting, inequality and unaffordability at Lonmin 1999-2012", AIDC, <https://aidc.org.za/download/Illicit-capital-flows/BermudaLonmin04low.pdf> Particularly interesting is annex B : The 2012 R2000 Back-to-work allowance and mine worker indebtedness, pp. 63 et 64