Opinion&Analysis

QUOTE OF THE DAY
Success is not the key to happiness. Happiness is the key to success. If you love what you are doing, you will be successful. – Albert Schweitzer, German philosopher (1875 – 1965)

Colonialism divided one Africa, one people

REGIONAL RELATIONS

Herbert Vilakazi

Part Two

THERE are sound and compelling historical and cultural reasons that justify the formation of an Economic Union composed of the current southern African states.

The people comprising these southern African states are historically and culturally one people. They can be said to be members of one historical family, which was artificially split by the European colonialists.

A few examples: the people called BaTswana stretch all the way from what today is called Botswana to Pretoria – but the European colonialists drew an arbitrary line separating the BaTswana of Botswana from the BaTswana of South Africa; the people called the Swazi stretch from Swaziland to Mpumalanga and Johannesburg – but European colonialists drew an arbitrary line separating the Swazi of Swaziland from the Swazi of South Africa.

The people called BaSotho stretch from the Lesotho to the Free State – but European colonialists drew an arbitrary line separating the BaSotho of Lesotho from the Basotho of South Africa.

The same applies to the formation of a country called Mozambique, as well as to the drawing of the boundaries separating present-day Zimbabwe from South Africa.

It is important to stress that there was constant movement of people from one area of Africa to another. Today we move as individuals, or as individual families; in the pre-capitalist, pre-colonial era, we moved as communities.

We know, for example, of the movements of communities of people from KwaZulu-Natal, which spread to different regions of southern Africa: we know of communities led by Soshangane, who established a kingdom in what today is Mozambique; of communities led by Mzilikazi, who settled consecutively in what is now Gauteng, the North West and later Zimbabwe.

We know of communities led by Zwangendaba, who moved up to what now is Malawi and parts of Zambia and Tanzania; we know of Shemane, King Zwide's son, who moved with his community to what today is Limpopo. In sum, these communities were mixtures of Nguni, Sotho, Shona, Tswana, Venda, Pedi, and other cultures.

All these people were one family. Language is, among other things, a very significant piece of evidence in community genealogy.

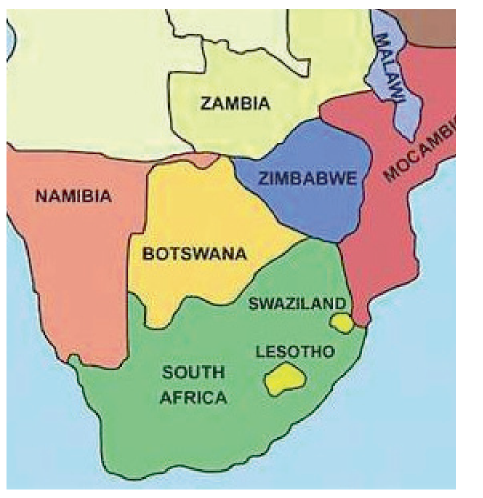
The study of languages spoken by people in southern Africa shows that these people are originally one family. For example, linguists who have studied the structure of Nguni and Sotho languages have concluded that the Nguni language is the skeleton of Sotho languages; through separation of groups, migrations and interface with differing environments and activities, different flesh and accents emerged: "If genetic relationship among a number of languages can be demonstrated, it constitutes *prima facie* evidence that the ancestors of the speakers of those languages shared a common location at some time in the past." (*Reconstructing African Culture History*, edited by C. Gabel and NR Bennett, 1967, p 31).

Capitalism, the African slave trade, colonialism and racism were like an enormous worldwide landslide that radically reshaped social relations, the human mind and consciousness throughout the world: a new measuring rod of human beings emerged, which placed Europeans as the top and best, and Africans as the bottom and worst, with the rest of humankind falling in-between.

During the first two decades of the 20th century, Europeans began to carve and create new white-ruled nations in southern Africa: it was during the same period that Pan-Africanism was born, that the Bambatha War occurred, and the ANC was formed.

The ANC was originally formed as a Pan-Africanist Movement for the emancipation of all Africans from European domination. The first constitution of the ANC, adopted in 1918, takes it for granted that the people of what today is Botswana, Lesotho and Swaziland, are constituencies of the new organisation. In her history of the ANC, Mary Benson wrote as follows: "Early in January 1912, from the kraals in the Highveld and Lowveld of the Transvaal, from Zulu villages, from the beautiful bare uplands of the Transkei, from the arid expanses of Bechuanaland and the royal capital of Swaziland, from the paramount chief's fastness in the mountains of Basutoland, came chiefs and their followers… Among them were the chiefs from the neighbouring high commission territories: Prince Malunga Ka-Mbandeni, regent of Swaziland, just back from England; Chief Maama, the descendant of Moshoeshoe the Great, representing the paramount chief of Basutoland; and chiefs Molema, Montsioa and Mankwane from Bechuanaland." (Benson, Mary, *The African Patriots: The Story of the African National Congress of South Africa*, pp. 26-27)

> Nkosi Sikelel 'iAfrica became the anthem for the entire region of southern Africa. The kings and queens of Africa were the god-parents of the ANC.



The founders of this organisation were very clear that they were forming a "Pan-African association". Mary Benson continues: "The conference resolved to unite together and form a federation of one Pan-African association" (p 28).

It must be emphasised that this Pan-African association would form a union with a single parliament, of which what today are Lesotho, Botswana and Swaziland would be constituent parts. Ms Benson further wrote: "The conference accepted Seme's recommendation that the Congress should be modelled on the American Congress and it was also decided to combine British parliamentary structure and procedures in an Upper House of Chiefs and a Lower House of Commoners, each with a president. The paramount chief of the Basuto, Letsie ll, was unanimously elected honorary governor, leader of the Upper House in which princes of African blood were to hold their seats for life" (p 28).

This was, indeed, a Pan-African agenda: Dr Seme travelled the entire southern Africa, mobilising support for the ANC; that is the reason Nkosi Sikelel' iAfrika became the anthem for the entire region. The kings and queens of Africa were the god-parents of the ANC. Perhaps no people in southern Africa made a greater contribution to the establishment of the ANC, during the early years, than the Swazi.

Through Prince Sobhuza's grandmother, Queen Labotsibeni, the Swazi royal kingdom made a tremendous financial contribution for the upkeep of the ANC; Dr Seme and Patrick Vilakazi relocated to Swaziland, as advisers to the royal leadership, and acted also as tutors to the young prince, so that he could be raised in the tradition of the ANC.

As the new white nation-state called South Africa became stabilised, consolidated and triumphant, the agenda of the ANC was formulated anew in reaction to the policies of the white nation-state: there began the south africanisation of the ANC.

European capitalism in southern Africa did not clip its wings to fit within the white nation-state. Cecil Rhodes and Anglo-American used semi-slave labour of Africans from southern Africa to lay the foundation of South African industrialisation. It was the forced labour power of entire southern Africa which created the melting pot called South Africa. The mining industry knit the entire southern Africa into one economy, with its metropolis being the white-controlled cities and towns of the new country – South Africa.

I am emphatically not proposing that Lesotho, Botswana, Swaziland, Mozambique and the other existing states should be made part of the existing South Africa; I am proposing that we form a new union altogether, comprising all the existing nations of southern Africa, beginning first with a Central Economic Council, which shall make investment and planning decisions for entire southern Africa, which later on can result in political unification.

With the wealth of all southern Africa put together, this union shall be more powerful and decisive in the world economy than Brics (Brazil, Russia, India, China, South Africa) – and it shall impart great power to the participation of South Africa in Brics.

Professor Herbert Vilakazi is an independent scholar and contributed this article in his personal capacity. Note: This is the final article in a two-part series on this topic. Reference works used in this piece have been acknowledged by the editor.

Vengeance won't bring compliance to banking

FINANCIAL CONTROLS

Mark Gilbert

REGULATORS around the world are making good progress towards preventing future bank crises from hurting the global economy. Some of the new rules proposed for individual bankers, however, have more to do with revenge than safety.

Unless the aim is to make life so difficult for the world of finance that the banks are forced to shrink – and, granted, that may be a desirable outcome – the proposals risk doing more harm than good.

The urge to continue bashing bankers is understandable, if inappropriate. Last week's confirmation that foreign exchange traders conspired to rig currencies even as their banks were being fined for manipulating Libor (London interbank offered rate) is clear evidence the finance industry hasn't learnt enough from the credit crisis. Vengeance, though, won't help.

This week, the parliamentary commission on banking standards, which has been at the forefront of the UK's refurbishment efforts, issued a progress report on its June 2013 recommendations.

One of its conclusions makes sense: Bonus payments should automatically end for the executives of any bank that needs a taxpayer bailout. All the work being done to make sure banks maintain adequate capital to avoid that outcome makes this bonus rule especially important. But the report also says that regulations need to be changed to capture both the individuals who submitted false money-market rates in the Libor scandal and the traders who schemed to distort currency values.

According to committee chairman Andrew Tyrie, regulation needs to focus on those who can do serious harm to a firm, its customers or markets.

The appalling misconduct in the foreign exchange market revealed last week illustrates the importance of this. Traders involved in that misconduct must be included in the new certification regime.

This regime puts the onus on banks to identify the people responsible for each risk-taking function. But it won't work to try to extend accountability all the way down the food chain.

To see why it won't, consider how in 1995, Nick Leeson bankrupted the venerable British institution Barings after losing more than $1 billion (R11bn).

Leeson's trades were supposed to involve minimal risk, exploiting the teeny tiny price differences among equity futures contracts traded on different exchanges in Asia from his Singapore office.

Even the most ardent regulator would have been hard-pressed to classify Leeson as posing a systemic threat to Barings prior to his blow-up.

While it seems fair that any and all bank employees should be subject to rules designed to claw back bonus payments that turn out to have been unjustified, it's still impossible to know in advance which new pocket of financial engineering might turn out to cause trouble.

Tying the hands of individual traders, before it's clear that their trades are unduly risky, just keeps them from doing their jobs.

If almost everyone within a financial institution is deemed responsible for risk-taking, then no one really carries the can. Designated supervisors should be held accountable for the departments they head, with the promise of sanctions up to and including criminal liability for bad things that might happen on their watch. – Bloomberg

Brazil's Rousseff must cultivate a global presence

POLITICAL MARKMANSHIP

Mark Langevin

the Globalist

BRAZILIAN President Dilma Rousseff's administration must contend with a rapidly increasing budget gap. The Brazilian government may well run into real limits to its spending in the next couple of years.

Rousseff must focus efforts on eliminating obstacles that interfere with private investment. In order to win sustainable economic development and growth, she needs to find her global voice.

Share on Facebook, Twitter, Reddit, Linked-in and e-mail during late October indicated a slim majority of Brazilians chose to re-elect Rousseff, but it is not clear Brazil has decided how to move forward.

Most Brazilians are frustrated with the country's sluggish economic growth during Rousseff's first term. Many of her own supporters want the state to take more aggressive measures to reboot the economy during her second term.

Others, including supporters of her challenger Aécio Neves of the Brazilian Social Democratic Party, want to shrink the size of the state and further liberalise trade and investment policies in order to drive growth through expanding export markets and increases in foreign direct investment.

That at least is the path chosen half a world away by India's new leader, Narendra Modi. Brazil cannot afford to do any less than India. Still, it is not clear that either policy model can overcome the headwinds Brazil faces from the global economic downturn. But try the country must, in particular with regard to inviting greater productive investment.

Managing the deteriorating conditions of the external sector would challenge any government. What makes this all the harder for Rousseff's administration is that it must also contend with a rapidly increasing budget gap. It is larger now than at any time since the Workers Party took control of the federal government in 2003.

Rousseff and her policy team must prepare to brace against the perfect storm that could submerge her second term in economic failure. The consequences of that would be monumental: Most important, it would undermine the very social policies that have eliminated hunger and moved millions of Brazilians away from extreme poverty and bury Brasilia in turmoil.

In an effort to preserve the country's social policies, Brazil's governing coalition is unlikely to tack toward the deep fiscal consolidation advocated by the International Monetary Fund.

But government expenditures will need to be recalibrated so as to maximise immediate growth and create the conditions for continued public investments in education and infrastructure, as well as the "internationalisation" of Brazilian private firms.

Even so, the government may well run into real limits to its spending in the next couple of years. This makes private investment all the more important.

To weather the storm and neutralise speculative investment, the government this time around will hesitate to re-establish capital controls. It is more likely that Rousseff's government, in co-ordination with the government banks, especially Brazilian Development Bank (BNDES), will intensify consultations with financial and industry leaders to increase investments and productivity. Brazilian industry must focus investments on greater workforce development and training, productive innovations and moving the industrial sector toward participation in higher valued-added global production chains.

These outcomes are possible during the last half of Rousseff's second term, but they can only be achieved through dialogue, negotiation and joint planning. The players involved are her economic policy team, the bank BNDES, as well as private sector leaders committed to increasing private sector industrial investment.

Rousseff's goal for her second term must be to reboot the economy and drive sustainable growth with a fiscally prudent mix of public investments, greater regulatory flexibility and private sector incentives. To achieve that, she must focus efforts on eliminating those obstacles that interfere with private investment as well as the transfer of technology.

This means that she must make Brazil's opaque taxation and customs systems more transparent and efficient. Properly understood, measures such as this are not pro-capitalism and/or anti-poverty. They are key to strengthening Brazil's economy.

Thus, Rousseff's second term administration must drive through reforms that lessen the costs of doing business with an eye on the export prize.

Brazil's recovery also depends upon the global economy. The president should focus the world's attention on the pressing need to expand and deepen global demand for Brazilian commodities and industrial goods. Now that the skilled Brazilian diplomat Roberto Azevedo has taken over the reigns of the WTO, Rousseff must harness Brazil's global political stature to refocus both the developed world and leading emerging economies on the benefits of multilateral trade liberalisation.

Rousseff needs to find her global voice. She will need to sing the praises of deeper global integration that aligns investment with comparative advantages. Her Workers Party's government programme does not clearly propose greater global leadership for the Brazilian president or more global integration for its economy.

To succeed, Rousseff will need to rewrite the existing script. She has to advance a foreign policy that advances the country's economic and political interests with a dual focus – Brazil contributing more to the global economy and increasing the returns from it to Brazilians.

Now, she must find ways of globalising policies so that Brazil can harness all of its comparative advantages.

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Brazilian President Dilma Rousseff needs to work on developing a global political and economic voice. PHOTO: BLOOMBERG

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DILBERT

DIARY

Banks ambush possible cheats with 'fuzzy logic' tools

STUNG by billion-dollar fines for malpractice on their trading floors, the world's big banks are using 'fuzzy logic' tools such as relationship mapping and behavioural analytics to read the minds of would-be cheats among their traders.

On Wednesday six global banks agreed to pay $4.3 billion (R47.5bn) to settle claims that they failed to stop traders from trying to rig foreign exchange markets, which came hot on the heels of similar fines for manipulating benchmark interest rates.

Older systems to catch misconduct, still in use at some firms, pick through conversations for trigger words, but they can be easily circumvented.

"Traders have moved on. They know their communications are being monitored; they are using different channels and new words," Richard Moore, the head of financial crime and security services at DBS Bank in Singapore, said.

The latest technology hopes to overcome that via behavioural analytics, using fuzzy logic, which builds up an understanding of the relationships and probabilities that might predict transgressions.

Moore said DBS employed analytics experts in its compliance team and was working on a module to extend the behavioural profiling of ATM transactions and cardholders to chats and e-mails.

"What we need is the ability to profile behaviour, to know what is normal behaviour and realise when it begins to change," he said. – Reuters