



# **SOUTH AFRICA A DEMOCRATIC FAILURE?**

**LOST IN A BLIZZARD OF FRAUD, FAILURE AND DYSFUNCTION IS THE ANC'S  
1994 SLOGAN "READY TO GOVERN" - DR DUNCAN DU BOIS**

**COMPILED BY BG BRITTON**

# INDEX

[FOREWORD](#) by Bryan Britton

[THE FAILURE OF DEMOCRACY](#) by Aristotle

[POPULATION EXPLOSION 1910 to 2016](#) by Bryan Britton

[HOW THE WORLD SEES SOUTH AFRICA](#) by Matthew le Cordeur

[DISINTEGRATING STATE CAPACITY IS A BETRAYAL OF DEMOCRACY](#) by Professor William Gumede

[CORRUPTION AND FRAUD AFRICA'S WEAPONS OF MASS ECONOMIC DESTRUCTION](#) by Nceku Nyathi

[ANC IS ON THE BRINK OF EXTINCTION](#) by Gemma Ritchie and Mashadi Kekana

[THE PRESIDENT'S KEEPERS](#) by Jacques Pauw

[STATE OF THE SOUTH AFRICAN ECONOMY](#) by Various Authors

[SURVEY OF SOUTH AFRICA](#) by the Organization for Economic Co-operation and Development (OECD)

[TIME FOR AN ECONOMIC CODESA](#) by Clem Sunter

[AFRICA'S FUTURE – SEVEN KEY TRENDS](#) by the Institute for Security Studies

[RESTORE HOPE TO SOUTH AFRICA'S DEMOCRACY](#) by Kgalema Motlanthe

[THE NATIONAL DEVELOPMENT PLAN CAN BE RESUSCITATED- HERE'S HOW](#) by Steven Friedman

[THE FOURTH INDUSTRIAL REVOLUTION – WHAT IT MEANS, HOW TO RESPOND](#) by Klaus Schwab

# FOREWORD

By Bryan Britton

Since 2007 South Africa has descended into the deep, dark valley of African Kleptocracy.

Many investigations being conducted by civil society inside the country and many being pursued by US and UK investigators from outside South Africa, will need to be completed before the extent of the damage, caused by ten years of dysfunctional Jacob Zuma and ANC rule, is finally known.

In the meantime, South Africa must go forward despite the prospect of another ANC period of mismanagement, post the 2019 ANC elective conference, being a distinct possibility.

The current economic and political status begs the question: 'is South Africa a failed democracy?'

And with the regional dynamic changing in Africa and the nature of the world workplace becoming ever more complex, through the advent of the Fourth Industrial Revolution, is South Africa even at the race?

I have assembled a few informed articles, written by experts in their respective fields, to assist readers in judging for themselves the enormity of the way forward for South Africa.

If one is to be guided by Professor William Woodruff's 'A Concise History of the Modern World' and specifically the chapter 'The Decolonization of Africa', then South Africa's history since 1994 looks ominously like those of the fifty-three other African countries post de-colonization.

It may take decades to repair the damage suffered by South Africa.

Professor Woodruff about Africa: 'The Western idea of freely held multi-party elections is not widespread. Too many governments do not have a 'loyal opposition'; they have political enemies. Elections are a means of conserving power, not introducing democracy. In a continent where power is personalized, few presidents have ever accepted defeat in an election. Concentrated, rather than shared power, is the 'African Way'.

Having removed the colonial yoke, Africans now bear a yolk of their own making.

Independence from colonial powers has not only brought widespread violence; it has brought a deterioration of Africa's economic lot. It is the world's poorest, most indebted continent; the debt repayments of some countries exceed the amount being spent on health and education.

By holding the West responsible for the continent's extreme poverty, internal wars, tribalism, fatalism and irrationality, autocracy, disregard for the future, stifling of

individual initiative, military vandalism, staggering corruption, mismanagement and sheer incompetence, Africans are indulging in an act of self-deception.

A similar colonial background has not prevented certain Asian countries from achieving rapid economic development. Africa cannot hope to escape from its present economic and political dilemmas by placing the blame on others.'

## THE FAILURE OF DEMOCRACY

Aristotle was an ancient Greek philosopher (384 BC – 322 BC) who had, at the age of seventeen, joined Plato's Academy in Athens. He studied there for twenty years and later became tutor to Alexander, who would become Alexander the Great, master of the Persian Empire.

*Alexander III of Macedon, commonly known as Alexander the Great, was a king of the Ancient Greek kingdom of Macedon and a member of the Argead dynasty. He was born in Pella in 356 BC and succeeded his father Philip II to the throne at the age of twenty. He spent most of his ruling years on an unprecedented military campaign through Asia and northeast Africa, and he created one of the largest empires of the ancient world by the age of thirty, stretching from Greece to northwestern India*



In discussions about ancient Greek democracy, the most often referenced text is the 'Politics' of Aristotle.

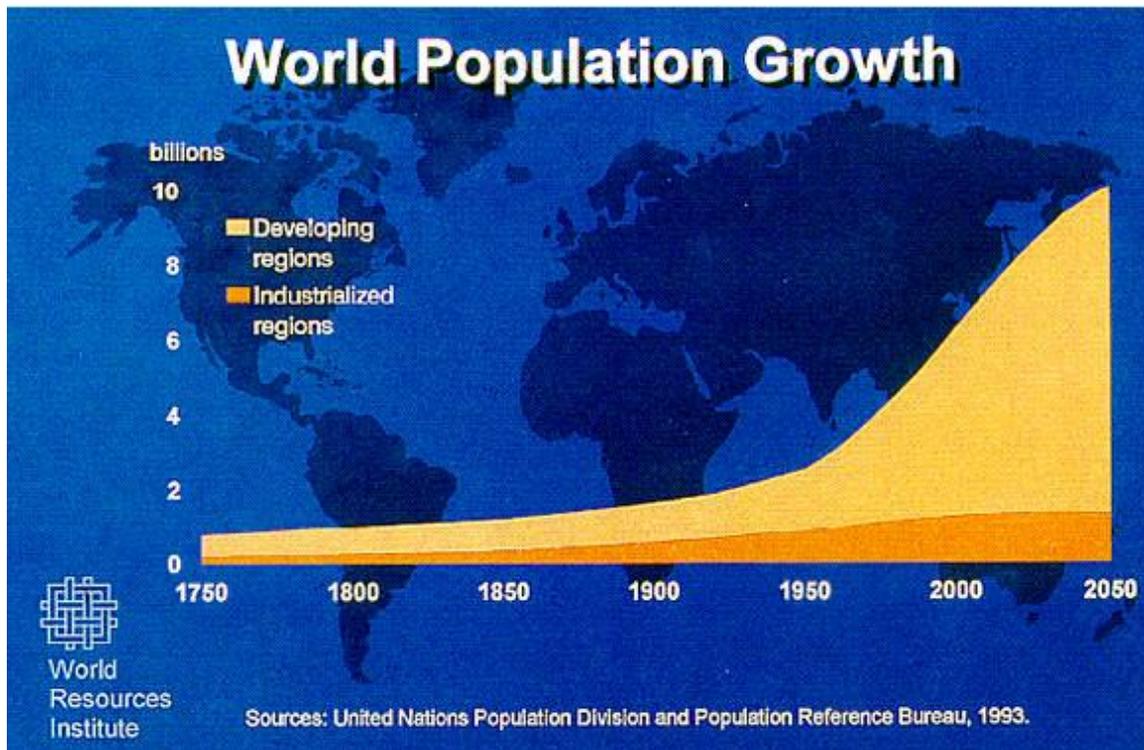
He believed that someone who is virtuous in ruling a democracy, must be able to put the common good above their own individual good.

He also believed that a democracy is a failure where the majority is poor and non-virtuous. This means that whomever is in office, and all have equal access to office

because of democracy's concept of equality, may not act in the best interests of the State and its citizens.

Aristotle famously said: 'When there is no middle class, and the poor greatly exceed in number, troubles arise, and the State soon comes to an end'.

## POPULATION EXPLOSION 1910 TO 2016



By 1800 World Population had reached one billion people for the first time. This had increased to 2,3 billion by 1950. The statistic exploded to 7,0 billion by 2011 and projections for 2050 anticipate an increase to 9,3 billion people. Further projections of World Population to the year 2100 are in some cases as high as 15.8 billion.

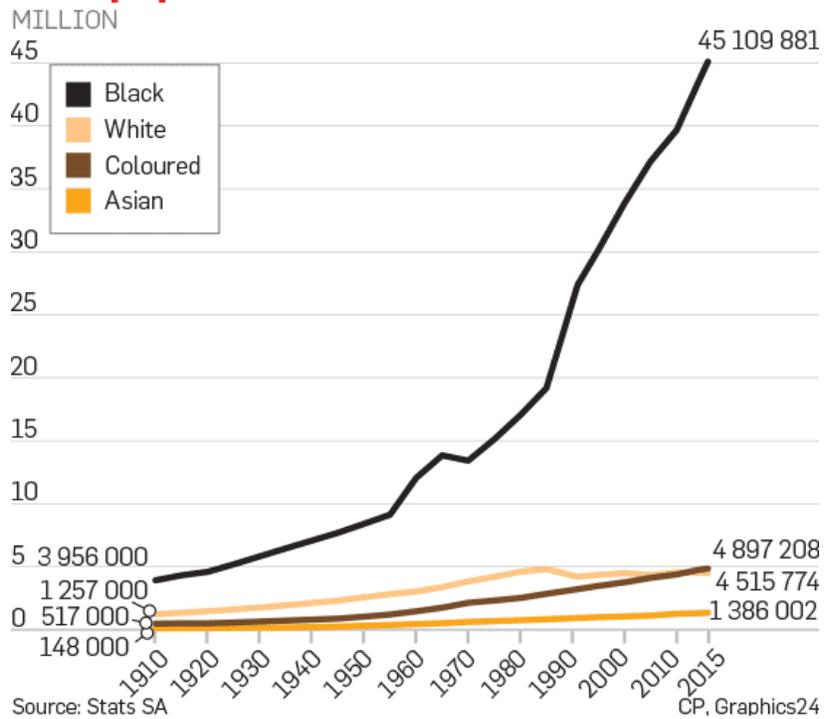
We have seen *one* billion people in the first eighteen hundred years since the birth of Christ and we expect an additional *fourteen* billion eight hundred million people in the three hundred years that follow. It is a horrifying and exponential progression and one which is both appalling and catastrophic. It is sad testimony to man's innate fallibility and absolute stupidity. While projections for the more developed nations are relatively flat, 97% of this anticipated increase will be experienced in less developed nations.

Most disturbingly 49% of that increment will be experienced in Africa.

South Africa's contribution to the exponential growth on the African continent is equally appalling. While Whites, Coloureds and Asians grew from 1 922 000 individuals in 1910 to 10 798 984 in 2016, an increase of 5,6x, Blacks numbers increased in the same period from 3 956 000 to 45 109 881 people, an increase of 11,4x.

Blacks represented 67% of South Africa's population in 1910, whilst in 2016 they had grown to represented 81% of the population. The other race groups had declined from 33% in 1910 to 19% in 2016.

## SA's population: 1910-2016



### SA Population: 1910 to 2016

	Millions	%	Millions	%
<b>Black</b>	3 956 000	67,00	45 109 881	81,00
<b>White</b>	1 257 000	21,00	4 515 774	9,00
<b>Coloured</b>	517 000	9,00	4 897 208	9,00
<b>Asian</b>	148 000	3,00	1 386 002	1,00
<b>Total</b>	5 878 000	100,00	55 908 865	100,00

Continuation of this historic population growth trend is unsustainable given South Africa's current unresolved challenges:

- Level of Poverty

- High Unemployment
- Large Social Grant Burden
- Low Matric Pass Rate
- Low Conversion to Employment Rate
- Public Sector usurping the role of the Private Sector
- High Debt to GDP ratio
- Junk Borrowing Status
- Migrating Taxpayers
- Low Foreign Direct Investment
- Pursuit of Failed Marxist Ideologies
- Unsustainable employment by SOEs
- Uneconomic SOEs
- Low Economic Growth Potential
- Level of Corruption

There is no doubt that European Colonization and Apartheid impacted the lives of Black South Africans between 1910 and 1994. Where shall we lay blame for the Black population explosion in that same period?

## HOW THE WORLD SEES SOUTH AFRICA

Zuma 'functionally illiterate on economics', country ruled by thieves

by Matthew le Cordeur

February 23, 2017

South Africa's day of reckoning with international rating agencies is coming as a result of President Jacob Zuma, who "ushered in a kleptocracy that's now reached deep into his entire administration, barring the Treasury".

That's the view of Eurasia Group president Ian Bremmer and author of Time magazine's list of the world's top geopolitical risks, who visited South Africa in February on a fact-finding mission.

Bremmer placed South Africa in 10th place on the Times risk list, an alarming position to be in considering the various tensions rising around the world.

An influential Wall Street adviser based in New York, Bremmer is a leading political scientist specialising in US foreign policy, states in transition and global political risk.

In an email to investors, analysts and economists around the world, Bremmer said he "encountered one of the most dysfunctional governments in the emerging market space right now".

Zuma is 'functionally illiterate on economics'

"President Jacob Zuma is an exceptionally savvy political tactician but functionally illiterate on economics," said Bremmer.

"And he's ushered in a kleptocracy that's now reached deep into his entire administration, barring the Treasury.

"That they've managed to forestall credit downgrades is surprising, but the day of reckoning is coming, especially as the political pressures around Zuma mount."

He pointed to hope in the form of Deputy President Cyril Ramaphosa, but said it seems he doesn't have enough votes within the African National Congress (ANC) to make his rise to the presidency a reality.

"There's an eclectic but significant alliance forming around Ramaphosa to take over the leadership of the ANC party in December, with big business, the country's trade unions, and the communists all hoping for an alternative to Zuma's corruption.

"Ramaphosa certainly holds the moral high ground among party members, but that doesn't count for much in the party's internal elections, which will see some violence and is likely to be about brown envelopes rather than policy positions.

"At least for now, it doesn't look like Ramaphosa has the votes inside the ANC."

However, Bremmer offered a sense of hope.

“Still, that doesn’t mean the wheels are about to fall off South Africa,” he said.

“There’s a rich talent base in the country – only about 20% of South Africa’s whites left the country post-apartheid, and the elite labour pool is now reasonably well mixed between black and white.

“Further, South Africa’s economy is no longer dominated by commodities, but instead has diversified towards infrastructure, services and information technology, all of which bodes well for a comparatively inexpensive and high quality-of-life destination.

“Education remains poor and immigration is limited (mostly because of spotty execution on visas rather than the policies themselves), which limits the upside, but you already see South Africa, on Europe’s time zone, becoming a more attractive back office destination for European firms.”

Africa’s rise is also good news for South Africa.

“As Africa itself continues to grow, the base for diversified firms continues to be South Africa,” said Bremmer.

“Especially because the larger African markets – Egypt and Nigeria – are otherwise unattractive as destinations for regional hubs.

“For increased consumption and infrastructure, Africa overall will still see moderate to high growth. Companies that plan on expanding investments accordingly will mostly situate themselves in South Africa.” – Fin24

## **DISINTEGRATING STATE CAPACITY IS A BETRAYAL OF DEMOCRACY**



William Gumede is Associate Professor, School of Governance at the University of the Witwatersrand, Johannesburg. He is Executive Chairperson of the Democracy Works Foundation and former Deputy Editor and Managing Editor of The Sowetan. During the anti-apartheid struggle, Gumede held several leadership positions in South African student, civics and trade union movements. He was a political violence mediator and area coordinator for the National Peace Committee during the multiparty negotiations for a democratic South Africa and was seconded to South Africa's Truth and Reconciliation Commission. He is the bestselling author of several books including, "Thabo Mbeki & the Battle for the Soul of the ANC" and "The Poverty of Ideas: South African Democracy and the Retreat of the Intellectuals" amongst several others.

### **William Gumede**

**October 25, 2017**

State capacity — the ability of the South African state to implement its declared policies, public services and programmes — has been undermined by systemic corruption, poor skills at critical levels and not holding officials accountable for wrongdoing.

According to the World Bank's World Development Indicators, South Africa is one of the countries in the world where state capacity has gone backwards.

There are glaring examples of a lack of state capacity, where the actual delivery of public services is increasingly not in line with state policy objectives, laws and government statements.

The government introduced the Public Finance Management Act to ensure financial prudence, yet widespread corruption, mismanagement and waste have mounted.

The government has promised to improve school education, but South Africa regularly scores at the bottom in international mathematics tests.

The government says it will pay suppliers in 30 days, yet many companies are going out of business because the government can take months to pay.

State capacity in South Africa has failed at multiple levels. To improve the capacity of the state, multi-pronged interventions are necessary.

For starters, no amount of new technical solutions, more monitoring and evaluation programmes and management-style consulting sessions will reverse the slide in state capacity.

There must be a better understanding of the crucial elements that make up state capacity to come up with appropriate solutions to strengthen the capacity of the state.

The ANC as the governing party makes policy and is a crucial element of state capacity itself. This means that, although the ANC is the governing party, improving the policy capability of the ANC itself is crucial to overall state capacity. Increasingly, the ANC has become a party-state, where the party has become interchangeable with the state. This means that lack of capacity in the ANC will translate into plunging capacity in the state.

Elected and public representatives are crucial elements of state capacity. Elected representatives come up with policies, hold public officials accountable for delivery and play an oversight role over the effectiveness of policy implementation. If elected officials are incompetent, corrupt or lack the necessary oversight skills, they cannot effectively scrutinize policies, public service delivery and government actions, which undermines the capacity of the state.

Public servants are crucial as coal-face implementers of policies, services and government decisions. Increasingly, senior public servants, without the requisite knowledge, competency and management skills, are “deployed” on the basis of patronage, political connections and corruption to crucial public service posts.

Competent, honest and diligent personnel not aligned to corrupt clientelist networks are increasingly marginalized, vilified and forced out. This has also eroded the institutional memory in the state, meaning obtaining quality government data and statistics — the basis for quality policy — is increasingly difficult.

A crucial element of state capacity is the ability of the state to align and co-ordinate government decisions and activities across departments. But government surveys regularly report “silos” within the state.

Because of the erosion of competency within the public service, the ability of the state to analyze problems and generate relevant, evidence-based policies has also been undermined. These factors have combined to undermine the operational capacity of the state, with the state unable to deliver services efficiently, on time and at reasonable levels of quality.

An important pillar of state capacity is the level of perceived honesty of the state, and the ability to hold officials accountable for their actions. High levels of dishonesty erode state capacity.

Because of the systemic corruption and mismanagement, and the perception that it only applies laws to ordinary citizens and low-level public servants and often exempts errant politically connected leaders and public servants, the state is increasingly losing its authority.

Furthermore, the official policy, laws and rules reflected in constitutional documents and statements by leaders are increasingly diverging from practice. For example, the South African Revenue Service issues statements that ordinary people who do not pay taxes will be severely punished, but the politically connected get away without paying due taxes.

Informal rules, behaviour and decisions increasingly supersede the formal laws, policies and behaviour. The state has lost its ability to assert the “rules of the game”, to regulate, monitor and enforce political, economic and social behaviour. This crucial component of state capacity is often missing in poorly performing African and developing countries.

The ability to manage divergent social demands effectively is a crucial element of state capacity. When the state loses its authority, it also loses its capacity to manage society-wide divergent conflicts and interests.

The views of ordinary citizens, customers and users of the quality of public services and the state’s response to them is a crucial aspect of state capacity. But these views are increasingly ignored by the state.

Democratic oversight institutions such as the chapter nine institutions, the public protector and courts hold government departments accountable for public services. But, if these institutions are packed with incompetent and politically connected staff, they are also unable to play their constitutional role and therefore undermine state capacity.

Finally, civil society — the private sector, business and social movements and nongovernmental organizations — are crucial partners in helping the state to deliver public services. But the state is often hostile to civil society, which also erodes the capacity of the state to deliver public services.

William Gumede is an associate professor at the University of the Witwatersrand’s School of Governance. This is an edited extract from an address on state capacity and democracy at North-West University

## **CORRUPTION AND FRAUD AFRICA'S WEAPONS OF MASS DESTRUCTION**

Nceku Nyathi started working at University of Cape Town Graduate School of Business (GSB) in September 2013 as a Senior Lecturer at the Allan Gray Centre for Values-Based Leadership. Previously he worked at The Open University Business School and The University of Leicester, School of Management. He has a BSc (Hons) from Cirencester, an MA from Warwick and PhD from University of Leicester. From 2010-2012 he was part of Advancing Business Learning for Employability in Ghana (a collaboration between The Open University Business School and five top Ghana's Business Schools).



He is a Senior Lecturer in the Allan Gray Centre for Values-Based Leadership at the UCT Graduate School of Business.

### **Nceku Nyathi**

October 26, 2017

Institutions and broader society have a crucial role to play in terms of encouraging and promoting ethical behaviour to boost business and the economy, says Dr Nceku Nyathi.

ALMOST every day we read about politicians and business executives involved in acts that show a lack of integrity, morality, and ethics.

In South Africa, a string of corruption scandals involving President Jacob Zuma and graft allegations implicating state-owned enterprises continue to dominate the headlines. Evidence of graft has also been piling up against multinational companies implicated in the leaked Gupta emails, notably KPMG and McKinsey.

It seems that ethics is a casualty in the pursuit of financial gain. But this Faustian trade-off has implications for the long-term health of business, the economy and the country.

It has been estimated that SA loses between R25bn and R30bn each year to corruption, incompetence and negligence in the public service, never mind the reputational damage that deters foreign investors.

According to the South African Business Ethics Survey published in 2016, a majority of corporate SA is still not serious about integrating ethical behaviour into their culture, but remains focused on regulatory compliance.

Ethics Institute CEO Professor Deon Rossouw noted, during the release of their survey, that SA's poor economic performance as well as the general slump in the world economic environment were factors facilitating unethical behaviour.

"Our study shows that businesses typically have ethical codes of conduct ... but the pressure to meet unrealistic financial targets is probably another reason for many unethical decisions and actions," he said.

Auditor general Kimi Makwetu has challenged this point of view, stating: "[True] ethical leaders do not compromise their standards for material gain."

This begs the question: Can we make bad people good by teaching them about moral conduct or moral theories?

Over 2000 years ago, the philosopher Socrates argued that ethics consisted of knowing what we ought to do, and that such knowledge can be taught.

Morals, honesty, integrity are generally constant throughout society. It is the conduct of individuals that changes. The behaviour of individuals tells us about their level of morality and their moral standing.

Speaking at the Allan Gray Speaker Series at the UCT Graduate School of Business (GSB) in October, Michael Louis, the director of the Louis Group International and a founding member of the African Christian Democratic Party (ACDP), said ethical standards differ from one individual to the next.

Wrong is wrong and right is right

"Every one of us has a different ethics standard... It is about your standard, not somebody else's standard. Set your own standards, [but] wrong is wrong even if everybody is doing it and right is right even if nobody is doing it."

Speaking at the same event Graham Power, founder and executive chairperson of the Power Group of Companies and the Unashamedly Ethical campaign, pointed out that ethical considerations are key to the success of any business.

“I am of the view that when doing business deals you have to ask yourself: ‘How will this make me feel if it is published on the front page of the newspaper and my wife and kids found out?’...that, for me, is the true test of whether something is a grey area or not in terms of ethics.”

He said that people know what’s going on in the country. “It’s Gupta leaks, it’s Eskom, it’s bribery, it’s corruption and collusion, back and forth. I believe we will get to the point where it will no longer be fashionable to do whatever is necessary to drive the nicest car, to live in the best house.

Power added that placing greater emphasis on developing ethical leaders would help eradicate corruption, which is holding the county back.

“Corruption and fraud is the largest weapon of mass destruction. We will not eradicate poverty in Africa unless we eradicate systemic corruption.”

While there is no instant solution to addressing corruption, and developing ethical leaders in business, civil society, and government, there is no doubt that educational institutions have a crucial role to play in terms of teaching and promoting ethics, good character, courageous stances and moral choices.

Marcus Tannenber, one of the authors of the Poznan Declaration, a formal statement aimed at mainstreaming ethics and anti-corruption in higher education, said that universities need to use their influence to address “the causes behind the causes” – that is, the determinants of corrupt behaviour, which likely has its roots in the value systems of decision-makers at various levels within the public and private sector, many of whom have been educated at universities.

The broader society and the home also have important roles to play. In a 2010 article published in the Journal of Values-Based Leadership, Joseph Hester and Don R. Killian argue that we cannot speak about ethics and moral behaviour without talking about community and the home. They claim that moral values are learned early in life and direct our purposes, beliefs, and values as we mature.

“The financial debacle of 2009 confirms that many in leadership positions feel that this is a ‘me-first’ world and are apt to live by principles of greed rather than the moral principles they have sworn to uphold. There is an urgent need to dig deeper, to ensure that children first grow up with a proper understanding of right and wrong through a study of morals and ethics.

“If we expect our children to grow up with a respect for the rule of law, which needs to be seen as fair and equitable for all, then we need to teach them about making moral choices and having a value system as a basis for their decision-making,” Hester and Killian pointed out.

Without proper ethical considerations, they argued, we are in danger of society becoming increasingly fragmented and unstable as self-interest overshadows the public good.

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