

**FORWARD TO THE ANC NGC!**

**And a 2nd, more radical phase of the NDR**

October 2015

Voice of the South African Communist Party

# Umsebenzi



## **RED OCTOBER'S DOUBLE PUNCH**

- **MAKE THE FINANCIAL SECTOR SERVE THE PEOPLE!**
- **FREE THE MEDIA!**

RED OCTOBER CAMPAIGN

# Transform the financial sector AND media industry

*SACP calls for a second Financial Sector Summit to assess transformation since 2003 – and for action to diversify content of SA’s mass media*

**T**he SACP’s Red October Campaign focuses on revitalising the Financial Sector Campaign and on the transformation of the media. The campaign was launched with a Media Summit, 2-3 October in Kempton Park and a rally in Rustenburg, 4 October.

These are two major issues for the Party to be focusing on in the same campaign. But SACP Second Deputy General Secretary, Cde Solly Mapaila, said: “The two issues are linked. They are part of the over-financialisation of the South African economy. This is a major concern of the Party. We have just released a discussion document on this, and we want action. The Red October Campaign must be seen in this context.

“The anchor of our Red October campaign will be the financial sector, but we have to also focus on the media industry, particularly the print media. There are huge monopolies in both the financial sector and the media industry, and they reinforce each other. The ideological position of the media serves the interests of the financial sector.

“The media has to be transformed. Its ownership, management and content have to be diversified. The media overwhelmingly endorses the free market and attributes all the economic growth problems to the government, without acknowledging the role of the private sector in this. There is an incredible bias against the government and the people of this country. There is constant abuse by the media monopolies and it’s time the media was held to account and is appropriately



**Cde Solly Mapaila SACP 2nd Deputy General Secretary**

regulated.

“Among the issues in the financial sector we will be focusing on is the abuse of garnishee orders by debt collectors, credit providers, and magistrate courts. At our last CC meeting we noted that sometimes over 80% of a person’s earnings is deducted, yet the law requires judicial oversight to ensure affordability.

“There is also a need for a new funding model for paying house loans. This 20-year mortgage system is not working. With the current low economic growth and job losses, home repossessions and evictions have increased tremendously. Our last CC noted that there are abusive practices with clerks of the court, Red Ants, estate agents, and staff within the major banks working in collusion to illegally evict thou-

sands of families. We have decided to take up these issues with relevant sections of the criminal justice system, including the judiciary, the Ministry of Human Settlements and National Treasury.”

The SACP August CC observed that the financial sector is dominated by four banks, which held 84,1% of the total banking assets at the end of 2011 and that half of the banking shares are foreign-owned.

Cde Mapaila said: “The campaign will also focus on the need to accelerate the process of licencing the Post-bank and ensuring that it functions differently from the commercial banks and fulfils its developmental role. The African Bank has been rescued by the state and it should become a state bank also serving the country’s developmental needs.”

The campaign will focus too on the co-ordination of financial co-operatives and the need to address the bottlenecks they face in respect of regulation and support from National Treasury and the South African Reserve Bank. The SACP will work with the cooperatives to put pressure for the strengthening and effective resourcing of the Co-operatives Bank Development Agency so that it can play its proper role.

The Red October Campaign will seek to revitalise the Financial Sector Campaign Coalition, which includes a wide range of civil society organisations. This could also contribute towards building a solidarity economy.

The SACP is calling for a second Nedlac-convened Financial Sector Summit. The SACP August CC noted



Cosatu President Cde S'dumo Dlamini tells the Red October launch rally: "We must take our class battles to the streets," while (below) activists shelter from the heat in one of the many tents accommodating more than 1000

that the first summit in 2003 resulted in a Financial Sector Charter in which, among other things, the financial sector institutions committed to significant community investment, including into affordable housing. Most of the commitments made in that Charter were to be achieved by 2015. The second summit will need to assess the degree to which commitments have been implemented. One of the contentious issues with respect to the Charter commitments have been issues of demand by the sector for a once-empowered-always-empowered provision which labour and the community constituency oppose.

Cde Mapaila said: "the financial sector campaign will also focus on the corporate capture of our movement by powerful media and financial monopolies. It's not just the Party but also the whole Alliance, including the ANC that is concerned about this. We need to act decisively on this or our revolution will be derailed."



Red October and Media Summit pictures: Alex Mashilo, Mpho Rantho and Thabo Kadikadi

RED OCTOBER

# SACP campaign launched in Rustenburg

*Alex Mashilo reports on plans to revive the Financial Sector Campaign Coalition – and building a new coalition to drive media transformation*



**M**ore than 1000 people attended the launch of the SACP's

Red October campaign in Lethabong, Rustenburg, 4 October. The campaign's double theme is "Transform the financial sector and build banks to serve the people! Free the media!", and is based on the SACP's programme to "Unite the working class, our communities, and our movement!"

SACP General Secretary Cde Blade Nzimande told the rally: "The world economy is today increasingly moving away from investment in productive sectors of our economy – factories, physical infrastructure, etc. – and more in trading money with money. Even shops that are supposed to be selling goods have now become mashonisa. Many furniture shops today make more money by lending you money, than from the furniture they sell.

"Perhaps the best illustration of financialisation is the story of Nthabiseng who has for the past 15 years been working as a cashier at the till of a big supermarket at Rustenburg Mall. When she started 15 years ago all she was doing was to take money for the goods bought by customers. But today she is also a bank teller as people can take loans at supermarkets and withdraw money from the till points. She is also now like a passenger service agent at an airport counter as you can today pay for an airline ticket at the counter of a supermarket.

"Nthabiseng started as a full time employee directly employed by the supermarket, but now is a casual worker contracted by a labour broker with no

benefits, yet doing the job of four workers all at the same time – a classic mix of the capitalist labour market and financialisation!

"The National Credit Regulator has just released a report that South Africa has reached its highest levels ever in terms of people with impaired credit records. All because of the drive to make profits at any cost by finance and financialised institutions, including through reckless lending.

"It is estimated that there are 19-million credit-active South Africans who have such impaired credit records. More than 11-million are categorised as over-indebted. The loans millions of our people pay and the high interest rates means they are more working to pay banks and micro lenders than to look after themselves, their families and to meet their basic needs.

"The SACP calls on the National Economic Development and Labour Council (Nedlac) to convene the second financial sector summit early in 2016. It is just over a decade since the first summit was convened. It is important that a comprehensive review is conducted to assess progress to determine the way forward.

"Through the financial sector campaign, the SACP is pushing for a new financial sector architecture. We are pushing for banks that will serve the people! We are pushing for an end to private

monopoly domination of the banking sector! We are calling for diversity, for a greater enabling environment for the development of workers and people's co-operative banks. We are calling for decisive action to develop a state-owned bank!"

Cde Nzimande added "Yesterday, with other stakeholders and our allies, we concluded a media transformation summit, adopting resolutions and issuing a declaration. The key focus areas are ownership, management control, media content diversity, accountable media, and workplace transformation, skills and employment equity.

"Ownership of South Africa's media today is among the most concentrated in the world. An apartheid era company, Naspers, a company that refused to appear before the Truth and Reconciliation Commission concerning its complicity in colonial oppression and apartheid, is dominant in the media. Reports suggest that it has also colonised the SABC, our public broadcaster.

"The invaluable heritage of SABC archives has been handed over to Naspers' Multichoice for peanuts, with conditions that have the effect of denying millions of South Africans access to those archives unless they enrich Multichoice by subscribing to DSTV boxes.

"All of this monopoly must come to an end! We will not talk and talk forever while doing nothing in practice to change the world! With our newly launched media transformation campaign we are marching forward to action! We are forging ahead in building a broad social movement for transformation in the media!"

Cde Nzimande also said that the SACP

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**The SACP demands  
a second Financial Sector  
Summit in 2016**



Kick-starting the Red October campaign: part of the crowd at the launch

is issuing a stern warning “to those who have developed a factional appetite to gamble with the unity of our movement and the Alliance! This only serves to delay and derail our national democratic revolution from achieving its historical mission.

“On 7 October, the SACP will join Cosatu’s action in active expression of solidarity against the jobs bloodbath declared by the mining and steel bosses, Sasol and other companies in different sectors.”

Cosatu President S’dumo Dlamini said: “As the Alliance we should build from the momentum of the recent Alliance Summit where we confronted each other about our weaknesses. This is the foundation we should use to build on our strengths. T

“he reality is that some within our ranks do not care about our unity, they do not care about whether the democratic government remains in power or not because they think that they have arrived. They have secured enough tenders and have enough liquid cash in their bank accounts, and for them this means the vision of the Freedom Charter has been achieved.

“There is no battle we will win if we don’t take up campaigns demanding socio-economic rights and driving a programme for radical economic transformation. We will not win any battle if our fights only end up in boardrooms. Let us

take the class battles to the streets. For a long time as Cosatu we have been fighting our battle on the national minimum wage in boardrooms. Now we are taking it to the streets.

“The battle for a total ban of labour brokers will not be won in boardrooms through legislative amendments but on the streets through an open class war against labour brokering companies.

“As Cosatu we stand emboldened by the Special National Congress which re-affirmed the character of Cosatu as a militant and radical federation of trade unions, which is class oriented. It said that as Cosatu we should remain committed to worker control and democracy, and to maintaining our independence being conscious of the dangers of being co-opted by employers and politicians.

“That historic Special National Congress said our federation must remain occupied with broad social and political issues, as well as with the immediate concerns of its members. It must continuously strive to remain a social force for transformation. Today this Red October rally by our vanguard party is about how we should take class battles to the streets away from boardrooms.

“As Cosatu we have submitted a section 77 notice on job losses, VAT increases and the crises in electricity, health and public transport sectors. If there is a deadlock in each of our demands it means the streets of South Africa will be

red until December holidays. The strike we will be having on the 7 October will be protected for all workers. Our demand is clear and that is we want a safe, reliable, affordable, accessible and integrated public transport system.”

ANC North West Provincial Chairperson Cde Supra Mahumapelo said: “No one will disrupt the Alliance and separate the ANC from the SACP. And no one is going to move any motion of no confidence in Cde Gwede Mantashe at the NGC. The NGC is for us to review progress since the 2012 conference, to identify the obstacles and develop strategies to overcome these. We need to focus on the 2016 local government elections so that we win it decisively.”

He said the ANC fully supported the Red October campaign. He pointed to the un-mined mineral resources in the province and said that the provincial government and ANC were engaging with traditional leaders around mining licences. “We don’t want these to be issued to foreign companies, but to community based companies in a new model of empowerment.”

SACP Provincial Secretary Cde Sambatha Madoda said the ANC was working very well with the SACP on the Red October campaign in Lethabong – an example of “how the Alliance should be working on the ground.” ●

**Cde Mashilo is the SACP spokesperson**

MAEDIA TRANSFORMATION

# Towards a media South Africa deserves

*The SACP has won support from a wide range of media organisations and activists to drive forward a programme to transform SA media, writes Sheila Barsel*



Media organisations, journalist trade unions and media activists have thrown their weight behind an SACP coordinated programme to transform South Africa's newspapers, radio and television – producing stories that report the world from the perspectives and interests of the working class and the disadvantaged generally.

They supported the programme at a conference on media transformation held 2-3 October in Kempton Park, as part of the launch of the SACP's Red October Campaign. The SACP has added media transformation as a focus of Red October, alongside radical transformation of the financial sector.

The conference, attended by about 150 delegates and held under the slogan "South African media: it's time for a change", set out a programme of action to transform the media – to expand reporting on issues that affect South Africa's working class and the un- and underemployed, in the languages they speak and understand, and from their perspective.

In his opening address, SACP General Secretary Cde Blade Nzimande said the "sameness" of the South African media's news reporting was "alarming", particularly because it focuses "to the exclusion of virtually all other events and developments – on the immediate interests of South Africa's middle and affluent classes.

He referred to "the startling extent to which South Africa's media is concentrated in so few hands. Defined broadly, we have the most concentrated media own-



**SACP GS Blade Nzimande: opening the summit**

ership in the world. What is particularly horrifying is that 21 years into democracy, the organisation that has the most influence about what our media reports and how it reports is a company formed by the people who established the Broederbond, as a propaganda vehicle for racial supremacy and capitalist domination.

"It is still, today, able to secure political influence in a manner that appears to be corrupting our democratic project and derail public interest policy implementation.

"We therefore ask this conference to agree a programme of action to end, forever, the monopoly influence in our media."

He said that the SABC "stands today as a stark example of what happens when we leave the media in the hands of those only interested in personal self-accumulation, including obscene increase in salaries for incompetent and unqualified individuals."

He described the Summit as "a gather-

ing that would take matters beyond making a purely theoretical statement of an ideal media sector, a gathering that would commit itself to undertaking the processes and concrete actions we need in order to achieve a diverse and dynamic media."

A former Radio Freedom broadcaster and current member of the ANC NEC communications sub-committee, Cde Joe Mjwara, described the media environment as "crying out for transformation", but warned that the media itself had "hijacked the language of media transformation" to hide the lack of transformation. "For some (in the media) a single BEE transaction and the emergence of a new class of black owners has meant the achievement of the transformation goals. This is not transformation."

William Bird, head of Media Monitoring Africa, an NGO that analyses media coverage generally – and specifically of elections in Southern Africa – argued that in the digital era, in which traditional print, radio and television content would increasingly be provided on the internet and even through cell phones, meant all South Africans needed access to affordable high-speed data.

He also argued for a "content fund" to finance new media voices able to reflect the full range of South African ideas and opinions. "A possible source of money for this fund is the (mobile telephone) network operators who will benefit from the digitisation of the airwaves," he said. "They should be forced by law to contribute the resources for creating media that serves all South Africans."

The conference agreed on a programme of action to achieve six objectives:

- Diversification of the South African



Participants in the media summit: (from left): Ian Beddowes of Housing Class Action; Solly Mapaila, SACP 2nd Deputy General Secretary; SACP Politburo member Chris Matlhako; Xolile Nqatha, SACP Eastern Cape Provincial Secretary; (obscured); Gilbert Kganyago, SACP Limpopo Provincial Secretary

media – to ensure that all South Africans “are armed with the necessary information and have access to the contesting options they require to make informed choices,” according to the Media Charter approved by the ANC in 1992. The solution was to use public funds to subsidise new media voices, speaking for and to the South African majority;

- De-monopolisation of the South African media – Cde Nzimande pointed in his opening address to research showing that ownership of South Africa’s media is among the most concentrated in the world. This explained why newspapers, radio, television in the way they report;

- Reclaiming the SABC from what delegates complained was “a tiny cabal of self-promoting individuals” who had hijacked it, “abusing political access to materially advance themselves, at the expense of the SABC itself, and of the millions of people it should serve”. Delegates also agreed on actions to reverse a contract, signed by SABC chief operating officer Hlaudi Motsoeneng, with media house Naspers. According to legal papers currently being considered by the Competition Commission the contract gives Naspers control of the SABC. Naspers, South Africa’s biggest media company;

- Making the media “accountable”. This involves establishing independent oversight institutions able to punish newspapers with fines and other sanctions for persistent failure to ensure their reports are accurate, reliable, honest and fair; and holding owners accountable for their newspapers, radio stations and television channels. Delegates asked why trade unions that owned radio and television operations serving the middle and affluent classes in South Africa did not use the dividends flowing to them from these operations to fund media serving working class communities;

- Media workplace transformation. Representatives of media workers’ trade unions (Communication Workers’ Union and the Media Workers Association of SA) told of how the wages and benefits of journalists and media workers had declined steadily while workloads increased as bosses retrenched repeatedly to cut costs and drive up profits, and how job security in the media sector was almost non-existent.

Delegates also demanded the reversal of government policy on set-top boxes TV viewers will need when TV broadcasts migrate to digital format. The SACP has

described the current policy, introduced by Communications Minister Faith Muthambi, as threatening “a form of television apartheid” that will deprive poor and working class communities who can’t afford DSTV and other pay-TV services of programming of any quality, reserving all quality programming – including South African sports events like the PSL and Bafana Bafana games – for those who can afford to pay for subscription TV.

Delegates have asked the committee that organised the conference to continue working to develop practical plans to “identify the processes and concrete actions we need to achieve a diverse and dynamic media.” The committee includes several SACP activists and officials, but also non-Communist media activists, among them Cde Eddie Mbalu, an ANC member and media activist since the apartheid era, and currently a feature film producer.

Closing the conference, Cde Nzimande thanked delegates for beginning a process that will act to ensure “we develop media all South Africans deserve”. ●

**Cde Barsel is an SACP Politburo member**

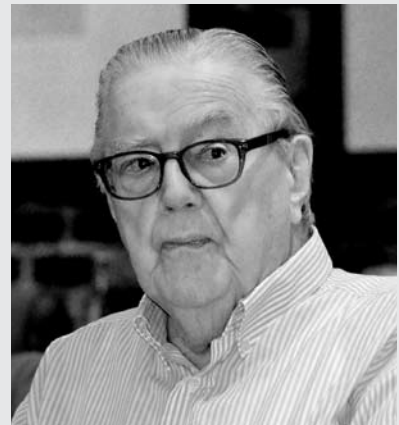
# Faces from the media summit



**Communications Workers' Union General Secretary, Aubrey Tshabalala, addresses the summit**



**Carol Mohlala of Media Monitoring Africa, who serves as a public representative on the Press Council**



**Dr Raymond Louw, campaigning former editor of the Rand Daily Mail and still a media activist**



**Sekoetlane Phamodi, general secretary of the Save our SABC coalition, who served on the summit convening committee**



**Karima Brown, executive editor of the Independent Newspapers group, delivering a keynote address on media accountability**



**Cosatu President S'dumo Dlamini chairing the summit session on newsroom transformation**



**Tuwani Gumani, general secretary of the Media Workers' Association of South Africa**



**OJ Fourie, SACP Kimberley District Deputy Secretary, and founding editor of the local SACP publication *Voice of the Proletariat***



**Mpumelelo Mkhabela, editor of the *Sowtan* and current chair of the SA National Editors' Forum**

## MEDIA TRANSFORMATION

# Declaration of the media summit

*After a two-day gathering in Kempton Park, delegates to the SACP-initiated conference on media transformation issued this declaration*

The South African Communist Party, working with media industry activists and stakeholders, convened and hosted a national media transformation summit in Kempton Park on 2 and 3 October 2015 to discuss challenges facing transformation the media and to shape the future of the communications sector, under the theme South African Media: It's time for a change.

The Summit took place two decades into our democratic transition, but with the South African media sector largely untransformed. The South African media is highly monopolised. The content lacks in diversity, reflective of our concentrated capitalist domination.

The General Secretary of the South African Communist Party, Cde Blade Nzimande, sector practitioners and independent experts gave presentations on the challenges and opportunities posed by media transformation, de-monopolisation and diversity.

The summit commissions and plenary interrogated the challenges, recognising the importance of ensuring that the economic and social imperatives of the media industry, including convergence and digitisation are not a preserve for a few but harnessed to the benefit of all South Africans, particularly the historically oppressed.

The summit recognises the vital role the media has to sustain and develop democracy. It agreed on key focus points for transformation:

- Ownership;
- Management control;
- Media content diversity;
- Accountable media;
- Workplace transformation, skills and employment equity



**Eddie Mbalu, a former media worker and currently a feature film producer, who chaired the summit.**

## Diversity and de-monopolisation

The Media Charter adopted by the African National Congress in 1992 recognises that diversity of media content is a cornerstone of democracy: “At the core of democracy lies the recognition of the right of all citizens to take part in society’s decision-making process. This requires that individuals are armed with the necessary information and have access to the contesting options they require to make informed choices. An ignorant society cannot be democratic.”

Ownership of South Africa’s media today is among the most concentrated in the world, despite the fact that all empirical research shows that ownership concentration negatively affects democracy, diversity of perspective and even digital

access.

Urgent and decisive steps are necessary to begin the process of achieving a diversity of voices in out in the media.

These should include a comprehensive reorganisation of the Media Diversity and Development Agency (MDDA) as entirely independent entity charged with the task of supporting the emergence and development of new media voices – across all media content platforms – able to provide South Africans with a choice of perspective and analysis currently denied them.

At the same time, the current concentration of media ownership and control is unhealthy for South Africa’s economic, social and political wellbeing and development.



SACP CC member Lechesa Tsenoli facilitates a commission on public broadcasting during the Summit.

The position and status of Naspers in particular, with unrivalled cross-media reach and dominance, demands urgent attention.

South African media cannot prosper while a single entity has such a stranglehold on its future. Nor can its content production sector, its electronic and traditional media distribution networks – all essential components of a democracy supporting media environment.

Breaking up the Naspers monopoly is vital – and may require drastic solutions. These could include outright nationalisation, or a comprehensive breakup, as was imposed on the Bell monopoly in the US.

### **Content revolution**

The summit declared a campaign to ensure diversity of perspective with focus on the views, interests, the culture and artistic development of those marginalised by the untransformed and private monopoly dominance. This will target diversity of language, culture, historical heritage as well as content ownership, development, dissemination and promotion.

Content is at the core of the transformation initiative. It enables, empowers and educates society to make informed choices but, if left unattended and untransformed, offers its audiences only

a single, hegemonic interpretation of events and developments, undermining their right to make free, informed choices. Equally important, content has vast economic value, currently harnessed by the media monopolies, and Naspers in particular.

### **Accountability and regulation**

South Africans depend on information, interpretation and analysis provided by the information media sector to take decisions on economic, social and political interaction with broader society.

Information media thus have a responsibility and an obligation to produce reliable, accurate and credible information.

Despite the steps taken in recent years by the sector itself, no common, binding instrument exists to ensure the consistent provision of reliable, accurate information and interpretation.

The summit therefore calls for an immediate review, drawing on the perspective of Media Charter, on the the necessary accountability mechanisms, towards mechanisms that are independent of both the subject of regulation – i.e. the media – and the government, to regulate the sector and ensure accountability.

The review should draw on practices elsewhere in the world, including those that provide for simple, affordable, judi-

cial processes to fast-track anti-defamation initiatives and render them accessible to all South Africans without any hindrance or barriers.

### **Public broadcasting**

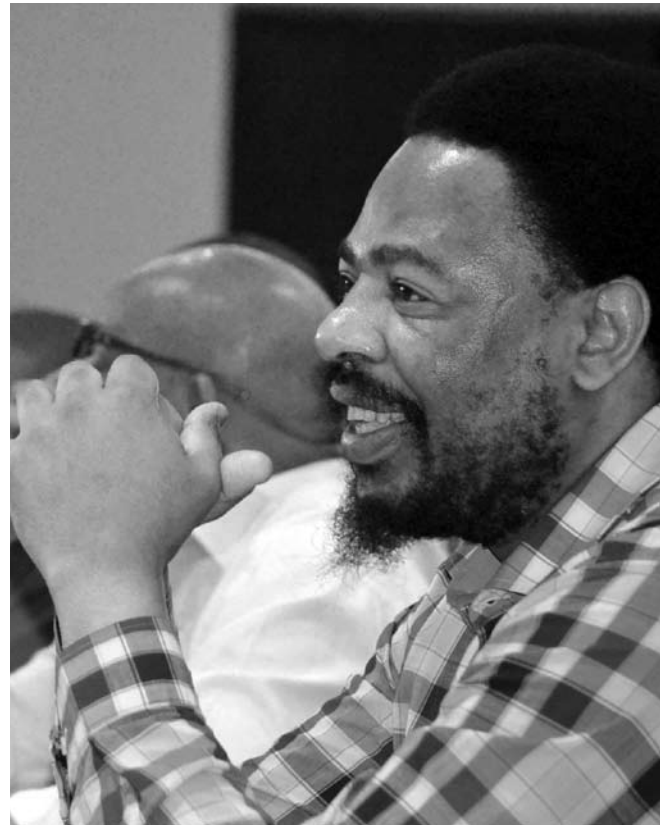
The content of the SABC is skewed towards commercial interests because of its funding model and the subjective interests of the elements and forces that have gained hold of the public broadcaster for advancing their narrow, including private accumulation, interests. In the process, the SABC has also been used to advance sectarian and factional interests – this is dangerous for a democratic society. There are many worrying signs that the SABC's most important aspect of its mandate, that of being an independent public broadcaster, has been compromised.

Furthermore, the lack of governance and administrative stability, weak appointments and associated perpetual crises, erode the quality of leadership provided to the institution. Summit committed to ensure that the ANC-led Alliance and public structures including the Portfolio Committee improve oversight of the implementation of the public mandate responsibility of the SABC and to assist with exploring alternative means of revenue generation.

Stern action must be taken to root out



**Summit delegates: Hannes du Buisson of the Broadcasting, Electronic, Media and Allied Workers Union, Mike Maseko of Media Monitoring Africa, and (right) Gilbert Kganyago, SACP Limpopo Provincial Secretary**



corruption, abuse of office and corporate capture at the SABC.

**Digital migration**

The Department of Communications' position on the Set Top Box (Digital Decoders) Standard and Encryption has significantly deprived our country of harnessing huge economic and developmental opportunities presented by digital migration.

In line with the radical social and economic transformation that South Africa needs, the summit declared that all set-top boxes procured by the state through Universal Services Access Agency of South Africa (USAASA) must all be manufactured locally. As partners on media transformation, we will be campaigning for the adoption a multiplatform capable Set Top Box (multi-crypt). In order for our country to break from the yoke of private monopoly, the monopoly of the single Digital Video Broadcasting 2 (DBV-2) must end. We call for an alternative open source broadcasting standard and, in addition, for standard localisation, to lower the cost of access both to the state as the subsidiser and to the workers and the poor.

The deal between Multichoice and SABC in respect of archived content also stands to disadvantage the country in respect of revenue generation. The deal

MUST be reversed!

**Workplace transformation**

The material circumstances and working conditions of journalists and media workers have declined steadily under the combined onslaught of profit-maximisation and digitisation of content production. South Africa's newsrooms are not only untransformed in class, gender and racial terms. Newsroom staffs have been ravaged for decades by regular retrenchments, juniorisation and de-skilling in the name of "cost efficiencies" – usually necessitated by revenue erosion that should be answered with more and better-qualified media workers, not an ever declining number and skill-level. Job insecurity is endemic in the industry and those employed as media workers and journalists are frequently cowed and unable to resist pressure to abandon the principles of their craft.

These circumstances have a direct and extremely negative impact on the reliability, accuracy and credibility of their output, whether written, auidial or audio-visual.

Both autocratic management antagonism to trade unions, and many aspects of white-collar working conditions make maintaining promoting inter-employee solidarity and active worker representation extremely difficult. But the impact

of current conditions on our media's ability to fulfil its tasks make them a necessity.

The summit therefore recognises the urgent need to act, to initiate a process that results in media workers uniting to strengthen their professional position and material conditions; creating a self-perpetuating cadre of media workers, equipped and resourced to produce the information media South Africans need and deserve.

**The South African media: it's time for a change!**

Systemically and structurally the South African media remains much as it was pre-1994, irrespective of various changes of ownership. If it is, in the works of the Media Charter, to "arm" our people with the information and give them access to the contesting options they require to make informed choices", this must change!

The conference therefore agreed that its work marked the start, rather than the conclusion, of a process to transform our media. All those who agree with the positions adopted by the summit are therefore invited to join those who attended to drive forward a programme to transform South Africa's media into the information system our country and its people need!

AUGUST CENTRAL COMMITTEE STATEMENT

# Hoisting the Red Flag!

*The SACP's Central Committee met from 28-30 August and released this statement on responses to the looming economic crisis*

The Central Committee was meeting in the context of serious storms gathering around the South African economy, notably in the mining and steel sectors. We have now experienced a single quarter of negative growth with the possibility of an impending recession. These issues, their relationship to the problematic structural features of South Africa's political economy, the ongoing global capitalist crisis, and the impact of all of these on our society were, therefore, the central focus of reports discussed in the CC. Cde Bheki Ntshahlinthali, acting Cosatu general secretary, also presented a document on the state of the labour federation and the challenges faced by the working class.

**We must deal with corruption not just in theory but practically.**

While the scourge of corruption is not by any measure the main cause of the economic crises we are confronting as a country, corruption fragments the democratic state and our movement, and opens up space for regime-change agendas. If we are to respond effectively to the economic challenges, then it is absolutely essential that as a movement we deal decisively with corruption and corrupt individuals. In engaging with our allies in the coming period we intend to raise this matter forcefully. There is a widespread impression that congress and conference resolutions on fighting corruption are watered down in practice, and the recommendations of structures like the integrity committee are bypassed. Lip service to fighting corruption without action, or with half-hearted and selective action, simply compounds the problem. It is important that those within our movement who are aware of bribes passing hands, or membership fraud should actively open up criminal cases, rather

than simply repeat allegations.

**Eskom**

Clearly part of our current economic challenges have their roots in domestic problems and strategic mistakes, and notably on the electricity front. It would be a grave mistake to be in denial about these.

The SACP has consistently argued that our present energy challenges are mainly the consequence of an ideologically misguided belief in the early 2000s that privatising Eskom would assure us of continued ample, cheap electricity. The resulting failure to embark on a major recapitalisation of Eskom at that time has now cost us dearly. Compounding these problems has been predatory behaviour in the supply chain management of Eskom. We welcome decisive measures to eradicate corruption in the entity, as well as the belated but important major investments in Eskom generation capacity now underway. Unit 6 of Medupi power station comes on stream today [30 August] and will be providing an additional 794 megawatts into the grid.

**The current economic storms largely originate from outside the country**

However, our current economic challenges largely originate from outside of the country. These challenges need to be traced back to the 2008 global financial crisis, which quickly developed into a wider economic crisis, the most serious since the Great Depression of the 1930s. Between 2009 and 2012, as with several other resource-rich economies, the South African economy was partly shielded from the worst of the fall-out by continued export at record prices of primary commodities to China.

However, in response to the global capitalist crisis, which has seen a slow-down in demand for its exports, China

has shifted its strategy away from being a mineral resource absorbing, export-led growth economy. It is now focusing on stimulating domestic demand and moving away from its commodity intensive growth path. The previous global commodity super-cycle, driven by China's huge imports of primary commodities, is now definitively over.

This has seen prices of our major mining exports – iron ore, coal, platinum and gold – fall by an average of 50% from 2011. In the last few years to June 2015, the international iron ore price fell by 67%, coal prices by 54%, platinum by 39%, and gold by 13%. These four sectors employ 425 000 mineworkers in South Africa, and they account for one quarter of our exports. With the collapse in commodity prices, 40% of South Africa's platinum mines and 30% of our gold mines are now not profitable.

But South Africa is not alone. The end of the global commodity super-cycle is having a dramatic impact on other economies with major mining industries. Some 20 000 jobs are under threat this coming year in Australia, whose growth rate is also projected to decline. In the US, the mining sector lost 15 000 jobs in April alone – the fourth straight monthly loss in the sector. Canada has lost 19 700 jobs in its resources sector. The commodity storm is impacting on the other primary commodity rich-Brics partners, Russia and Brazil, both of which expect to be in recession this year. The former South African but now trans-nationalised Anglo American has recently reported a \$3-billion loss – mainly due to its flagship iron ore project in Minas Rio in Brazil. Many oil-exporting African countries, Angola and Nigeria among them, are also suffering major losses. The IMF last month downgraded growth projections for sub-Saharan Africa by almost a full percentage point.

It is important to remind ourselves of this wider global reality, not in order to evade our own national challenges or responsibilities, but rather to more lucidly understand the challenges we are confronting, in order to develop adequate and strategically sustainable responses.

A great deal of local public commentary is shallow and parochial in the extreme. For instance Peter Bruce argues there is “no leadership” in the country, and proposes economic policy should be handed over to businessmen who know only the mantra of profit maximisation. The DA’s threadbare and amateurish “5-point” programme in response to the current job losses calls for government freebies to the private sector, like committing R500-million of public money to purchase “industrial size generators for manufacturing enterprises”. The DA programme also calls for class war on the trade union movement by arguing for a more “flexible” labour market. As Cde Ntshahintshali pointed out, less than 30% of South Africa’s working class is unionised (the majority of the unionised now being in the public sector) – while informalisation, casualisation and labour brokering have accelerated dramatically. Just how much more flexible does the DA want the labour market to be?

### **The steel glut**

The slow-down in Chinese demand has also contributed to a glut of steel in global markets, and the dumping of steel products from China into other economies, including South Africa. South Africa’s two major steel manufacturers are now also in trouble.

In this context, the CC welcomed government’s initiatives to meet the steel producers and the trade unions in the sector. The imposition of a protective tariff on steel imports and the consideration of a further anti-dumping duty are important immediate responses to the crisis. The CC in particular saluted the role being played by Minister of Trade and Industry Cde Rob Davies and Minister of Economic Development Cde Ebrahim Patel. As both ministers have emphasised, the crisis must now be leveraged to address the deeper structural challenges within our economy. Immediate state interventions to bring relief to the mining and steel manufacturing companies must now be linked to our strategic beneficiation and re-industrialisation objectives. A tariff and anti-dumping duty relief to steel-manufacturers must have as its conditionality that the price of steel

to local down-stream manufacturers is not hiked.

This is a demand that has been resisted in the past by Arcelor-Mittal in particular with its disastrous import parity pricing business practices – now that it needs state assistance that assistance cannot be a freebie. It must come with conditionalities. We must not only save jobs in the steel foundries, but also save and indeed create jobs in downstream manufacturing.

### **The importance of re-industrialisation to address structural problems**

The downturn in mineral prices and the global glut of steel are not likely to be short-term cyclical features. We are witnessing a fundamental restructuring of the global economy, itself the response to the prolonged global capitalist crisis. What this ongoing global crisis has laid bare is South Africa’s persisting colonial-type political economy and its excessive vulnerabilities.

Between December 1993 and December 2014, 5% growth was achieved in only 17 of the 84 quarters. This growth was driven by two factors – credit-driven consumption reliant on import intensive sectors; and the commodity price super-cycle. The commodity price super-cycle is now definitively over and it is unlikely to return any time soon, if ever. The credit-driven consumption reliant on imports has resulted in excessive financialisation, high levels of household debt, and de-industrialisation, affecting primarily our manufacturing and agro-processing sectors.

We must actively use the current challenges to leverage structural change within our economy – a fundamentally patriotic process of making our political economy more robust and sheltering it from the excessive frailties and vulnerabilities from which it currently suffers. A critical component of such a strategy must be the scaling up and intensification of our Industrial Policy Action Plan (Ipap).

There is a great deal of cynicism in some parts of the business media in regard to industrial policy programmes. Yet significant real progress has been made in at least two sectors. In the auto sector R25,7-billion investments have been made – the highest ever level in South Africa. These investments are not just in car assembly, but also in minibuses, buses and heavy vehicles, as well as in an expansion of the components sector.

Six years ago, South Africa’s cloth-

ing and textile sector was in free-fall and close to extinction. Thanks to state, trade union and management engagements, and thanks to a shift in incentives that now focus on credits for competitive-enhancing investment there has been a remarkable turn-around, with 68 000 jobs saved and a further 6 900 new jobs created.

In short, it is possible to make significant progress in difficult circumstances. We now need to scale up our re-industrialisation efforts, with a particular emphasis on labour intensive sectors like agro-processing. These are among the key perspectives we hope to carry forward into the ANC’s important National General Council (NGC) in October.

### **Taking forward the financial sector campaign**

A core feature of the problematic structure of South Africa’s political economy is its excessive financialisation. South Africa is an extreme case among middle-income economies in terms of the relative proportion of short-term speculative investments (equity) relative to fixed direct investment (bonds). Between 1994 and 2002, inflows into the South African stock market relative to GDP were 10 times the norm for middle-income economies.

Internationally, South Africa is also exceptional in terms of the size of the JSE relative to GDP. Of the 118 countries that reported on market capitalisation in the World Bank’s World Development Indicators for 2010, only in Hong Kong did stock market capitalisation exceed the value of the GDP by more than South Africa.

We have a bloated, top-heavy financial sector, dominated by four banks (accounting for 84,1% of total banking assets at the end of 2011). What is more, half our banking shares are foreign owned. The financial sector has exerted huge influence on post-apartheid, macro-economic policy, and it has been behind the problematic, credit-fuelled consumption led growth path over the past two decades. Our over-financialised economy results in the misallocation of finances into speculative activity at the expense of productive investment. Financialisation and de-industrialisation are two sides of the same coin.

One of the unintended consequences of the 2005 National Credit Act was a massive increase in unsecured lending. In seeking to regulate unsecured lending in the informal sector, the Act opened up

unsecured lending to the mainstream financial sector. The banks themselves became mashonisa (loan sharks) and they worked in tandem with retailers like El-Lerines and Lewis Furniture Stores (who themselves increasingly drew profit not from mark-ups on furniture, for instance, but on selling credit, insurance, etc.). Unsecured lending ballooned from R40-billion in 2008 to R172-billion in 2014. In March 2015 45% of South Africa's 23-million credit-active consumers were three or more months in arrears.

As researcher David Neves has remarked, the business models for credit provision to South Africa's low-income market, in particular, have been based less on the borrower's ability to repay, and more on the creditor's ability to collect. An extensive machinery of debt collection and of repossessions has, accordingly, mushroomed and along with it all manner of abuses.

The recent Western Cape High Court case, for instance, exposed grave predatory irregularities by debt collectors, credit providers, and magistrate courts in using emolument attachment orders (EAOs) – "garnishee orders". The court found that EAOs were granted illegally by magistrate courts distant from where those affected live and work. Amounts deducted sometimes ran to more than 80% of the earnings, whereas the law requires judicial oversight to ensure affordability. These and other practices appear to be widespread.

Another symptom of the crisis of excessive financialisation is the tsunami of home repossessions and evictions. It is estimated that there are now more than 10 000 evictions a year in South Africa – a figure which is comparable to the numbers affected at the height of the apartheid-era group areas removals. Here again there is much evidence of abusive

**Our task is not to save capitalism, but to save humanity from capitalism**

practices with clerks of the court, Red Ants, unscrupulous estate agents, and even staff within the major banks working collusively to illegally evict thousands of families. SACP activists in Johannesburg, working with community members, have actively been taking up these issues, and plan soon to take up a housing class action case. The SACP, in taking up these issues will also seek a meeting with relevant sections of the criminal justice system, including the judiciary, to raise some of our concerns in this regard.

This is the context in which, as a key pillar of this year's Red October Campaign, the SACP will be working with its Alliance partners and a wide range of social movements and community based formations to revitalise the Financial Sector Campaign. We are calling for a second Nedlac-convened Financial Sector Summit. The first summit in 2003 resulted in a Financial Sector Charter in which, among other things, the financial sector institutions committed to significant community investment, including into affordable housing. Most of the commitments made in that Charter were to be realised or achieved by 2015. A second summit will need to assess the degree to which commitments have actually been implemented.

In the build-up to a Financial Sector Summit, the SACP and its allies will intensify mobilisation against housing evictions, unjust credit bureau listings, bank charges, reckless lending, abuse of

garnishee orders, and the abuse of loan sharks especially of social grant beneficiaries. As part of the campaign, we will also call for the stabilisation of the SA Post Office and the allocation of a full banking licence to the Post Bank.

**Cosatu**

The CC congratulated Cosatu on the convening and outcome of its Special National Congress at a difficult time for the federation. In the light of all of the above challenges, a militant and independent Cosatu, working together with its Alliance partners, has an absolutely critical role to play. We call on all affiliates to focus on re-building active trade unionism that services members and to work for working class unity. It is also essential that the historical policy capacity of the Federation and its affiliates in critical areas like industrialisation be once more actively revived. Without a united and capacitated Cosatu, it is the working class in South Africa that will become the main victims of the present capitalist crisis.

**Capitalism is in crisis**

While it is imperative to develop short-term interventions to save jobs, to address crisis levels of household indebtedness and much more, we must never lose sight of the deeply embedded structural features of the current capitalist crisis both within South Africa and globally. Since 2008 the epicentre of the global capitalist crisis has shifted from Wall Street to Iceland, from Ireland and Portugal, to Greece and Puerto Rico, to the Chinese stock markets. One "solution" after another simply results in further knock-on crises elsewhere.

Everywhere the rural poor, the working class, and vast stretches of the middle strata globally are suffering, while a one-percent rentier class becomes ever more filthy rich. The scandalous deaths of tens of thousands of desperate refugees in the Mediterranean and in Europe – fleeing poverty and imperialist-inspired destabilisation in Syria, Libya, and elsewhere – is another manifestation of the deepening crisis of capitalism.

Capitalism is in crisis – our task is not to save capitalism from its crisis, but to save humanity and the planet from capitalism

The CC conveys its condolences to the families and friends of the 109 victims of three terrible road accidents in the Eastern Cape and Swaziland over this weekend.

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OR TAMBO DISTRICT CONGRESS

# We shall deliver wave after wave of decisive blows

*The OR Tambo District in the Eastern Cape adopted the following resolution at its 6th District Congress*

**W**e, communists gathered in the South African Communist Party (SACP) in the OR Tambo District Congress at Bulolo, Port St Johns, 15-16 August 2015, under the theme Building working class hegemony for socio-economic emancipation.

We are firm in our resolve, and through this declaration we collectively commit ourselves to increasing the tempo of the struggle, fighting capitalism on all fronts through knitting together the various working class struggles, ensuring that wave after wave of struggle delivers decisive blows to the capitalist class and its capitalist state machinery, utilising various strategies and tactics.

We note that in the past few years the working class has been on the receiving end of heavy blows by capitalism. Work has been restructured and the working class has been fast moving from being exploited to exclusion. Hundreds of thousands of learners do not find access to institutions of higher learning nor jobs after writing their matric, unions have been disintegrating (rival unions are sprouting in every corner), the unemployed are hanging by a thread, with some only kept afloat by social grants, while the rest wallow in misery.

Recognising that the levels of suffering by the working class is beginning to result in the working class turning its assegais against one itself in bloody wars that leave scars on our class brothers and sisters in a manner that could make the unity that is so needed to advance the struggle for socialism difficult and almost impossible. We saw this during what were termed xenophobic attacks when the poor turned on one another. We have in the past few years witnessed workers engaged in a bloody war against one another in the mining industry, given that workers were mowed down and workers bled from every pore, while not a single capitalist lost a family member. We will engage internally with other Party structures about what we view as the incorrect characterisation of what took

place in Marikana.

## **In the face of this we declare that:**

- We will roll back the financial sector through engaging in collective struggles by pressuring the sector to reform its exploitative and insatiable thirst for profit, which has destroyed not only the lives of workers but their families and social relationships too. We will do this by launching the FSCC (Financial Sector Charter Campaign) in all sub-districts. We also commit ourselves to fighting mining capital, which is seeking to retrench many mineworkers who originate from this district;

- We will fight to regain control of the economy through building the cooperative sector, open up markets for agricultural production, agro-processing and the building of new markets. We will do this by ensuring that we capacitate cooperatives and ensure that we hegemonise cooperative culture and rebuild the Dora Tamana Institute. We will also fight hard to develop the marine economy that has so much potential in our localities;

- We will fight to ensure that there is universal access to higher education so that we can stop the fact that every year hundreds of thousands of working class students have no access to institutions of higher learning nor find jobs. We will do this by ensuring that we assist the progressive student movement in fighting fee increases and we assist in ensuring that these institutions serve communities. We will fight for free education and mobilise communities to resist fee increments. We will also intervene on the question of scholar transport through mass mobilisation and engagement;

- We notice that the working class is decimated on a daily basis by harrowing diseases that have, as a result of the levels of poverty, the highest levels of potency among the working class and poor. We will have to do everything in our power to ensure that we work on the implementation of the NHI (National Health Insurance). We

will hold an urgent bilateral meetings with those in the health sector to make decisive interventions in all these sites of power;

- We realise that gender struggles continue to permeate not only society but also find expression in our organisations, where the culture of patriarchal arrogance and subjugation has found its way into every pore of our organisations, such that women continue to be relegated to menial tasks and are forced to play secondary roles to men in the organisation, and we have an urgent responsibility to hegemonise struggles against patriarchy, not only in society but in the Party as an organ;

- We will work tirelessly to unite the various strata of the working class, daily divided by capitalism on the basis of their position under capitalism. We will work tirelessly to unite and develop all working class mass organs such as Cosatu and the ANC. We will work for a decisive ANC victory in the upcoming local government elections, seeking to reduce or annihilate access for reactionary forces in our municipal councils. We will leave no stone unturned in radicalising and developing progressive ideas among organised workers;

- Commit ourselves to building an active, strong, united and dynamic Communist Party that is to be found in all facets of the community with capacity to reach every pore of the district and rouse the working class to collective action. This will only take place through the Party resolving all its organisational and political challenges in a manner that does not seek self-glorification but painstakingly seeks to develop collective working class action.

We will achieve these aims, united in our diversity, committed in our resolve, and consistent in our principles until we achieve socialism.

The District Congress has taken a decision to afford Cde Robert Nogumla, a veteran of the Party, the status of serving in all Party Structures in the District, including the DEC and DWC. ●

## SNC RESOLUTION

# The SACP and state power

## *Reconfigured Alliance, electoral options and state power*

There was much debate at the SACP's Special National Congress (SNC) in July about whether the Party should contest the 2016 local government elections under its own banner. The SNC decided on the compromise set out in this resolution:

### Noting

- The character of the SACP as an independent Marxist-Leninist Vanguard Party that, since the late 1920s, has struggled for the realisation of working class hegemony over state power, as a decisive step towards consolidating a national democratic revolution as the most direct path to socialism in South Africa;

- In line with the SACP's Medium Term Vision, working class hegemony over state power can only be advanced, deepened and defended through simultaneously building working class hegemony in all key sites of power – in our communities, in the work place, in the battle of ideas, in the economy;

- In the current multi-party democratic dispensation in South Africa, parliamentary and municipal elections are an important but relatively limited site of struggle for the realisation of working class hegemony over state power;

- Consistent with the above, the 1st Special National Congress adopted a resolution to initiate an internal debate on state power under new conditions post April 1994, and that the 12th National Congress adopted a set of resolutions and proposed a clear way forward;

- The 13th National Congress and the 2012 Augmented Central Committee further resolved on this matter on the basis that objective and subjective conditions did not warrant a profound change in SACP's electoral options; and

- That at the core of the 13th National Congress resolutions was the need for the SACP to contest elections under a Reconfigured Alliance, and that owing to improved Alliance conditions and shared strategic perspectives post the ANC's 52nd and 53rd National Conferences, the resolution was not formalised nor fully implemented.

### Further noting

- The July 2015 Alliance Summit was yet another watershed moment that consolidated the unity of the Alliance and adopted a clear programme of action and resolutions based on the shared strategic perspective of a Second Radical Phase of the NDR;

- That while the creation of an Alliance Political Council and a well-functioning Alliance Secretariat has further improved Alliance relations at national level, this has not found concrete expression in provinces and regions. On the contrary, Alliance relations in some provinces and regions have deteriorated and degenerated to unacceptable levels; and

- The current process of organisational renewal and redesign provides yet another strategic platform to engage on the SACP's relations with state power and the long-term strategy for socialism.

### Believing that

- The South Road to Socialism (SARS) and the Medium Term Vision (MTV) contain the SACP's clear theoretical and political perspectives on state power, and electoral processes; and

- Conceptual clarity and consistent discipline on the meaning and articulation of concepts of state power and electoral options is critical to avoid theoretic

cal confusion and unintended alienation of the SACP from its historic contribution and decisive role in contest of state power and its radical transformation.

### Therefore resolves

- The 12th National Congress resolution on contesting elections under conditions of a Reconfigured Alliance be implemented based on a clear framework, principles and guidelines and that such be tabled at the Alliance Political Council for implementation commencing with the next local government elections;

- It is therefore important that in line with the Alliance Summit resolutions, and as part of their implementation, the Alliance Political Council decisively and speedily intervenes in provinces and regions where Alliance relations have deteriorated and degenerated to unfortunate and unacceptable levels;

- As part of organisational renewal and redesign, a standing CC Commission on State Power and Electoral options be established to evaluate and further refine our long term strategy for socialism based on the following:

An independent programme of the SACP for socialism as articulated in SARS;

- Favourable objective and subjective concrete conditions;

- Dynamic, robust and democratic engagements with revolutionary, fraternal and Alliance formations and communities to ensure working class hegemony and leadership;

- Proper and scientific assessment of the class balance of forces at all levels; and

- That a report of this Commission be tabled in the forthcoming 14th National Congress. I ●