



Event Review

John Kane-Berman

CEO, SA Institute of Race Relations
Luncheon – 18th of April 2012, held at the
Johannesburg Country Club, Woodmead

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At a luncheon recently held at the Johannesburg Country Club in Woodmead, Members of SwissCham Southern Africa – South Africa Chapter had the privilege of being addressed by **John Kane-Berman**, CEO of the South African Institute of Race Relations since 1983.



Mr. John Kane-Berman, CEO, SA Institute of Race Relations

The South African Institute of Race Relations, which is the country's leading classically liberal think-tank, was established in 1929 to oppose apartheid and promote goodwill across the colour line through analytical research, advocacy, and public education. Since 1946 it has published an annual yearbook containing all the important factual information about politics, governance, the economy, business, employment, education, social development and security in South Africa.

The institute's core objective following the advent of democracy in 1994 is to promote South Africa's success as an open, free, and prosperous society, based on the principles of private enterprise and liberal democracy.

SwissCham President Thomas C. Hippele welcomed the some 45 guests who had come to hear John Kane-Berman's message on the topic:

"The ANC's Roadmap for South Africa"

After a delicious starter and main course, Thomas Hippele introduced the guest speaker, Mr. John Kane-Berman, CEO of the South African Institute of Race Relations.



Mr. Thomas C. Hippele, SwissCham President

Since even before it came to power eighteen years ago, the African National Congress (ANC) has been nothing if not prolific in the production of policy documents. Some of these get extensive Press coverage – most recently the National Development Plan (NDP) released by the Presidency in November last year, Kane-Berman said.

Strangely, much less Press coverage has been given to the ANC plan for a National Democratic Revolution (NDR). This plan is important because the ANC sees the Government as its instrument to implement it. It also transcends all other plans, for it dates back to the 1960s and looks forward to the next 30 to 50 years. If you want to know where the ANC - and its allies in the Congress of South African Trade Unions (Cosatu) and the South African Communist Party (SACP) - want to take the country, this is the roadmap to study.

Although the National Democratic Revolution was adopted by the SACP and ANC as long ago as the 1960s, it is updated regularly, most recently in the 'second transition' discussion document prepared for the ANC conference in December this year and published on 5th March. 'Second' here means the second phase of the National Democratic

Revolution, the first phase being the political transition inaugurated when the ANC came to power. Many people proclaim themselves 'baffled' as to why a party with a two-thirds majority in Parliament is still committed to revolution after 18 years in power. The answer is spelt out in another discussion document for the forthcoming meeting, this one dealing with 'organisational renewal' and published on 10th April:

'What distinguishes a transformative movement or revolutionary party from an ordinary party is the ability to wield state power to fundamentally alter power relations in favour of the previously oppressed and exploited masses.'

What does this mean? The documents explain that unemployment, poverty, and inequality are the result of the 'persistent and stubborn socio-economic legacy of colonialism of a special type'. This is a bit strange. South Africa ceased to be a colony when the British withdrew in 1910, but black people are still seen as victims of colonialism.



The standard colonial analysis did not fit South Africa, so the original Leninist theory was adapted into 'colonialism of a special type'. Whites became the equivalent of the imperial power, while blacks were the equivalent of the colony. It followed that white wealth was derived solely from exploitation and was therefore illegitimate.

In a 'normal' liberation struggle, the imperial power would be overthrown and the colonisers would return to the mother country. This did not happen in South Africa after 1910 because whites were as firmly settled here as blacks. Moreover, the collapse of communism in 1989 and of the Soviet Union two

years later meant that there could be no revolutionary liberation in South Africa.

Constitutional negotiations and compromise followed. The ANC embarked on power under a Constitution which was sovereign and which provided for the separation of powers safeguarded by an independent judiciary charged also with protecting a whole range of rights, including property rights.

Where did this leave the National Democratic Revolution? White wealth had been illegitimately acquired, but the ANC had signed up to property guarantees. People criticised by the ANC as 'ultra leftists' accordingly claimed that their party had betrayed the revolution. Many of them still say this. Is it true?

Well, the ANC wasted no time after 1994 in setting out further tasks for the revolution in periodic 'strategy and tactics' documents. On the political front these included:

- Using affirmative action to make all centres of power demographically representative, and
- Using cadre deployment to take control of all centres of power.

On the economic front, the tasks included:

- Liberating blacks from 'political and economic bondage', and
- 'Eliminating apartheid property relations'.



How much progress has been made? The 'second transition' document says the political, or first, transition has been largely accomplished. Party headquarters at Luthuli House are thus superior to Parliament, which means that the Soviet model of government in terms of which the party overrides the state has been applied in South Africa. Also,

cadre deployment has been applied throughout the public service. Finally, racial laws have been implemented in the pursuit of demographic representativeness.

What next? Well, it is time now for the second transition: transformation of the economy. In fact this is already under way, in that mineral and water rights were taken into state ownership some years ago. Although 55% of national assets are privately owned, more and more state control of the private sector is coming in via licensing and regulation. Finally, state power is being used for transformation purposes.

Critically important to this last is cadre deployment. Cadres must be deployed to all key sites of struggle and centres of power to implement the revolution.

What this means in practice is that the role of the public service is not simply to manage the State in terms of the law but to transform it. Public servants are not professional bureaucrats but professional revolutionaries on the public payroll.



But they have to be patient revolutionaries, not impetuous like Julius Malema. The implication of the long time-frame envisaged in the discussion documents - looking ahead 30 to 50 years - is that revolution must be permanent. However, implementation must be incremental via "dexterity in tact and firmness in principle". This means tactical retreat is acceptable - as we see now with the dilution of plans that could undermine the Judiciary - provided that the long-term goal is kept in mind.

Few people disagree about the problems facing South Africa – a weak state, inadequate infrastructure, failed land reform, poor education, and low growth among them. But there are differences about their causes.

The conventional view is that we have good policies but poor implementation. This diagnosis is often wrong, for we have many bad policies. It also sometimes misses the point by failing to take into account the imperatives of the National Democratic Revolution.

So an alternative diagnosis is that many of our problems arise from implementation of the revolution. The ANC's view of itself as the overriding centre of power means that there is no accountability except to Luthuli House. The cadre deployment policy means that the party sees the state as its implement and property, while other property rights were supposedly illegitimately acquired. Also, tension between the Constitution and the revolution is inevitable: the Constitution contains numerous checks and balances, the very idea of which is anathema to the revolutionary ethos.

Revolutionary thinking also helps to explain the ANC's particular hostility to mining and agriculture, given their historic role in the development of the apartheid system, especially its labour policies. One consequence is that land reform is not about food production or black farming, or even about transfers of land on the open market (which the Government fails to recognise), but about redistribution as an end in itself to rectify colonialism. Success is therefore measured not in the quantum of food produced but in the quantum of land transferred.



A third diagnosis is that of the ANC. While some might see cadre deployment as a problem, the ANC sees the problem not as deployment per se but the fact that most cadres lack ethics and integrity, and have been deployed without proper training. The remedy is accordingly to set up a comprehensive political school system to 'churn out'

more cadres for revolutionary transformation. The ANC also argues that poverty, inequality, and unemployment are the result not of poor policy (such as rigid labour laws) but of the persistence of colonialism of a special type, especially unjust property relations.

The ANC thus diagnoses our problems in a way fundamentally different from what might be termed a broadly liberal analysis - or what it stigmatises as a neo-liberal analysis. And of course, crucially different diagnoses lead to different remedies.



What is not clear about these latest documents is where economic policy goes. In terms of the original theory economic liberation is not possible under capitalism and the second phase of the revolution means socialism. The SACP and Cosatu still say this but not the ANC. That organisation talks rather about strengthening the developmental state as opposed to a neo-liberal or welfare state. The agenda at this stage seems to be to harness the private sector to the developmental agenda. Is this merely an interim phase on the road to socialism, an objective which at this stage is being kept below the radar? It is not clear, but the risk is that failures by the developmental state to deal with unemployment, poverty, and inequality will be used as a pretext to push for more radical economic policies.

The revolutionary roadmap leads to a dead end. That's the bad news. And although many ministers and party officials are sometimes depicted as buffoons, it would be unwise to underestimate their capacity for destruction along the way through revolutionary ideology, arrogance, recklessness, racism, or sheer ignorance.

The good news is that the National Democratic Revolution is contradicted by other objectives, such as job creation promises and infrastructural plans, not to mention the need to keep in the good books of the various ratings agencies.

The whole National Democratic Revolution in fact rests on a contradiction: that the ANC can run a modern economy, fix local government, build infrastructure, feed a growing population, tackle poverty, finance a welfare state, create jobs, and generate electricity without fixing black education, fully exploiting the skills of the white population, liberalising immigration law, professionalising the public service, or adopting policies conducive to profit-seeking risk-taking private investment.

The contradictions are intensifying. The National Development Plan adopted in November last year stresses three important imperatives that are at odds with the National Democratic Revolution and its cadre deployment policy:

- build a capable state,
- make the public service a career of choice, and
- professionalise the police and criminal justice system.



In a nutshell, the ANC wants to build a developmental state but the National Democratic Revolution is creating an incapable state. Moreover, the Government's increasingly ambitious infrastructure plans require business participation on a major scale. Indeed, the more the ANC flounders as a result of cadre deployment - never mind affirmative action - the more it will need business. On 16th April the minister of finance, Pravin Gordhan, pointed out that 70% of new jobs must come from business, and he almost pleaded with business to invest more. But, as he knows very well, some of the major reasons why business doesn't invest enough are sitting beside him week in and week out at the cabinet table.

The short-term outlook for South Africa is then a second transition characterised by more confusion, uncertainty, and frustration. This means low growth, anaemic investment, and high unemployment.

The longer-term outlook is that eventually the ANC and the Government will have to change course, and that liberal modernity will replace revolutionary retrogression. So there will be a third transition: the one the ANC and its allies fear most - the return of neo-liberalism.

Its components will include abandoning thumb-suck job-creation targets. Nobody in their right mind sets out to create jobs. Jobs are created incidentally by entrepreneurs in the pursuit of profits. So policy will have to focus on enabling the economy to grow at 8% to 10%. This in turn will entail enabling the private sector to do its job. Growth will become possible only if various sub-objectives are followed, among them:

- professionalisation of the civil service,
- liberalisation of the labour market to encourage much more labour-intensive investment,
- liberalisation of immigration law,
- liberalisation of the regulatory environment,
- serious encouragement of savings,
- encouragement of private sector investment, local and foreign,
- large-scale privatisation of state assets,
- social privatisation, notably of education, and
- extension of private health care instead of white-anting it.

All these are pretty obvious. Equally obvious, they are politically very tricky.

But sooner or later they will have to be adopted, for there really is no alternative. The ANC and its allies will get more transitions than they bargained for!, John Kane-Berman concluded.

President Thomas Hippele thanked John for his very interesting address to the SwissCham members, and presented him with not the usual “goody bag”, since John is here for the second time.

The President also thanked all the members for their attendance and reminded them of our forthcoming events.





Daniela Maurer for
SwissCham Southern Africa – South Africa Chapter