

South Africa and the New World Order (Lenny Gentle)

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South Africans are inclined to moan about so much...the fact that things don't seem to function, the corruption, the crude avarice of the new elite, the poor performance of Bafana Bafana, the crime. Add to this Julius Malema, Jacob Zuma's polygamy and the scandal of the mismanagement of our parastatals and you have a picture that evokes images of imminent collapse for the chattering classes.

From the side of the largely white middle class, there is a deep sense of, "We told you so: blacks can't really run this country!" And almost in response there is a kind of knee-jerk defensiveness from the black middle classes and from patriotic whites, calling on the whiners to leave the country and, in the case of the World Cup, on all patriotic South Africans to rally to the cause to prove that we really are capable of running an excellent World Cup.

Underlying the perceptions of both the racist whites and the defensive blacks is the same set of assumptions. We have much to prove to the world in showing that we really are "world class."

We often hear middle class suburbia moaning that the behaviour of some of our politicians is making us the laughing stock of the world; that tourists will be aghast at this or that aspect of South African life; that our behaviour will drive foreign investors away; and so on and so forth.

Except, we *are* "world class." We're right up there in the premier league with British politicians cooking their parliamentary expenditure claims, the Home Office losing the CD database of citizens' information, the Italian prime minister flaunting his sexual dalliances, the Israeli president charged with rape and all the smart American guys from Enron and WorldCom who lied through their teeth and defrauded millions of people.

The truth is that South Africa has become a force of some significance in the world. We're not small beer at all...in fact we have the second biggest beer company in the world (SAB Miller), the biggest resource company in the world (BHP Billiton) and the second biggest gold mining company (Anglo American).

And while we may not be able to provide health services in South Africa, we do have private hospitals that have taken over the private sector in Britain and large sections of the Middle East.

We can't win the World Cup, but South Africans are queuing up to buy English football teams -- surely the sign that we have reached the apotheosis of world capitalism.

In the midst of the biggest crisis of capitalism in the last 70 years, South African capitalists at the commanding heights of the economy are flourishing. Not for us the nationalisation pursued by the British and the Americans. Not for us the cutting of interest rates to zero and the printing of money (under the name of "quantitative easing"), so loved by American and European central banks. No, we benefit because investors can borrow cheaply in the United States of America (USA) and the European Union (EU) and then buy bonds in South Africa. We benefit because

the Chinese dragon can demand more gold, platinum, coal, etc...everything that South Africa has in abundance.

We have joined the G20, the group of nations who determine the world's policies. We have troops in the Democratic Republic of Congo and in Burundi. South Africa has even applied to be re-classified as an OECD country.

South Africa, together with Brazil, India and China, is one of the BASIC countries -- a group that today is champing at the bit to take over from the declining superpower, America. It is only a matter of time before we are given a seat at the United Nations (UN) Security Council. All we lack is a large enough military presence – and that by the way was the motive for Thabo Mbeki's arms deal – to combine South Africa's growing economic and political power with the necessary military clout.

Not bad for the erstwhile pariah of the world languishing at the foot of Africa.

And yet none of this is about South Africa being a force for good in the world, for a more just and peaceful world order, wealth redistribution or sustainable development. It is certainly not a case of our international clout signalling that we are now capable of providing a decent standard of living for our citizens, with quality public healthcare, housing and education (for the possibility of real shifts towards realising these rights, we need to look at the rising tide of people struggling in new movements throughout the country).

In international politics, countries such as Venezuela and Bolivia have attempted to weaken the power of the International Monetary Fund (IMF) and the World Bank by building other alliances. Notably, the Bank of the South, a development bank promising low interest loans without the *conditionalities* of the IMF. What did the Zuma government do after being invited to join the bank in September 2009? It declined the invitation.

In Copenhagen, the G77 countries lobbied together to oppose the attempts of the Danes and Americans palming off a cunning agreement on them. One, which would have reduced requirements for green house gas cuts to levels below those prescribed by the Kyoto Protocol, whilst demanding that monetary compensation for poor countries be managed via the World Bank instead of the UN. Some countries led by Bolivia alongside the thousands of demonstrators outside the conference halls took the view that no deal was better than a rotten deal. What did South Africa do? We broke ranks with the G77 and followed other aspirant powers into an exclusive deal with the USA.

This is not about South Africa's GDP or the strength and output of our manufacturing sector. It's not about what the Americans used to call the "old economy." This is about *financialisation*: the conversion of capitalism into a system of speculative financial capital and the rise of a few successful behemoths living parasitically off everyone else. How quickly the lesson of the collapse of Lehman Brothers and the US\$14 trillion bailout for the "too big to fail" banks has been lost.

It is about governments making this possible by deregulating investment, freeing up the movement of capital and privatising public services. This is what has happened to South African capitalism over the last 20 years. This is why Pravin Gordhan signalled his intention to relax exchange controls even further in his first medium-term budget speech in 2009. This is why we are only one of five countries with a private central bank. This is why the rand is not only one of the most tradable currencies in the world; it is also one of the strongest. While one million jobs have been lost, the Johannesburg Stock Exchange is once again booming.

To understand this tension we need to be a little less generous about the use of the terms "we" and "us" when applied to South Africa. We also need to revisit a number of notions about what South Africa is.

Ex-President Mbeki spoke about two South Africa's, one wealthy and developed and the other poor and undeveloped. He, of course, relied on an old liberal delineation current in the 1970s and like the analyses of economists from this school, Mbeki then went on to claim that the task of government was to remove the barriers preventing the "second economy" from catching up with the "first," whilst of course ensuring that the "first" was not hindered in any way from its continued "success."

In this they presumed that these merely operated in parallel lines and had no bearing on each other. They failed to see that the success of the first was directly the result of the impoverishment of the "second." And that the "second" here is not only the poor and the working class (although this is damning in itself), but also includes sections of the middle classes, homeowners, people reliant on public services, small businesses and so on; all of whom are losers in the very neo-liberal policies that have made South African corporations so successful.

In this regard, the successes of the Anglo's and BHP Billiton's are in direct proportion to the problems they have created for the rest of us. Their successful relocation to London now leaves the rest of South Africa with a balance of payments problem. Successful private equity funds and bond speculators may be scoring from high interest rates and low inflation, but high interest rates are at the same time killing jobs, homeowners and small manufacturers.

The ANC has presided over all this. It has been the most business-friendly government in recent times. Under Trevor Manuel's watch, Anglo America, Didata and SAB to name but a few, were allowed to shift offshore. Thus making South Africa suffer the dispatch of dividends and profits overseas. Under Manuel's watch, ex-Eskom finance manager, Mick Davis, took a package to head up of one of the world's bigger resources companies, Xstrata (Jacob Maroga is small fry in this league).

Under an ANC government, in 2004, for the first time since WW1, the share of national income of profits overtook that of wages and salaries.

At Davos this month Jacob Zuma suffered the ignominy of having to field questions about his polygamy and attitude towards women. You would think that Big Business would be falling over their feet to express their gratitude to Zuma and his predecessors.