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DaMina Advisors Note: Buying bread with ballots - Glimpses of a post-Mandela South Africa...

“Permanent mass unemployment destroys all the moral foundations of social order. The young ... forced to remain idle are the ferment of which the most radical political movements are formed. In their ranks are the soldiers of the coming revolution” – von Mises

“Life has improved comrades, life has become more joyous” – Stalin

Former South African President Nelson Mandela comfortably sits among the pantheon of 20th century immortals. Only in Plutarch, Aeschylus, The Talmud, Thucydides, and Gibbon or in Machiavelli’s writings do we get glimpses of ancient heroes and heroines equal in rank, stature and political stamina to Madiba. Yet, with eyes our glazed from mourning, we are tempted to conclude that the red soil of South Africa no longer births radical leaders of Mandela’s ilk to confront the socio-politico-economic ills of our times. However a brave night’s stroll through the poverty-stricken townships of Umlazi, Soweto, Khayelitsha or Guguletu will invariably set one on a collision course with the stark but oft-hushed reality - millions of nameless unemployed youth curdling in sweaty powerlessness and dreaming of freedom – economic freedom – a simple job! They ironically also cry, Mandela’s cry, ‘Amandla’ ‘Awethu’ (power to us). They yearn for a job and not ballots. They argue over how to change ‘The ‘System.’ Mandela’s, Mbeki’s and Zuma’s “system.”

Since 1994, each election cycle has widened the distance between the pocket and the mouth. Each ballot cast has seemingly increased the price of food and basic amenities. Each election has made jobs scarcer. With some of the highest unemployment rates in the world for 20 years running, many youth quietly question the choice of the ballot over bread which Mandela and his generation made. As Mandela, himself an avowed Marxist, would have perfectly understood, the sharpening socio-economic and class contradictions in South African life have today created an environment rife with the requisite incendiary factors to inevitably produce a proletarian economic revolt against the ruling African National Congress (ANC).

South Africa: 20 years after freedom and still jobless	1998 (%)	2011 (%)	% Change '98 - '11
Employment-to-population ratio, both sexes, percentage	38.21	38.22	0.01
Employment-to-population ratio, men, percentage	48.41	45.02	-3.39
Employment-to-population ratio, women, percentage	29.71	32.02	2.31
Youth unemployment rate, aged 15-24, both sexes	45.01	49.84	4.83
Youth unemployment rate, aged 15-24, women	49.51	55.04	5.53
Youth unemployment rate, aged 15-24, men	41.31	45.44	4.13
			0
Share of youth unemployed to total unemployed, both sexes	28.51	29.44	0.93
Share of youth unemployed to total unemployed, women	28.01	29.44	1.43
Share of youth unemployed to total unemployed, men	29.01	29.44	0.43
Source: UN Stats			

The children of 1994, now almost 20 years old, and mostly unemployed, may within this decade launch a revolt against the ANC. This revolt will not be aimed at economically privileged (and politically marginalized) whites – but at the increasingly distant and unrecognizable ruling Africa National Congress (ANC), its obese corrupt leadership, the out-of-touch black ‘empowerment’ billionaire elites, and the haughty nouveau riche middle class who coddle the party. The public boos hurled at President Jacob Zuma and his billionaire deputy, Cyril Ramaphosa, at Tuesday’s memorial service for Mandela in Johannesburg, the rise of a radical redistributionist party under former ANC Youth League President Julius Malema, and the recent launch by Steve Biko’s widow of an alternate black led political party to the ANC, are all dark and ominous clouds hovering over the future of the ANC and Mandela’s legacy. Unless the ANC formulates an economic and jobs program as radical as those which Malema offers, and yet as equitable and as wise as those which Mamphela Ramphele proffers, the party may be marching slowly towards irrelevancy and ultimate death. While Thabo Mbeki, Mandela’s technocratic successor, oversaw an honest, dramatic and often under-appreciated effort to redress the gargantuan structural socio-economic legacy of apartheid (a controversial task which Mandela, for all his enormous political capital, did not spearhead during his presidency), the country still remains today a veritable class paradox; an economic oxymoron, a tale-of-two-cities, two-nations, one rich and one still very poor, a house still divided against itself --- which ultimately cannot stand.

The argument over whether to sequence economic or political freedom first in decolonization has divided honest intellectuals since the noisy debates between Booker T. Washington and W.E.B. Dubois at the turn of the 20th century. It divided Mandela from Steve Biko; Elijah Muhammad and Malcolm X from Martin Luther King. That same argument now divides Winnie Mandela, Mangosuthu Buthelezi and Julius Malema from Jacob Zuma and the ANC leadership. W.E.B Dubois, Thurgood Marshall, Mandela and Martin Luther King won the first round in the 1960s, the ghosts of Steve Biko, Malcolm X, Marcus Garvey, Booker T. Washington and Julius Malema look poised to win the upcoming round.

By contrast, the dramatic improvement in the socio-economic status of the average Chinese over the past three decades, albeit without political freedom, casts a long shadow and amplifies the abysmal failure of the ANC and most of de-colonized ‘free’ African states to deliver basic economic freedom (ie. jobs). As Karl Marx, the intellectual idol of Mandela would have recognized, South Africa, being the most industrialized African state and containing within it the sharpest socio-economic contradictions on the continent is a veritable crucible for a looming mass revolt against the status quo.

ABOUT THE COMPANY

DaMina is a preeminent independent frontier markets risk advisory, research and consulting firm.

With a special focus on African capital and commodities markets, DaMina provides exclusive, highly-tailored, 360-degree and around-the-clock regulatory and political risk advisory and consulting services to a range of marquee global corporations and investment firms.

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