

**Media statement by the National Union of  
Metalworkers of South Africa  
The Working Class under attack!  
19 January 2016**

South African society is on fire, literally in Cape Town's unprotected mountainside shack settlements, and figuratively around the country. Workers and the poor are smouldering with anger and frustration at the failure, 22 years after the end of apartheid, to achieve the improvements promised in the Freedom Charter to share the country's wealth amongst all our people.

Workers are under attack on all fronts – in the workplace, their communities and in society at large. Wealth and power remains firmly in the hands of increasingly rich mainly white capitalists, while the overwhelmingly black poor majority see no way out of the poverty and marginalisation, and the entrenched racism which still festers more than two decades after it was supposed to have been ended.

**Economic catastrophe**

The crisis of unemployment, poverty and inequality, far from being resolved, is getting worse. According to three University of Cape Town economists, "A study we recently

undertook suggests that Statistics South Africa's poverty line underestimates poverty. The Stats SA line indicates that approximately 53% of South Africans are poor, but ours suggests that this is closer to 63%."

And now, scandalously, Eskom are trying to force consumers to pay a whopping 17% increase on their electricity bills.

Likewise, the SA government repeatedly declares that unemployment is in the range of 25%, which would be bad enough, but they are in denial, by not including unemployed people – more than 10% of the workforce – who have given up looking for jobs because there are none, which pushed the rate up to 34%. They refuse to recognise that we face a crisis of deep-rooted structural mass unemployment.

Also in many rural ex-Bantustan areas where laid-off workers have returned home, there are no facilities to register for jobs no matter how desperate they are. So the country's persistent apartheid geography causes the unemployment rate to be artificially low. This is just an extension of our legacy of official racism, today codified in official statistics.

Youth are the main victims. There are 20 million South Africans between 15 and 34 years of age,

and of these, only 6.2 million are employed, a far lower share than in 2009, according to StatsSA.

Thousands of other workers now face a jobs-loss bloodbath, as entire industries face possible obliteration – mining, steel, the Post Office, SAA, etc.

Inequality has risen since 1994; if you simply take income inequality, even the World Bank admits that the Gini coefficient is 0.77, on a scale of 1 (where one person has all the income) to zero (where income is equally shared).

The state welfare grants that go to 17 million people are shrinking in value – Nhlanhla Nene lowered them in real terms by more than 3% in last year's budget, given the higher rate of inflation on food, energy and transport faced by poor people.

The child grant of R340 is worth US\$0.67 a day, about a third of what even the World Bank considers poverty.

Angry communities are increasingly taking to the streets, often violently, in protests of housing, water, roads and corruption in service delivery.

Labour relations are at their lowest ebb since the end of apartheid, with employers doing

everything they can to erode hard-won workers' rights and cut their wages, through the use of labour brokers, outsourcing work, getting round collective bargaining and even refusing to recognise trade unions!

This crisis in labour relations has not gone unnoticed even by our class enemies like the World Economic Forum, representing the elites from corporations and governments. They produce tables showing how well 140 countries are performing in various areas. In the latest the table in the category of "Cooperation in labour-employer relations", we are ranked 140<sup>th</sup> - the worst in the whole world!

## **Repeal the Tax Amendment Laws**

As if all this was not bad enough, the South African capitalists, who daily rob workers of the fruits of their labour, have convinced the ANC government, to let them carry on robbing workers even after they stop working, by stealing from the small amount of their pitiful wages which workers have saved for their future.

The government has signed into legislation new "tax amendment" laws, which will prevent workers from taking most of their provident fund contributions when they retire. Instead they must take the majority of it as a monthly amount, for

as long as they may live.

We at Numsa, state that without abolishing the apartheid economy and society, no meaningful provident or pension fund system can be established in post apartheid South Africa. South African capitalism feasts on the poverty, unemployment and low wages, and extreme inequalities afflicting the black working class.

We urge all workers to unite to defeat this law and demand that:

- €€€€€€ This legislation must be repealed immediately;
- €€€€€€ Government must urgently introduce a comprehensive social security system on which workers must be fully consulted before any proposal goes before Parliament;
- €€€€€€ The apartheid wage system, which crushes millions of Black workers in employed poverty, must be abolished;
- €€€€€€ A national living wage must be introduced with speed;
- €€€€€€ A comprehensive national health insurance system must be created;
- €€€€€€ The working class housing crisis must be resolved;
- €€€€€€ Legislation must be made to radically transform the trillion rand lily white and capitalist retirement industry in South Africa

and placed under workers' control.

This is workers' own money, part of their wages. Previously workers had a choice: they could take all their retirement money as a lump sum or they could use it to buy a pension. From now on, they will be forced to receive the majority of it as a pension, through what is called "annuitisation".

From 1<sup>st</sup> March this year onwards, the law will apply to all workers, apart from those over 55. This is an attack on workers' basic rights, in particular on young workers, who will be most affected, as they have their whole working life ahead of them, so all their savings will be affected.

What makes it even worse is that these laws have been pushed through without agreement having been reached at Nedlac.

During our militant struggles of the 1980s the workers' movement fought for the right to choose whether to take a lump sum when they retired or to receive a pension. To this end the Cosatu that we knew then fought to convert those pension funds into provident funds. But now the ANC/SACP government is reinstating the original apartheid pension system. Our members demanded then what they are demanding now – the right to choose.

The basis of this policy lies in the ANC's key policy document, the National Development Plan, whose Chapter 11 says:

“The Commission supports the proposals made by the government task team on retirement reforms led by the Minister of Finance (Trevor Manuel):

- €€€€€€€€ Improving governance of retirement funds
- €€€€€€€€ Harmonising the contributions to and benefits from all retirement funds
- €€€€€€€€ Phasing in preservation requirements to improve financial security in retirement
- €€€€€€€€ Reforming the annuities market.

“These will ensure that a significant majority of those who are in formal employment and contributing to private/voluntary pension schemes are protected on retirement, relieving the pressure on public finances.”

In plain language that means that workers will be required to use their savings as “grants” so that the state doesn't have to pay them. It is a fundamentally neoliberal law and a form of privatisation, given that the retirement fund companies are overwhelmingly owned and run by financial capitalists, who use the workers' money to invest where they can make big profits.

This form of privatisation of retirement is an even more toxic privatisation than most other forms, as it uses the workers' own money.

The argument of the Treasury, ANC and business is that workers must be forced to save in order to invest in, and grow, the capitalist economy, thus converting workers' savings actually into state pensions and grants. By this deceitful device, the state will save on grants and state pensions!

That is why we demand the nationalisation of the industry, under workers' control, so that the money in these retirement funds is used to build houses, schools and hospitals and improve the lives of workers and the poor.

At the core of our opposition is that the ANC neoliberal government ignores the fact that millions of working-class people live in grinding poverty. They are blind to the fact that hundreds of thousands of workers are deep in debt after struggling to survive on poverty wages and we still have no comprehensive social security, national health insurance scheme or a national living wage.

Retiring without being able to choose to cash in provident fund money will plunge thousands into abject poverty, because, in the circumstances,

they see this as their only possible lifeline. When this is no longer accessible, they know they will face immediate destitution.

## **Free education for all**

Students have become the most visible activists in the class struggle today. At several campuses they continue to demand what is just: free universal education. They were repeatedly promised this when they protested last October outside Parliament at the Budget Speech, outside ANC headquarters at Luthuli House and at Union Buildings.

We will learn at the 2016 Budget Speech next month that this ANC promise will again be broken, and that only enough has been allocated to cover a 0% fee increase – as well as R10 billion in expensive loans – instead of the R35 billion required in grants, at a time South Africa underspends on tertiary education compared to other African countries and the rest of the world.

The student protests are an extension of the demand of all our poor and working people for a better life and the implementation of the Freedom charter. Higher education always offered the illusion, under capitalism, for upward class mobility. But in recent years, neoliberal ANC finance ministers defunded our universities

so much that double-digit inflation increases imposed by individual universities has been common.

But there is something just as important at stake as the fee structure: our youth again playing the role they have so often, as the conscience of the society.

While the ANC and other liberation movements were vital in the anti-apartheid struggle while exiled during the 1960s-1980s, inside South Africa there were three crucial allies during the movement for liberation: students, especially in 1976; organs of people's power in our communities, especially in the 1980s; and since 1973, the organised working class

And what this alliance of progressive activists looked forward to was the eradication of race discrimination, patriarchy and economic injustice – all struggles culminating into the only system that could provide them – a socialist South Africa. Yet in 2016 all these three crimes are still being committed persistently, usually without any punishment whatsoever. And all are impossible to overcome while we labour under a capitalist system that still plays divide-and-rule in its perpetual and pathological search to exploit.

We commend the students for their revolutionary

solidarity with outsourced and so called “insourced” precarious workers in the universities. This evil practice of modern day slavery must be done away with.

We call on all students to unite against the attacks by government and the management of universities and attempts to divide them. United we stand; Divided we fall!

### **Nationalise the banks!**

In Davos, Switzerland, this week, the World Economic Forum is discussing how to squeeze workers even harder. This year’s theme is the “Fourth Industrial Revolution,” which mainly translates into robots replacing people in industry, mining and even the services sector. This is all but another desperate blind search for solutions to the global capitalist crisis!

Due to their moral, philosophical, intellectual and ideological poverty, the world capitalist elites cannot sort out the world economic crisis, which is partly due to the lack of buying power of the world’s working class – and instead their self-destructive solution is to replace workers with machines, ignoring the vital question of our time: *who will buy the goods they produce?*

The 1955 Freedom Charter promised us that:

“The mineral wealth beneath the soil, the banks and monopoly industry shall be transferred to the ownership of the people as a whole.” The ANC’s 1969 Morogoro Strategy and Tactics statement was equally clear: “To allow the existing economic forces to retain their interests intact is to feed the root of racial supremacy and does not represent even the shadow of liberation.”

Yet white monopoly capital still has a stranglehold on economic and therefore political power.

International bankers’ credit rating agencies – Moody’s, Fitch and Standard&Poor’s – have become the main decision-makers over South Africa’s fiscal and monetary policies, even though their rating failures in 2007-2008 were central factors in the last major world financial meltdown, and even though the neoliberal policies they support are pushing this country to the brink of a social explosion!

We repeatedly hear from the Johannesburg director of one of the world’s biggest banks, Goldman Sachs - Colin Coleman - that his bank is ‘bullish’ on South Africa, yet last week it was revealed that globally, this most powerful of financial wrecking balls had made our Rand the number two target of its global speculative “short-selling” trades.

To “short” a currency is to sell it with the aim of making a profit when the price of that currency falls and you buy it back. Goldman Sachs’ global markets team has identified shorting the Rand as one of its top trades for 2016 due to falling commodity prices and South Africa’s current account deficit.

This happened recently in a week in which the Rand crashed by 9% in just 13 minutes of trading by international bankers, at a huge profit for many of them. And, according to the International Monetary Fund, currencies around the world are becoming more volatile, and therefore under less and less democratic control.

Further evidence of the undemocratic political, as well as economic, power of finance capital came from *Business Day* publisher Peter Bruce last week. The power of three bankers – Maria Ramos of ABSA, Stephen Kossow of Investec and Goldman Sachs’ Colin Coleman – is so great that it was they who, he alleges, persuaded ANC Treasurer Zweli Mkhize to force Zuma to rehire Pravin Gordhan, the man who served these bankers so well from 2009-2014.

Bruce also revealed that Reserve Bank governor Lesetja Kganyago is working in league with international bankers to drain our country’s

wealth. He said that the most crucial policy to defend against critics was that "*capital controls would not be tightened — if anything, the opposite.*"

The abysmal failure by Kganyago and his predecessors Gill Marcus and Mboweni – as well as finance ministers Nhlanhla Nene, Gordhan and Trevor Manuel – to regulate the flows of capital out of South Africa was highlighted last month by the respected research NGO Global Financial Integrity which identified an average of R353 billion in “Illicit Financial Flows” from South Africa, putting us ahead of Nigeria at seventh in the world rankings.

Last year, Nene allowed the annual permanent outflow of funds by rich people to rise from R4 million to R10 million, a reflection of this government's pro-rich bias.

### **New federation, new party**

2016 must be a year in which the workers' movement becomes so strong and powerful that neoliberal, unpatriotic behaviour can be halted.

In the last two years, a struggle for the heart and soul of Cosatu was waged by Numsa, eight other unions and the former General Secretary, but the battle was won by those who are blindly loyal to

the ANC.

The current Cosatu leadership today unconvincingly complain about the new retirement amendment laws and about being sidelined, but they have ignored the evidence which made Numsa to abandon the ANC and its alliance! Now they are shedding crocodile tears when their “partner” does exactly what it said it was going to do all along.

The ruling ANC has demonstrated once again to all workers in South Africa that it only requires Cosatu’s contribution in election campaigns; when it comes to policy making, despite the fact that the Cosatu President and the SACP General Secretary and their cohorts serve in the ANC NEC, the ANC government steams ahead with their neoliberal agenda.

They have rejected demands for the scrapping of e-tolls and labour brokers. They went ahead with their failed Youth Employment Tax Incentive. They have yet to launch comprehensive social security or national health insurance and are yet to introduce a national minimum wage. They are simply refusing to address the crisis of mass poverty and widening inequality.

The retirement fund issue has brutally exposed Cosatu’s weakness. Far from giving it more say

in government policy formation, the leadership's decision to turn itself into a conveyor belt for the ANC and government has rendered it impotent when it wants to object to a policy. The government knows that it is now a paper tiger it can ignore with contempt.

Numsa has, since early 2014, held repeated protests, stayaways, and marches of thousands of members – such as 30 000 who on 14 October hit the streets against corruption – and Numsa is building a United Front that links several hundred social movements and other organisations with the country's largest trade union.

The union will this week be submitting a Section 77 Notice for a two-day strike against the retirement amendment laws and calls upon all other unions and workers to join us on those days. Our aim is to build the maximum unity

We call on all the members of affiliates of Cosatu to unite with the members of Numsa, Nactu, Fedusa, independent unions and the 76% of workers who belong to no union at all.

We believe that ordinary Cosatu affiliate members will fight on this issue as they fought in the 1980s and will now fight again. In the process they will learn about the ANC/SACP government that their leaders support.

Struggle is a great teacher. Many Cosatu members will learn to abandon an organisation which continues to support this government and together with us will build independent, militant unions and an independent, militant federation, which can no longer be postponed.

But whatever happens in the future, right now we must all unite in militant and united action to repel this attack and overturn this law.

As well as the new federation, our goal, well captured in the Numsa Constitution, is to build a mass-based, democratically controlled, Marxist-Leninist workers' party which will destroy the whole capitalist system and replace it with a socialist society in which the country's wealth is owned, controlled and managed democratically by the majority of the people, who, by and large, are the working class! Capitalism is failing not only our people, but the world as a whole.

For the South African working class, all of it, 2016 is the year they must choose between the barbarism of capitalism or the struggle for socialism!

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