



African Communist

3rd Quarter 2016

Issue 193

DISCUSSION DOCUMENT

REVITALISING THE NDR!

**NOW MORE THAN EVER – THE SACP
HAS A LEADERSHIP DUTY!**

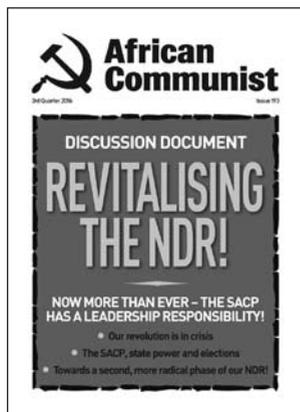
- Our revolution is in crisis
- The SACP, state power and elections
- Towards a second, more radical phase of our NDR!



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EDITORIAL NOTES

Free higher education for all?

How monopoly capitalism today benefits from an old colonial divide-and-rule strategy of the past

In 1875 Karl Marx developed one of his more detailed engagements with programmatic matters. It was in a lengthy letter to a faction of the German Social Democratic movement, critiquing their draft programme (the so-called Gotha Programme). Marx's critique is detailed and at times biting. Among the demands made in the Gotha programme is a call for "free higher education for all", as was to be found, at the time, in some states in the United States.

This is how Marx responded: "If in some states of the (the United States) higher educational institutions are also 'free' that only means in fact defraying the cost of the education of the upper classes from the general tax receipts."

One hundred and forty-one years ago, Marx is making exactly the same point that the SACP and other progressive forces have been making in the current South African reality: providing free higher education for all in a highly unequal capitalist society like South Africa will deepen social (and in our case racial) inequality. It will be a subsidy to the sons and daughters of the rich paid out of a highly stretched public fiscus. This is not to say that at the heart of the present student struggles, the struggle to transform higher education and ensure access for the working class and broad middle strata is not absolutely correct.

But how does Marx's 1875 observation relate to a wider set of realities in South Africa today?

At its 2012 National Conference in Mangaung, the ANC resolved on the necessity of carrying the National Democratic Revolution (NDR) forward into a “second more radical phase”. The SACP welcomed this strategic resolution. However, we noted at the time that the ANC had failed to give strategic content to the concept of a second more radical phase of the NDR. Unfortunately, this still remains the case.

It was in this context that, two years ago, the SACP issued a discussion document, *Going to the Root*. The objective was to stimulate a movement-wide discussion on what exactly we mean by a second radical phase. At the heart of the Party’s perspective was the argument that there had been significant redistributive efforts since 1994 – 16-million South Africans, almost one-third of our population, benefiting from social grants; more than 3,5-million free RDP houses; millions of water and electricity connections; more than 400 000 solar water heater panels installed free on the roofs of poor households; and much more. But despite this major redistributive programme, the skewed productive structure of our political economy remains untransformed.

What, very briefly, is this problematic structure?

We have inherited a political economy with extremely high levels of private, oligopolistic concentration, dependent, in turn, on an excessive reliance on mineral exports. It is this structure that continues to reproduce crisis-levels of racialised poverty, inequality and, above all, unemployment. Indeed, post-1994 the problematic features of our monopoly dominated economy have worsened with financialisation, massive capital flight and an investment strike. The impact of the major redistributive effort is constantly eroded by a productive political economy that exacerbates inequality, un- and under-employment, and therefore grotesque levels of poverty.

The Party’s core thesis is that the post-1994 redistributive effort – basically “service delivery” funded through the budget – while critically

important, is locked into a mission impossible as long as the structure of our productive political economy remains untransformed.

What needs to be done? We need to place the productive economy onto a very different job-creating, more inclusive development path. This means, among other things, a sustained, state-led re-industrialisation programme; land reform focused not on quotas, but productive sustainable livelihoods; and a state-led social and economic infrastructure programme that links primary commodity production to local manufacturing and that transforms the persisting apartheid spatial geography of South Africa. These, and other, strategic initiatives are critical if we are to build capacity for relatively sovereign national development, breaking away from our continued status as a semi-peripheral political economy in the wider imperialist system, and therefore lessening our vulnerability to external shocks and coercion (by ratings agencies, for instance).

It is the transformation of this problematic productive political economy that needs to lie at the heart of a second radical phase of the NDR – otherwise the political and constitutional advances achieved in the early 1990s (the “first” phase of the NDR) are themselves liable to be undermined.

All of this means a radical break with the idea propagated by the Democratic Alliance (DA) and monopoly capital that we simply need to grow the capitalist economy in order to have a “larger cake” from which to redistribute.

But this is the predominant paradigm and it plays straight into the hands of established big capital. This is partly because it doesn’t pose transformative questions of big capital except in the most banal sense of adjusting the racial and gender complexion of boardrooms (“Viva, black monopoly capital”!???). But this paradigm also serves to fragment and divide popular forces in two fundamental ways: one, among

themselves as they scramble competitively for scarce resources, and, two, between the popular base and an overwhelmed state that is expected to deliver on rising popular expectations.

Since 1994 the ANC-led government has mistakenly styled itself largely as a “delivery state”, effectively addressing its core social base as “customers”, “clients”, to whom all things will be delivered, including tenders, provided they vote appropriately. The state is reduced to being, at best, an allocator of scarce fiscal resources, and, at worst, a clientelistic dispenser of corrupt favours to personalities, families and factions. The popular mass base is increasingly angry and hostile. Popular militancy is directed against foreigners, rival political factions even from within the same party, or fellow students wanting to write exams.

When the ANC was launched in 1912 it appreciated that the black majority in South Africa had been excluded from the whites-only 1910 Union settlement because the colonised had failed to unite in struggle as a majority. More than 100 years later, our popular mass base is increasingly fragmented into narrow groupings, each scrambling over the other for tenders, for positions on electoral lists, and for a redistributed slice of a diminishing cake for their own particular sector. Even calls that appear to be both radical and informed by a spirit of solidarity (like “free higher education for all”), as Marx realised nearly a century and a half ago, assume a competitive sectoral character in a capitalist society of extreme inequality.

And so monopoly capital continues to benefit from an old colonial divide-and-rule strategy that perpetuates its own guilt-free domination of our society, as it hordes its ill-gotten wealth in places like Dubai. If we are to address these multiple challenges we need to provide serious content and mobilisational weight to the correct call for a second radical phase of the National Democratic Revolution. ●

CC DISCUSSION DOCUMENT

Now more than ever the SACP has a leadership duty in the NDR

This Discussion Document flows from discussions at the August SACP Central Committee meeting. Comrades are encouraged to submit responses as part of ongoing debate ahead of the SACP 14th National Congress in July 2017, where positions on issues raised in the document will be finalised

The 3 August 2016 local government elections emphasised a worrying trajectory of decline in popular support for the ANC. While at 54% the ANC still remains the electoral choice of the majority of South Africans, the gradual decline in support over several past elections and now the precipitous decline across most provinces and in urban as well as rural areas is a sobering indication of a trend. If not addressed, this loss of momentum will accelerate.

It is not, of course, just the electoral results of 3 August that are of concern. They are symptomatic of broader challenges. They are also less the consequence of opposition parties progressing and rather more the consequence of serious problems within the ANC. These include:

- Systemic money-driven factionalism from top to bottom. The 20 intra-ANC assassinations in the run-up to the elections and the subsequent assassination of another ANC councillor-elect in Tsolo and killings in eThekweni are an indication of just how dangerously sick large parts of our movement have become;

- The decision to run the ANC election campaign around the person of President Zuma also clearly cost the ANC many votes. Opinion polls suggest that President Zuma has a national approval rating in the lower 20% – far lower than that of the ANC itself. Where else in the world would a political party contesting in competitive elections choose to build its campaign around a deeply flawed personality cult?
- Related to all of the above is the endemic corruption in and corporate capture of much of the ANC’s institutional machinery. This results in brazen manipulation of internal elections, membership lists, deployments, etc;
- Not since 2007 have we seen such visible signs of division amongst the national leadership and the wilful bypassing of ANC and cabinet-mandated positions on matters such as the South African Broadcasting Corporation, South African Airways, digital migration, nuclear energy, or the “Zwane task-team” on the banks, etc. There is a climate of extreme recklessness in parts of the ANC and in parts of government and across many parastatals.

While successive ANC conferences (and Alliance Summits) have recognised many of these features in general (corruption, sins of incumbency, factionalism, growing social distance from our mass base, etc.), in practice the ANC national, provincial and regional leaderships have shown little collective willingness or capacity to deal decisively with the issues.

One notable positive feature, however, of this year’s local government elections relates to the SACP. While we should not exaggerate, it is surely not inaccurate to assert that alone among the Alliance partners, the SACP has emerged more unified, larger in membership, and relatively active on the ground. Clearly, we have resource constraints and our own organisational capacity is uneven in different localities,

but SACP activists played a critical role in many difficult situations, not least in areas which had become no-go zones for the ANC.

At our July 2015 Special National Congress we had already made the following observation: “The messages of support that we received from our Alliance partners, the ANC, Cosatu, and Sanco at this Congress have all affirmed the great hopes they are placing on the SACP as a Party of theory, a Party of activism, a tried and tested Party of revolutionary discipline...Last week’s Alliance Summit acknowledged that ... the SACP is the most stable and ideologically coherent formation within the Alliance. This is a time when the ANC is acknowledging many challenges related to incumbency and the influence of money on internal democracy. This is a moment in which the unrelenting capitalist offensive against Cosatu coincides with serious challenges to its unity and strength...more than ever before, we [the SACP] have a major responsibility...” (Declaration of SACP Special National Congress 11 July 2015)

That was just over a year ago. The downward trajectory within the ANC has continued apace since then, and the apparent lack of capacity and will to deal with the systemic challenges are more apparent than ever.

This is the context in which the SACP and State Power Commission must now take forward its work. When this Commission was first established, following a resolution of our 2005 Special National Congress, the situation was similar in some respects, but also quite different in others.

In 2005 the SACP (and a more unified Cosatu at the time) were involved in a struggle against neo-liberal hegemony within government and the ANC, led by an internal bloc that we called “the 1996 class lsoproject”. However, in 2005 the SACP was **also** dealing with an internal reformist wing (perhaps about one-third of our CC at the time)

which was closely aligned and actively collaborating with this 1996 class project. In this context, at our 2005 Special National Congress, some districts, notably Nelson Mandela Bay – legitimately frustrated at the side-lining of Party comrades by the 1996 class project-controlled ANC – called for the SACP to stand alone in forthcoming elections on a socialist/Marxist-Leninist platform. (Interestingly, the leading spokesperson for this at the 2005 SACP Special National Congress was Irvin Jim).

The SACP July 2007 National Congress dealt effectively with our former internal reformist wing, and the ANC's December 2007 Polokwane National Conference dealt a blow to the 1996 class project.

Post-2007, then, the internal demand for the SACP to stand alone electorally diminished for a time. However, the victorious Polokwane bloc of forces that was ranged against the 1996 class project led by Thabo Mbeki was itself a problematic marriage of convenience. It was composed of a left-wing grouping constituted essentially by the SACP and Cosatu, on the one hand, and a rabid tenderpreneur network led by the ANC Youth League, including personalities like Julius Malema at the time. While the SACP/Cosatu axis opposed the hegemonic neo-liberal grouping from a principled left perspective, the “anti neo-liberalism” of the ANCYL grouping was essentially an opposition to any limits placed by Treasury on the rapacious looting of public resources. With the inevitable fall-out and growing tensions between different components of the Polokwane “marriage of convenience”, internal calls for the SACP to stand independently in elections have once again surfaced, particularly from the YCL and some provinces.

It is important that we understand the similarities and differences between the 2005 and 2016 situations:

- The SACP is no longer confronted with a major 1996 class-project aligned, reformist faction within our own leadership ranks;

While there are legitimate tactical debates and differences within the Party (for example on the modality in which the Party is involved in elections) these differences are not grounded in major strategic divisions, or ideological factions;

- While the beginnings of “Gupterisation” (the flourishing of parasitic behaviour) within the ANC certainly date back to at least the Mbeki era, the degree to which this has now taken hold is seriously more advanced and dangerous. In 2005 the SACP’s principal focus in the internal ideological battles within both the Party and between the Party and the ANC/government was against the hegemony of neo-liberalism. The Party advanced a series of national democratic programmatic (and institutional) proposals – a democratic developmental state leading re-industrialisation (including beneficiation and localisation); a major state-led infrastructure programme; expansion of vocational training; urban spatial transformation; the transformation of the financial sector, etc. The Party also proposed a State Planning Commission. At its 2007 Polokwane conference the ANC endorsed all of these perspectives, and after the 2009 elections important but uneven progress was made in most of these areas. The unevenness (and deliberate undermining) of progress since 2009 (and particularly since 2014) in these and other areas has less to do with lingering neo-liberal perspectives, which of course still remain, and much more to do with the mushrooming of rabid corporate capture and parasitic looting.

The above are some observations concerning the current reality within which the question of the SACP and State and Popular Power needs to be contextualised.

What follows are some general points of principle regarding state power and elections:

State Power and Elections – five theses

Thesis 1 – State power is critical, but it is not an end in itself.

Thesis 2 – Electoral victories are important, but they are also not ends in themselves.

Thesis 3 – While electoral success is one means to achieving some influence and leverage over state power, electoral success (whether as a majority governing party standing on its own, or as part of a coalition, or alliance), does not guarantee effective exercise of state power. Many other factors are at play, these include:

- The institutional culture, capacity and strategic coherence across the range of state and parastatal institutions – including the public sector management cadre and rank-and-file public sector workers. Left-wing electoral mandates can be undermined by a recalcitrant judiciary, by right wing generals, by a bantustan legacy in the civil service, or by a lack of strategic discipline across the state (see for instance the current tendencies for state owned corporation (SOC) chairs and CEOs to supplant electoral mandates and/or Cabinet policy decisions in Eskom in regard to independent power producers, or with Icasa defying broadband access policy.) None of this is to suggest that the state administrative cadre, or the judiciary, or armed forces are inherently conservative, or that transformation of these sectors is not one of the critical tasks of any progressive party (whether it is “ruling” or not);
- Powerful external forces, whether regime change instigators or financial institutions like the IMF, the European Central Bank and ratings agencies can undermine an overwhelming electoral mandate (for instance against austerity – see the recent example of Greece);
- Popular electoral mandates can also be seriously undermined by governing party/coalition factionalism, ill-discipline and personality cults which, in turn are often linked to:

- Corporate capture of both party political structures/personalities and of state and parastatal organs.

Thesis 4 – The question of state power must not be isolated from the question of popular power both inside and outside of the state. It is not only capitalist forces outside of the state that have actual or potential leverage and influence over state power. Organised and mobilised popular power outside of the state but also inside of it (for instance, by way of progressive public sector unions) can be decisive in supporting or undermining a progressive governing party’s capacity to govern. At the same time, we need to recognise that popular power is not necessarily progressive – fundamentalist, xenophobic, and fascist forces have also been capable of undermining or hijacking democratic dispensations by mobilising broad popular strata.

Thesis 5 – The correct approach for a progressive party to adopt in regard to electoral politics is not a timeless and de-contextualised matter that can be deduced abstractly and remain valid for all time. The specific conditions at any particular time, the particular electoral system, national political traditions and legacies and likely trajectories, and the electoral prospects of a party should all be clearly considered.

In regard to the last issue, for instance, a political party may have little prospect or even ambition of attaining state power in any immediate way through the ballot box, but this does not necessarily mean it should abstain from electoral participation. Before its unbanning in 1950 – the CPSA (Communist Party of South Africa) – actively contested (and won a few ward elections) in the midst of white-minority rule. The objective was to use the electoral space to mobilise and, as best as possible, popularise CPSA political perspectives. As the recent Economic Freedom Fighters (EFF) electoral positioning has demonstrated, it is possible for an 8% party to have an impact on governance. A similar “deal-maker” medium-term strategic electoral role might be

considered by the SACP.

In this regard, tactical and strategic considerations need, also, to be contextualised within particular electoral systems and political party histories. What works in Brazil or France, for instance, might not work in South Africa and, conversely, it is important to understand our own potential advantages and challenges. In Brazil there is a direct election of the president by way of a two-round system. If no candidate wins over 50% of the vote in the first round, the two top scorers in the first round face-off in the second. This has enabled the PT (Workers' Party), currently with around only 17% of national congress representation, to win presidential elections (twice with Lula da Silva and latterly with Dilma Rousseff) by getting a range of centrist, centre-left, and left parties (including the communist party, the PCdoB) to support their presidential candidate in the second round. France also has a two-round electoral system. In a first round in municipal elections, for instance, Communist, Socialist and various leftist formations might contest against each other. In a second round, where there have been pre-arranged agreements, the left parties will unite in supporting the candidate that performed best from within their ranks. In the recent past, this has enabled the French Communist Party (PCF) to control numbers of municipalities, while supporting socialist mayors in others.

In South Africa, without a two-round dispensation, there is certainly still the possibility of SACP candidates contesting ANC candidates in ward elections, for instance, with a view to forming a post-election ANC/SACP council coalition. However, given the level of tensions and hostility (even assassinations) within the ANC itself in ward candidate list processes, we should certainly not assume that it will be easy to achieve some pre-electoral "gentleman's" agreement between the ANC and SACP. This, of course, does not mean that this strategic approach

should necessarily be ruled out.

At the same time, we also need to factor in the internationally unique reality that we enjoy in South Africa as the SACP – the possibility and actuality of dual membership, that is the possibility and actuality of South African Communists participating as full members in all ANC structures. As we know from concrete experience this also gives rise to many challenges – the danger of being co-opted, of losing our own identity, of being treated as “second class” ANC members if not constitutionally, then in practice. But it also gives a unique opportunity to help to shape and take joint responsibility for the ANC. Would dual membership survive a situation in which the SACP contested elections independently? It is possible that the ANC would not allow this or the situation might deteriorate so seriously within the ANC that the loss of dual membership rights might be a necessary step – even a necessary step for the SACP to play an active role in rescuing the ANC in the medium term. Once more, we are flagging these questions not to rule out different options, but to provide the basis for seriously weighing up the pros and cons around any tactical and strategic choices.

Thesis 6 – multi-party elections in societies dominated by monopoly capital present serious electoral campaign challenges for principled progressive parties (and especially for a Communist/Marxist-Leninist party). This is, in part, related to the huge campaign expenses involved in so-called “competitive” multi-party elections in “liberal” capitalist societies.

The US political system is probably the most corporately-captured in the world. Huge sums of campaign money are required for contesting even relatively minor local public office. Indeed, as several academic commentators have noted, the relationship between winning elections and election funding has often become inverted – with the very point of winning elections being to raise more funding in order to win the

next elections. Needless to say, this electoral treadmill becomes a major avenue for corporate capture of individuals and of party political machinery.

By June 2016, with the actual presidential elections six months away, Democrat and Republican presidential hopefuls had already spent a combined R10-billion (\$700-million) in their respective party primaries according to the US Federal Election Commission. This figure excluded the hundreds of millions more raised and spent by outside groups supporting different candidates. Clearly, this funding comes largely from the big US corporates (who often hedge their bets by simultaneously funding more than one candidate and both major parties). Bernie Sanders, who ran Hilary Clinton a surprisingly close race from a left-leaning position for the Democratic nomination, managed to challenge to some degree the corporate media and funding boycott of his campaign by using social media and crowd-funding innovations. But, in the end, the corporate-dominated Democratic Party machine marginalised his efforts.

Although election campaign spending in South Africa is not as remotely expensive as in the US, electioneering has become an increasingly burdensome reality. The official spend figure from the ANC's head-office for the 3 August local government elections is a whopping R380-million, this is the figure formally accounted for by the ANC Treasurer General. It is a figure that excludes the funding received by many individual ANC personalities and factions with strong ties to the corporate world, some of which would have been spent on the ANC campaign and some of it will have disappeared into private and factional pockets. Mpumalanga premier David Mabuza was provided with the use of an ANC-branded helicopter for 10 days on the eve of the elections and this, presumably, was not included in the ANC's R380-million election budget. Mabuza was also reported to have received a

donation of R7,5-million and 13 new vehicles from the businessman Robert Gumede (*City Press*, 31 July 2016).

The DA's official electoral funding was not much less than that of the ANC. According to a *Sunday Times* report: "DA officials said its election budget of R350-million was likely to be exceeded thanks to private funders." (31 July, 2016). Some of the DA's funding, we do not know exactly how much, comes from foreign sources.

What about the EFF? On the evidence of a relatively prominent, nation-wide poster campaign and bearing in mind the logistical costs involved in several large rallies, the EFF clearly also had significant funding. A figure of "not more than R10-million" mentioned publicly by an EFF spokesperson is almost certainly an under-statement. However, it is clear that EFF funding was significantly less than that of the ANC and DA, which explains the R30-million election campaign debt one EFF leader has mentioned, as well as the EFF's attempt to tax newly elected EFF councillors 50% of their salaries for the first three months. (In a later section we will explain our analysis of the strategy behind foreign and domestic capital's drip-feed funding of the EFF.) Apart from the proportional party political allocation made by the national and provincial legislatures, the actual sources of EFF funding are not publicly available. There are, however, occasional glimpses of where some of its funding might be coming from. In a 2015 *City Press* article, Adriano Mazzotti, an Italian with underworld connections and an associate of the convicted criminal Glen Agliotti, admitted that it was he who donated R200 000 to enable the EFF to register as a political party ahead of the 2014 national elections. In the same article Mazzotti declined to answer whether he was also assisting Julius Malema settle his R18-million liability with SARS (*City Press*, 29 April 2015). Malema's association with Mazzotti clearly dates back to the period when he was still ANC YL president.

There is a further highly problematic feature of these hundreds of millions of rands spent by South African political parties in the local government election campaigns. It is money diverted from productive and developmental investment into consumables with built-in redundancy – posters, media advertising in the major monopoly-controlled outlets, T-shirts (mostly imported), and razzmatazz mass rallies. In short, this is politics as spectacle in which the monopoly-controlled media-advertising complex reaps millions with little or any developmental impact.¹

In short, the increasing Americanisation of South African electoral politics:

- Further opens up our political system to massive corporate capture;
- Weakens national sovereignty by way of foreign funding of South African political parties;
- Creates a significant electoral entry barrier to any principled, anti-monopoly political party or electoral platform;
- Feeds into the factionalising of the ANC and the undermining of its formal electoral mandate;
- Diverts ANC and Alliance energies, resources and focus from campaigning and organisation directed at the actual challenges facing popular strata (unemployment, crime, household indebtedness) into a narrow electoralism; and
- Disproportionally favours a pro-monopoly, anti-working class political party like the DA.

For all these reasons the SACP firmly supports:

- Tighter regulation to ensure full transparency in party political funding. The SACP certainly has every interest in ensuring transparency in party political funding, regardless of whether the SACP decides to participate independently in elections or not. But the ANC

also needs to realise that it is in its own interests to ensure transparency is introduced, since donations to the ANC are often captured by individuals or factions, and since lack of transparency is a major pathway into corporate capture. In particular, foreign funding of South African political parties for election purposes needs to be outlawed;

- The signing into law of the Financial Intelligence Centre Amendment Bill. This Bill was passed by parliament early in 2016 but has still not been signed into law by the President. Among other things, the Bill seeks to strengthen financial scrutiny of politically influential persons. This and other measures to deal with money laundering, corruption and financing of terrorism is an important means for addressing corporate capture and for safeguarding our electoral system.

The role of the SACP in elections since 1994

Since 1994, the SACP has been active in every election through contributing to the ANC election manifesto (beginning with the 1994 RDP, in which the SACP played a leading role), in electoral campaigning both under the ANC banner and also independently in our own right, and in the ANC electoral list processes (of course with varying degrees of success). This post-1994 electoral stance by the SACP has been possible because of the internationally unique reality of dual membership as we have already noted in an earlier section. SACP members are also ANC members and many serve in leadership positions throughout the ANC. It is important to remember that the dual membership formulation is not the result of some backroom deal, but a reality forged over many decades in which Communists have played a leading role in building and defending the ANC.

The SACP's post-1994 electoral stance was also informed by our

continued programmatic commitment to pursuing a radical national democratic revolution. Which brings us back to our strategic Theses 1 and 2 flagged above – state power is not end in itself, nor is winning elections. We cannot have a narrow focus on state power and elections without locating the question of state and popular power within the more strategic question: power for what objectives? In the South African context this immediately raises the centrality of a radical NDR.

The continued validity of a 2nd radical phase of the NDR

Cosatu comrades prepared notes for a recent SACP/Cosatu bilateral which included the following observation: “Accepting that the SACP has chosen the NDR as the South African Road to Socialism...the question must be raised as to how Cosatu can work to popularise the SACP’s road to Socialism and position the SACP as the socialist government in waiting...” (Cosatu, Notes for a Bilateral Meeting with the SACP, June 2016).

While this observation was well-intentioned it betrays a problematic assumption. Certainly, the SACP’s core strategic purpose is to be a vanguard anti-capitalist force for socialism within the wider context of popular democratic struggles. But surely the SACP must not understand itself as “in-waiting”. The dangers of this “in-waiting” characterisation are several:

- It implies that the SACP hasn’t (or shouldn’t) assume any governance responsibilities in this “stage”. Conversely, it would suggest that where we have a presence in governance, we are opportunistic hitch-hikers taking a free ride on the NDR but with an entirely different agenda. (This is something that the liberal media constantly taunt us with: “Who gave you a mandate to be in government?” – as if SACP members have not been members of the ANC since the 1920s);

- The idea of the SACP as a “socialist government in waiting” can easily (but surely unintentionally) take us back to what the 1996 class project sought to do, namely marginalise the SACP in “this stage”, saying, in effect: “Yes, we agree, socialism is the future...but build it **then**” (with “then” understood to be some impossibly distant utopian future);
- The “in-waiting” can encourage, on the side of the party, a narrow elite “socialist” vanguardism, typical of left-sectarian cliques. This kind of vanguardism stands critically aloof from the realities of the day, confident that its day will come. As we said, as the core theme of last year’s Special National Congress, the SACP must take responsibility for the NDR. In the wake of more recent events this is surely more relevant than ever before.

Against mechanical stageism – the NDR is not a “first stage” with socialism a “second stage”

Since at least our 8th National Congress in 1995 where the slogan “Socialism is the Future, Build it Now!” was first officially adopted, the SACP has sought to break with the notion of “two-stageism”, asserting of the NDR:

- It is not a “first stage”, with socialism a “second stage”;
- It is not a “detour” but, in the current global and national reality, an NDR and socialism are deeply inter-twined;
- Indeed, the NDR is not even best understood as the “most direct route” to socialism. This still implies that the NDR is a “road” (ie: a strategy) while socialism is the “destination” (ie: the goal). This still has the shadow of stageism hanging over it, as well as the danger of imagining there is some inevitability about the relationship between the NDR and socialism (“our day will come – the inevitable advance of the forces of production are making it so”);

- It might imply that socialism is an “end state” – rather than itself a complex transitional period characterised by many contradictions, advances but also likely retreats, that will require: an ongoing national democratic defence of the socialist project – without which socialism can be reversed (note how Cuba and China both defend their socialist advances and aspirations with their own versions of democratic patriotism).

The ANC does not own the NDR

In advancing the thesis that now more than ever the SACP must assume leadership responsibilities not just for socialism but also for the NDR, we are not arguing for a “go it alone” SACP approach. We must be clear that advancing, defending and consolidating the NDR requires a broad popular movement against imperialism and monopoly capital. The SACP is not, and should not aspire to be, the sum total of such a broad popular movement.

On the other hand:

- While the ANC, historically, has sometimes been the most important organisational form for this broad movement – the NDR is not reducible to, or simply identical with the ANC;
- There were periods in the 1920s, for instance, when the ICU was, in practice, a more effective radical national democratic movement than a rather respectable and often dormant ANC. Often suppressed from official ANC histories is the existence, in the 1930s, of an Independent ANC working closely with the CPSA, which, again, proved much more capable at that time than the formal ANC itself in organising the working class and rural poor. There are many other historical questions of this kind. For instance, was the UDF a more effective NDR mass formation than anything we have since post-1994?

We need to understand that the ANC does not have some God-given

right to eternally lead the NDR. We need to recognise that at different times during its nonetheless generally proud and heroic existence, the ANC has been largely missing in action. In acknowledging these realities, we better prepare ourselves for posing the difficult and painful questions of our time:

- Can the ANC still lead the NDR? Is the ANC in a terminal downward spiral? Can the ANC be revitalised? Or will the ANC suffer a major break-up?
- Do we need a re-configured Alliance? And if so, what actually do we mean by that?
- Or do we need to help build a new popular movement/ND movement/Popular coalition?

These are painful questions because, dating back to the late 1920s, hundreds of thousands of South African Communists have gone to jail, have suffered martyrdom, have served in the ranks of MK, have worked tirelessly to build a powerful ANC capable of leading a revolutionary alliance. But, today, there are no clear-cut answers to any of the questions posed above. However, it is possible to distinguish some trends.

The negative problems within the ANC are more and more indicative of systemic features that affect the organisation at all levels. This is not to say that there are not many good ANC comrades, and many pockets of relative health and of internal and surely growing resistance to the decay. However, for the moment, the most reckless and parasitic forces have managed to colonise large parts of the organisation. The ability (or even the willingness) of the ANC collectively to embark on serious self-correction is (at least for the moment) uncertain.

Will the ANC's December 2017 National Conference (or an earlier conference as is being mooted) provide impetus for change? This is possible and desirable, but far from certain.

All of this means that in the current fluid situation the SACP should

not place all of its tactical and medium-term strategic calculations in one basket including (but not only) any decision about future modalities of SACP involvement in elections.

- We must, as best as possible, seek to help the revitalisation of the ANC on the basis of a principled and unifying programme. In supporting such revitalisation the SACP must scrupulously avoid simply becoming part of another ANC faction or personality based fan-base. In this respect there are self-critical lessons that as a Party we must learn from the 2007-2009 period;
- We must more clearly define (for ourselves in the first place) what we mean by a reconfigured Alliance, and proceed to reconfigure actively in practice – while engaging with our Alliance partners, of course, but without necessarily awaiting for full consensus that might never arrive;
- We must, as the SACP, and with or without the ANC, continue to reach out to a range of progressive formations, in particular around practical programmes and issues – as we are doing with the South African Council of Churches corporate capture project, for instance.
- Clearly, this means that, among other things, the SACP's Red October campaigns are a critical means for rooting ourselves amongst the broad working class and popular masses. But here we need to ask more self-critical questions. What substantively have we achieved with our campaigns? Are we able to effectively sustain them? From one October to the next October, do we sufficiently review and assess progress?
- If we understand our current challenge is to assume greater responsibility for the NDR in the current reality, then this must also have implications for the style and manner in which the SACP conducts itself. A narrow left sectarianism, preaching to other formations with a jargon-filled Marxist arrogance is exactly how we should not

conduct ourselves. While setting an example of commitment, activism and strategic clarity in practice, we should also learn from other struggles and collective organisational experiences – for instance, of women in stokvels and co-ops. Or from those who, driven by desperation, “illegally” occupy land. We should not close ourselves off from other progressive influences on the youth – we should read, understand critically, and celebrate Frantz Fanon and Steve Biko, for instance.

But if we are to play a more active leadership role in the NDR – how do we understand the NDR?

An inability to provide a clear strategic understanding of the NDR in the current phase, still less of a radical second phase of the NDR, is one of the symptoms of the ANC’s serious decline. Part of the SACP assuming responsibility for the NDR must also be providing a broad strategic perspective and actual content to the NDR in the current phase. What follows is simply a schematic outline, in which, for the purposes of exposition we outline separately the three (in reality deeply integrated) pillars of the NDR (the “N”, the “D” and the “R”).

The NDR’s national dimension

The national aspect of our NDR itself embraces several components:

- Radical/progressive nationalism – the NDR requires on-going mobilisation around the “national grievance” of the historically oppressed. Communists must not abandon the “national question” to opportunists of the left (EFF), or of the right (tenderpreneurs, Gupta supporters). Nor must we abandon a radical and progressive nationalism in the name of espousing an empty “multi-racial” rainbowism. Any principled non-racialism (as the SACP has understood since the late 1920s) must place overcoming the systemic features that reproduce racialised inequality and poverty at the centre of its strategic perspective;

- Nation building – nation building is not just the important cultural, symbolic, and ideological tasks (“Rhodes must fall”, de-colonisation, principled non-racialism, etc.), but also material conditions for nation building (a new development path, infrastructural transformation, overcoming apartheid space);
- These latter national tasks in our South African reality can only be, also, anti-monopoly capital – for instance, the manner in which private monopoly property holdings and property speculation block the transformation of apartheid urban geography;
- Democratic national sovereignty – the “national” dimension of the NDR is also critically about consolidating an effective national democratic state and popular power capable of defending our democratic national sovereignty as best as possible in a hostile world – ie: any serious NDR has to be anti-imperialist; but
- To be anti-imperialist means also struggling in solidarity with all victims of imperialism, therefore a consistent anti-imperialism must be internationalist.

When articulated in this way, it should be clear why an effective NDR in the South African reality requires a socialist vanguard party.

The NDR’s democratic dimension

Thoroughgoing democratisation of South Africa is both a key objective of and the principal means for advancing the NDR. It involves:

- Deepening, consolidating and defending democratic constitutional rights (eg. the right to work – see the Freedom Charter “everyone has the right and duty to work”);
- Deepening one-person one-vote representative democracy which involves new challenges:
 - Insulating democracy from corporate capture, money politics;
 - Dangers of factionalism, gate-keeping, candidate selection;

- Tendencies towards federalist dissipation of the NDR via provincial legislatures for instance.
- Participatory (direct) democracy – (re)-building organs of popular power. What is the experience with community policing forums, school governing bodies, ward committees, ward budgeting, community work programs, co-ops, worker control, etc? Have we been able to build popular power through these and other participatory institutions? If not, how do we organisationally advance democratic popular power?

The NDR's revolutionary dimension

The **revolutionary** dimension of the NDR refers not to an event but to the revolutionary struggle for deep structural transformation – placing our political economy onto a new sustainable, developmental path that goes to the root in radically transforming those structural features that continue to reproduce the crises of racialised (and class, gendered and spatial) inequality, poverty and unemployment. In very general terms this involves:

- A second more radical phase of the NDR;
- A democratic developmental state bound by strategic discipline;
- Unity of working class and popular strata – ie: popular democratic hegemony in all sites of power; and
- Preferably sustained majority rule – (have we sufficiently leveraged sustained majority electoral support over the past 22 years?) and not two-party alternation.

Which brings us directly to:

The strategic party political agenda of imperialism & monopoly capital in South Africa – a “centrist” stalemate

Before considering the South African reality more directly, it is important to note that globally “liberal democratic” multi-party dispensa-

tions are now in deepening trouble, including within the advanced capitalist countries themselves. Many mainstream commentators are now speaking about a “crisis of representation”. This is in marked contrast to the 1990s triumphalism that proudly proclaimed that “liberal democratic” dispensations along with “free market” policies were a global and irreversible trend.

Some background might be useful. With the weakening, and the eventual collapse of the Soviet bloc and the ending of the Cold War period, (neo-)liberal think-tanks trumpeted the dawn of a “third wave of democratisation”, in which increasingly large swathes of the world would embrace “liberal democratic multi-party” dispensations. This was the agenda that was advocated and implemented in varying degrees throughout the former Soviet bloc. But it was also an agenda that targeted former pro-imperialist, authoritarian regimes, including white minority rule in South Africa. With the ending of the Cold War, many pro-Western regional gendarme states had become a liability to the globalisation interests of imperialism and pressure was placed on them to negotiate elite-pacted “transitions to democracy” (from the Philippines to the military juntas in much of Latin America, to PW Botha’s apartheid regime). Of course, this imperialist-driven “democratisation” agenda was not (and still isn’t) applied consistently – notably in the Middle East, with Zionist Israel and petro-feudal Saudi Arabia being obvious examples.

After 1994, and for several years, South Africa was hailed in imperialist circles as a poster-child for the supposed global “Third Wave of Democratisation” underway. President Mbeki’s African Renaissance took up this theme, promoting “liberal democracies” in Africa. Of course, the democratic breakthrough in South Africa was an important step forward, and both here in South Africa and in many parts of Latin America, for instance (Brazil, Chile, Argentina, Ecuador), progressive

forces have been able to use democratisation to advance more nationally sovereign, social and economic agendas, countering the worst of right-wing imposed structural adjustment programmes, expanding social security systems and even advancing some national (re-)industrialisation.

But for imperialism and local monopoly capitalist interests this was not what was intended as an outcome of democratisation in the global South. In particular, where democratically elected, left-leaning (or just centre-left) patriotic forces have achieved a degree of relative electoral permanency (in Brazil until recently, or South Africa, for instance), and therefore a capacity to drive systemic changes in their respective societies, this is seen as a threat to imperialist interests.

While various regime change and “colour” revolutions are attempted, the preferred imperialist option is to introduce “electoral uncertainty” and therefore regular alternation between political elites – a political, centrist stalemate. And yet it is precisely this kind of institutionalised “democratic” system that is in deepening crisis, even in the heartlands of Western democracy.

Without going into detail here, some of the symptoms of this crisis include the Brexit referendum, the Trump phenomenon and its counter in an unpopular “least worst” corporate candidate, Hilary Clinton. There is the relative and unanticipated success of politicians and movements representing varying degrees of popular rejection of the “political establishment” in the heartlands of Western democracy. There are left-leaning politicians like the UK labour party leader Jeremy Corbyn (currently at war with his own parliamentary caucus), Bernie Sanders in the US, or formations like Syriza in Greece and Podemos in Spain. By and large, these political personalities and formations have drawn their strength by mobilising politically alienated younger generations, often relying on the new social media, YouTube, crowd funding and

other means to bypass hostile media, and the corporate and the political establishment.

In many parts of Europe the old centre-left/centre-right alternance has been seriously disrupted. This is sometimes done by an anti-politics politics, as is the case with the Five Star Movement in Italy, led by a comedian Beppe Grillo, which now controls major cities like Rome and Turin. But the crisis of “liberal democracy” is also manifested in the alarming rise of chauvinistic forces (Trump, of course, but also United Kingdom Independent Party in the UK which mobilised the Brexit vote, or the AfD in Germany²) and extreme right-wing, proto-fascist movements in Greece and France, which have seen their electoral support rise significantly. In some cases, extreme right forces are now the dominant political formations in their countries (Austria, Hungary).

It is important always to remember that neither the SACP nor the broader ANC-led Alliance single-handedly shape the electoral terrain. Other forces also do so. Since the late 1980s, the key liberal strategists aligned to both South African monopoly capital and imperialist think-tanks recognised the importance of having an “ANC brand” governing in South Africa, at least for a transitional period of a decade or two, without which stabilisation within the framework of a “liberal democracy” would be impossible. However, there were two problems for this strategic agenda:

- The presence and influence of the SACP and a radical trade union federation, Cosatu. within the ANC-led Alliance; and
- The fear that the ANC as an electoral party would achieve sustained and overwhelming majority electoral support. In a one-party dominant system, monopoly capital is often more limited in its ability to play off (and pay off) “competing” centre-left/centre-right parties. A political party or popular movement with sustained and overwhelming majority support has (in theory) greater autonomy

from capital.

This fear of one-party dominance is why all the liberal media in the past weeks have hailed the August 3 election as a “maturing” of South Africa’s democracy – as if previous 60% plus majorities for the ANC were a sign of electoral “immaturity”.

The current flirtation between the DA and EFF is not part of either’s long-game strategy. In particular, the DA’s medium-term strategy is to make common ground with a moderated ANC – either in a coalition or in a liberal centre-right/centre-left dominated electoral dispensation of the kind that has (but increasingly no longer) characterised “mature” liberal democracies. This is a preferred outcome for monopoly capital and imperialist circles – because it provides for the appearance of democratic choice and competition, but essentially introduces an institutionalised stalemate that would be especially inappropriate for our South African reality that so evidently requires a major structural revolution.

When Zille was still DA leader she frequently articulated a perspective in which the DA, once it had knocked the ANC down to below 50% support nationally, would be able, as part of a coalition deal, to force the “constitutionalists”, “the moderate centre” within the ANC to cut loose the “radicals” on the “left”. This is exactly the 2019 agenda that commentators like Alistair Sparks and Peter Bruce have recently evoked (see Bruce: “Coalition deals will soon test South Africa’s political maturity”, *Business Day*, 5 August 2016). In this article, Bruce urges Maimane to explore coalitions with the ANC in Johannesburg and Tshwane: “We all know Zuma is a problem. But, as we are constantly reminded by the voices raised against him within the ANC, his party is not a lost cause.”

The DA won’t do this now, not because they believe the EFF is closer to them, but because coalitions with the ANC at this point don’t suit

the DA's 2019 agenda. It hopes to bring the ANC down below 50% nationally by then, as a result of its own inroads but also as a result of on-going inner turmoil within the ANC. It is only then, from a position of greater strength, that it will explore cooperation with a weakened ANC.

We are not suggesting that there is some grand conspiracy – but there is a strategy! And this broad imperialist/monopoly capital/DA strategy also explains the love-hate positioning from these quarters in regard to the EFF. The acres of media coverage that the EFF has enjoyed over the past two years is, in part, a measure of the dumbing down of media commentary in South Africa, in which one-liners and melodrama drown out serious analysis. But it is also a result of the role required of the EFF – to knock the ANC's electoral majority but without the EFF itself advancing much beyond 8%. In this sense, the EFF has perfectly performed its assigned role within this strategy in these local government elections.

It is precisely the role that many commentators from the mid-1990s had hopefully assigned to the SACP – with their endless and hypocritical encouragement of the SACP to fight elections on our own.

It is noticeable that there has now been a relative cooling in the commercial media towards the EFF, but from a neo-liberal perspective they still have an 8% role in the run-up to 2019. Of course, we should not make the mistake of believing that all or even a majority of EFF leaders, let alone supporters, are knowing role-players in this agenda. The EFF leadership is also hoping to split and/or knock the ANC down to less than 50% nationally and provincially. In the post 3 August negotiations, EFF leaders indicated to the ANC negotiators that they would “never” form a coalition with the DA. Their only coalition partner, they said, would be the ANC – “but not now”.

The imperialist/monopoly capital/DA strategic agenda might play

out successfully. But it will be a disaster for South Africa. The NDR will be stuck and the state capacity to transform the underlying systemic features reproducing racialised inequality, poverty and unemployment will be set back even further.

One of the key weaknesses and a strategic blind spot of this DA/monopoly capital agenda is its inability to read and understand the impact and role of the SACP. They characterise the ANC as being in two blocs:

- A moderate **“liberal”** bloc – the “constitutionalists”;
- The **“radicals”** – the “Pirates of Polokwane”, to which the SACP and Cosatu are assigned, but along with the Guptas, Zumas, etc.

Given this DA/monopoly capital strategic agenda, it becomes clearer why the SACP’s current positioning – defending the constitution (which is not a liberal but, in many respects, a national democratic constitution), campaigning against corruption and corporate capture, becomes so important, in holding the line of a radical NDR underpinned by popular power.

While continuing to play an active, vanguard role in the struggle that has now intensified and broadened in the post-3 August period against corruption and against the abuse of state organs like the National Prosecuting Authority, the SACP has a wider responsibility. Yes, we must steadfastly support Treasury in its determined effort to hold the line against corruption. We must expose those who, out of rank opportunism, are attacking the major banks for flagging dozens of suspicious financial transactions. We must unite against corruption with all of those from within our broad movement and beyond, notwithstanding past or present ideological differences.

We must also acknowledge that the problems of corporate capture and corruption have worsened and become more systemic over the past decade. We must be open to criticism and self-criticism about the SACP’s own shortcomings over this period.

But as a principled party of socialism, the SACP also has a wider responsibility. We must actively counter the narrative that all of South Africa's problems of low growth and crisis-levels of unemployment and poverty are simply the result of a post-Polokwane "loss of moral compass". Corporate capture of the state and of political movements is not just about venal, material corruption. It is also about ideological and moral capture. These latter forms of corporate hegemony were well advanced by the second half of the 1990s within key parts of both the post-apartheid state and the ANC.

The accelerated removal of capital controls, excessive trade liberalisation, misguided state complacency in allowing major South African corporates to list overseas, and much more, saw trillions of rands flowing "legally" and illegally out of our country. The neo-liberal myth that public sector investment "crowds out" private investment and the failure to invest in key social and economic infrastructure from the mid-1990s further crippled job creation and local public and privately owned industries. This corporate capture by established monopoly capital of leading parts of the state from the mid-1990s was sweetened for many in the new "ruling" caste with narrow "black economic power" deals that further diverted hundreds of billions of rands out of potentially productive, job creating investment.

Since the mid-1990s the SACP has consistently advanced these perspectives and concerns. They require repeating and developing today – not to score a sectarian point, or to factionalise the necessary and immediately pressing requirement of a broad front against the most venal forms of material corruption, corporate capture and the abuse of the prosecuting authorities or the public broadcaster. The point is to ensure that the rolling back of Gupterisation does not simply take us back once more into the recent past. The ideological and programmatic corporate capture of key parts of the state from the mid-1990s created

the conditions in which the systemic flourishing of outright corruption has now taken hold.

The future cannot be the recent past. Let us defeat Gupta-isation to advance on the path of a radical national democratic revolution.

Revitalization and mobilisation of the key motive forces of the national democratic revolution

One of the most important observations of the SACP in its analyses of some of the setbacks from the 2016 local government elections, and some of the cumulative effects of the problems analysed in this document, is that the ANC, and to a certain extent the Alliance as a whole, has been loss of contact with, or leadership over, the principal motive forces of our revolution. Sustained focus on organisation building both within the ANC and across the Alliance is fundamental. Given the important role that the SACP has to increasingly play in the revitalisation of the motive forces of our revolution it is essential that it defines, its own role in this challenge much more clearly.

While the rebuilding and reconnection with the principal motive forces of our revolution must still be headed by the ANC, this task can however not be led by the ANC alone. As agreed in our recent Alliance Political Council, each of the Alliance partners will have to look closely at its organisational structures and mode of organisation, particularly asking the question on whether these are still relevant. An important question to be asked by the Alliance as a whole is whether the modus operandi of the Alliance since 1994 has not exhausted itself.

If the SACP is to fulfil the many tasks identified above, it will be important that we direct much of our energies and resources into building a much larger, but quality and activist, SACP going into the next 10 years. The SACP needs to escalate its mass campaigns, and use these as platforms to deepen its work among the various sectors of society.

In summary

1. The NDR is in serious crisis – the SACP has a major role in providing ideological, organisational and activist leadership at this time.
2. The question of the Party and State Power needs to be considered within this context and not in abstract terms.
3. State power and winning elections are not ends in themselves. The question of state power should not be reduced to winning elections alone.
4. The political situation is fluid. There are many uncertainties about the ANC's ability to address its own internal problems, and particularly what the outcome of 2017 will be. In this overall context it is important that the SACP keeps its tactical options open while continuing to build its structures, its ideological unity, and, above all, its activism on the ground. ●

NOTES

1. For useful studies focusing on the US in this respect, see Robert W McChesney and John Nichols, “The Bull Market. Political Advertising”, *Monthly Review*, vol.63, April 2012; and Mary V Wrenn, “Surplus Absorption and Waste in Neoliberal Monopoly Capitalism”, *Monthly Review*, vol.68, July-August 2016 – both available on the *Monthly Review* (<http://monthlyreview.org>).
2. AfD: Alternative für Deutschland (Alternative for Germany), a right wing German party opposing the European Community and migration into Germany (among its slogans is “Islam is not a part of Germany”). It won 7% of the national vote in 2014

REVITALISING THE ANC

The need for a refreshed narrative and uniting vision

In the wake of the ANC's poor showing in the August municipal elections, **Mcebisi Jonas** assesses what – not just who – the movement needs to change to prevent a slide out of power

The recent election results confirmed what we already know: our movement is in trouble. Having just lost control over the economic hubs of the country, and with the knowledge that the demographic trend of urbanisation is against us, it is time for some sober introspection. Muddling along as before will see us defeated in Gauteng in 2019, and possibly out of power by 2024.

The starting point of reforming the movement will be to reach agreement on what we need to change, and not simply who we need to change as is the commonly held view both in the media and among our comrades. We need a process of rebirth, so that our once-glorious movement can again lead all sectors of society behind a common vision. But what exactly is this vision?

As a “broad church”, the ANC is currently made up of many competing perspectives on what strategic choices must be made at this current conjuncture. This creates “identity confusion”, what the corporate world calls “brand confusion”, exacerbated by the opportunistic meddling of the opposition parties in our current debates. We must start seeing beyond the individuals associated with different positions, and

beyond what we see in the media, to arrive at the real choices and associated trade-offs that we must collectively make. This will allow us to begin articulating a shared vision around which society as a whole can be mobilised.

This paper is intended as a contribution to this process of introspection. The core argument is that meaningful analysis of the current conjuncture is too superficial, and heavily embedded in the interest groups that articulate such views. Sadly, even within our own ranks as the ANC, hardly a day goes by without us contradicting one another on key strategic issues. Unfortunately, this happens in the full glare of the media. We appear without direction and entirely incoherent. It is little wonder we were punished at the recent polls.

At the expense of over-simplification, there are a number of competing narratives in circulation. It is important to understand what is being articulated in each narrative, who is articulating each narrative, and what gives each narrative traction among certain sections of society. But, most importantly, how do we start articulating a fresh narrative – one that takes us beyond our current impasse to unite South Africans behind a common vision for fast-tracked and sustainable socio-economic transformation?

Existing narratives about the current moment & where we are going

There is no doubting that we are a divided society. It is important that we create a new narrative that is able to once again unite the country behind a common vision. In doing this, it is useful to consider a number of competing narratives circulating in the current moment.

Narrative 1: Populist redistribution

This narrative is articulated by political formations such as the EFF and social movements such as Black First Land First, as well as components

within our structures. The essence of this narrative is that the pact between the apartheid elite and the new black elite has expired, and a radical transfer of land and other productive assets needs to be expedited. The detail of how this is to be done is not articulated. Constitutional provisions, especially the property clauses which protect white privilege, need to be urgently changed, it is said. Given the high levels of economic exclusion and race-based patterns of wealth and inequality, this narrative is gaining traction among youth and other marginalised sectors, especially around issue-based concerns such as #Feesmustfall.

It is tempting to simply dismiss redistributive populism as political grandstanding and demagogy. Obviously, populist interests tend to opportunistically use issues like income inequality, land access, and access to university education, to score narrow political points. But we need to see beyond this. The rise of redistributive populism is a stark reminder that elite-driven transitions have sell-by dates. The message is simple: we exclude at our own peril. There can be no shared vision around which South Africans can unite that does not more aggressively address race, class and gender based inequalities. Our own vision and programmes as the ANC must more deliberately foreground issues of inequality and exclusion. It is imperative that we again lead society on these issues, and give coherence and content to these struggles.

Narrative 2: State patriotism versus the parasitic elite

This narrative is articulated by components within the movement and state machinery and holds that what is being called “state capture” is actually an orchestrated strategy to break the power of white monopoly capital by the movement and state. The continued criticisms of the President are part of a broader campaign for regime change orchestrated by monopoly capital. The “real” state capture has already taken

place – by monopoly capital. Treasury functions as an agent of global multilateral institutions to protect the power of this monopoly capital and disrupt attempts by the state to rebalance economic power relations. Civil society organisations challenging the state on issues of accountability and corruption are also part of the regime-change agenda. Allegations of state capture, corruption and patronage are exaggerated, and incorrectly applied to genuine attempts to use state leverage to build a patriotic bourgeoisie.

This narrative needs to be exposed for what it is – the capture of state power by a parasitic elite for self-serving interests. A counter-narrative articulated for example by the South African Communist Party (SACP) and groupings within the movement, argues that the NDR is currently under threat from a parasitic bourgeoisie that has captured strategic state institutions. This has eroded the capacity of the state to confront the “strategic principal opponents of the NDR”, trans-nationalised monopoly capital. Key institutions such as Treasury must be protected from the on-going assault by this parasitic bourgeoisie. Integrally linked to this state capture by the parasitic bourgeoisie is the increasing factionalism in the ANC, which if left unchecked will lead to its implosion and the suspension of the National Democratic Revolution (NDR). There is a need for a popular front that mobilises to radically reform the ANC, and reconnect the movement with its mass base.

Narrative 3: South Africa under ANC rule will become a failed state

This narrative is articulated primarily by conservative and centre-right political parties, and is in part reproduced on some media platforms. The essence of this narrative is that the ANC is failing to manage the economy, is corrupt, and is failing to deliver services to the poor. A ratings downgrade – which will result in disinvestment, a weakening currency, and higher levels of inflation – is seen as inevitable, and as a sign

of poor investor confidence in an ANC-led government.

Equity oriented policies, such as land reform and Broad-Based Black Economic Empowerment (BBBEE), are a constraint to growth and jobs. This narrative feeds into the conservative paranoia of the historical elite as well as the newly established black middle class, who have a strong interest in safeguarding their newly acquired middle class status.

Ownership patterns in the economy and economic exclusion, in this narrative, will be addressed through new opportunities presented by a growing economy and improved education outcomes, rather than through direct state intervention to level the economic playing fields. South Africa will only flourish when the ANC is no longer in power, and the loss of power in a number of the key metros is a huge step towards this goal. In its worst iteration, this narrative holds that, in a manner similar to Zimbabwe, the ANC will dismantle watchdog institutions, side step the rule of law, and over-ride constitutional rights to retain power. This would lead to mass disinvestment, the collapse of the economy, and South Africa becoming a failed state.

The unfortunate truth of the moment is that we are giving credibility to this narrative through our own lapses in integrity and ill-considered actions.

Towards a new narrative

We need a new narrative about the society we are leading, and how we will overcome our current challenges. It is suggested that the new narrative we need to articulate and embed must have five core elements.

Restoring the integrity of the ANC & state

As is common with liberation movements turned ruling parties, after 20 years or so we can no longer assume support on the basis of our proud liberation narrative. Currently public confidence in the integrity

of the movement and state institutions is at its lowest ebb, with issues of state capture and corruption among our leadership at various levels of the organisation continuing to be the focus of significant media attention. Key actions that we must mobilise around include the immediate expunging of parasitic elements from the state, restoring confidence in the governance of state-owned entities (SOEs), defending our constitutional and democratic institutions, and addressing concerns about the integrity of our policing, prosecutions and criminal justice machinery. These actions are necessary both to build the confidence of the electorate for 2019 and beyond and to restore investor confidence in South Africa.

Macro-economic stability

Here we need to dispel the myth that tight macro-economic management only serves the interests of big capital. This was well recognised by Lula da Silva's Workers' Party in Brazil, which implemented a strong redistributive programme, but was always underpinned by tight macro-economic management. This was based on the understanding that (a) the poor and lower-middle classes have an interest in price stability and low inflation, and (b) sustained redistributive social wage spending requires a stable fiscus.

Current pressures in South Africa as a result of sustained low growth, and state spending outpacing revenue, together with contingent liability risks associated with the poor performance of a number of our SOEs, have made fiscal consolidation one of our key priorities for the short term.

We must also do whatever it takes to avoid a ratings downgrade. More than one-third of our government bond market and 40% of our equity market is foreign owned. This of course puts us at huge risk should we be downgraded to junk status.

Full-throttle industrialisation

The third element of our new narrative must be full-throttle industrialisation. The South African economy has been stuck in a low growth trap since the 1970s based on a minerals-energy complex of mining and finance corporates historically built on low-cost, super-exploited migrant labour and cheap energy. This has been unravelling over the past few decades, intensifying since the Great Recession (2007-2011), and we have not yet transitioned to a new growth model. This requires a deliberate and accelerated process to restructure and diversify the economy away from the mining and finance sectors, towards new sources of productive growth in tradable goods sectors that decrease our vulnerability to external shocks.

Sectors have been identified where we could be competitive – automotive, machinery, chemicals, agro-industry, oil and gas, etc. There is some basis for real optimism regarding the re-industrialisation of the South African economy. This includes access to growing markets in sub-Saharan Africa; our technical strengths, particularly in engineering skills, and the fact that manufacturing exports have been growing faster than domestic sales since the 1990s (the manufacturing export ratio is up from 15% in 1995 to 33% currently). This said, significant constraints must be addressed that continue to undermine competitiveness. These include electricity supply constraints, logistics constraints including high port-handling charges, high costs of broadband and ICT, as well as skills shortages (which drive up costs of technical skills).

Re-industrialisation also requires significant private sector investment. But in line with a highly financialised economy, investments continue to flow to the non-productive side of the economy (where returns are higher), and to sectors where rent-seeking returns are being derived. Re-industrialisation also requires a fundamental reorientation of our approach to development finance, and new innovative

approaches to leveraging private investment into the tradable goods sector which has high spill over and productivity returns. It also necessitates a new focus on resourcing research and development and technology transfer.

Economic inclusion

The fourth element of the new narrative we must articulate is inclusivity and inequality reduction. Rapid economic growth and industrialisation must comprise a vital component of radical economic transformation, but in and of itself will not necessarily reduce inequality. We must acknowledge that in the main our attempts to create black wealth has revolved around rent seeking and rent allocation. This has created a small black elite, tied closely to patronage networks around those in power. This model underlies many integrity challenges we need to confront as a movement. We need a new model for creating black wealth, and for reducing levels of economic inequality in society. This is not easy. As Thomas Piketty reminds us, in capitalist economies wealth grows faster than income, implying that existing holders of capital see faster returns than those with jobs. In the South African context, a major reason why inequality has not fallen is that returns to those with assets (and skills) have been higher than new entrants.

This suggests that measures to grow and diversify the economy away from the highly monopolised mining and finance sectors must be accompanied by special measures that address barriers to entry. These measures include development finance (to offset capital ownership as the core barrier to entry).

Also important will be radically up-scaled skills development and training, innovation and technology transfer, special support for start-ups through incubators, market access support (including state pro-

curement set asides and off-takes), and spatially targeted interventions (such as special economic zones, rural agri-parks and RED [rural economic development] hubs, and township economies) to leverage capital into historically under-invested regions. The established private sector and banks must also be leveraged and incentivised to play their role in prioritised value chains, and in terms of allocating capital in spatial areas they have historically avoided (former bantustans, townships etc).

Tackling the youth bulge

Paradoxically those sectors where South Africa is currently most competitive – finance, knowledge services and advanced manufacturing – all require relatively high skills for entry, which would require a drastic step up in education and training outcomes. This speaks then directly to one of South Africa’s greatest vulnerabilities – unemployment and the commensurate youth bulge.

The country has an extremely youthful population – about 66% of the population (36-million people) are below the age of 35 years. According to StatSA’s mid-year population estimate for 2016, a staggering 24% of the population, or 13-million people, are aged between 15 and 24 years.

Having a youthful population is often viewed as positive for unlocking growth and development potential (the so-called youth dividend). But with growing structural unemployment and an economy stuck in a low growth trap, the youth dividend can also quickly turn into a youth burden.

In South Africa, youth social movements have not yet come into their own in terms of articulating and channelling their interests towards constructive arenas for engaging in real social transformation and growth. A new narrative in this regard must focus on restoring

youth to their rightful position in society by opening up the terrain where young organic intellectuals can thrive and grow, shaping the visions that will inspire other youth to follow and embrace the process of transformation and real change.

Ultimately, we must find employment opportunities for millions of unskilled and low skilled youth who have been failed by our education and training system. This will require a combination of escalating direct public employment schemes, as well as opening up opportunities in low skill, labour intensive industrial segments. To achieve the latter would require some innovation in our labour market policies, possibly including wage subsidies and productivity-enhancing measures as an incentive for the private sector to increase employment. These innovations and their risks require robust discussion among employers, government, labour unions, and youth formations.

Re invigorated state capabilities

The extent to which we are able to navigate the current moment, restore investor confidence, and stimulate inclusive growth, will depend on heightened levels of political leadership and new state capacities that will need to be harnessed to work with the private sector to build competition in industrial segments and firms. Avoiding fiscal populism, and conservatism on the other hand, will also be critical to navigate the current moment.

The starting point for this to happen is a renewed political consensus on actions to be taken, and maturity to enter into new economic governance arrangements and compacts. In addition, a package of new state capabilities needs to be assembled urgently, including:

- New mechanisms to achieve heightened levels of political coherence at all levels of the state to implement a full-throttle industrialisation package. The risks of failing to do so could potentially

compromise national sovereignty, and would certainly reduce our effectiveness in implementing the package;

- Strengthened state capabilities in critical areas such as industrial policy implementation, public investment structuring, transaction and project management and finance sector restructuring, among others;
- Sustained and increased public investment to promote growth and industrial diversification, while being much more rigorous in the selection, design and implementation of public investment projects to support economic development. Specifically we need to develop a public investment pipeline that: maximises support to employment creation and export industries; is competitively priced (international bench-marking and control of cost overruns); offers the most scope for crowding-in private investment; and abandons or cancels investments that do not fit the bill;
- Revisiting budget baselines to redirect fiscal resources to grow the productive economy and enable inclusivity. New fiscal and tax instruments need to be developed to enable this.

The sad reality of the moment is that it is difficult to have a mature and nuanced reflection on where we are as a movement and country, and where we need to go. Different positions, for example on corporate capture, become proxies for factionalist positions linked to slates being positioned for the 2017 ANC National Conference. So at the precise moment we most need clarity about where we are going as a movement, how best to tackle our challenges of incoherence, and how we can bring society along with us, we are closed for substantive engagement. At the time when we really need to have the real debates about the trade-offs needed to effect radical economic transformation, other matters distract us.

Be that as it may, we should not, as responsible leadership, refrain

from the kind of strategic engagement intended to build coherence and unity of purpose. It is time we began articulating a new narrative around which the Alliance and the rest of society can unite. ●

Cde Jonas is the Deputy Minister of Finance and an SACP member. He writes in his personal capacity.

COSATU

Behind public sector union dominance in Cosatu

The federation is the home of all workers regardless of sector, writes **Zola Saphetha**, but neoliberalism is eroding private sector unions – a cause for redoubled class struggle

The fundamental distortions emerging about our revolution cannot be traced to the essential tenets of our predecessors, and if we are looking for culprits, we must look at ourselves. The fault lies with us as trade unionists and revolutionaries, not the opinion makers or so-called political analysts, precisely because we have put ourselves “on mute” for a long time and allowed them to speak about the instruments of the proletariat and revolutionary movement in our presence. The conclusive view about a public sector-dominated Cosatu is a weak and unreliable federation of workers, and this kind of federation represents a danger to the struggles of workers. This perception is a fundamental distortion about the revolution of workers and the working class in general.

After having read and heard this narrow argument, it is necessary to respond to these distortions by clarifying the essence of trade unionism and its relationship with the working class revolution. Unlike opinion makers and so-called political analysts, as revolutionaries, we have a duty to lead and clarify the essence of the revolution, given our ideological orientation and commitment to the same revolution that is grounded on the balance of theory and practice as opposed to armchair criticism.

“Divide and rule” is the catchphrase of the capitalist ruling class whose aim is to force workers into competition with each other, for instance, as domestic versus migrant workers, skilled versus unskilled workers, artisanal versus industrial workers. They exploit every opportunity to keep workers divided. However, becoming organised into unions presented an opportunity for collective struggles against employers, thereby reducing competition between and among workers.

In 1865, Karl Marx wrote that wage levels can only be “settled by the continuous struggle between capital and labour, the capitalist constantly tending to reduce wages to their physical minimum and to extend the working day to its physical maximum, while the working man constantly presses in the opposite direction”. In this regard, it is important for the trade union movement to understand that human societies progress through class struggle as correctly captured by Karl Marx and Frederick Engels in part one of *The Communist Manifesto* in 1848 that: “The history of all hitherto existing society is the history of class struggles”.

For this reason, shop stewards and leaders of workers’ unions should at all material times understand that trade unions are workers’ front line of defence against their employers under capitalism and serve as a crucial vehicle for struggle to the future self-emancipation of the working class. Despite the contradictory character of unions, these labour formations negotiate the terms of exploitation of workers under capitalism while also serving as instruments for struggle to prepare the working class for revolution.

It is from this understanding that I join the public discourse on the perceived dangers posed by a public sector dominated Cosatu. Indeed, my contribution is aimed at cautioning those who seem to have fallen into the capitalist trap of dividing workers and the working class broadly. In my view, trade unions are working class formations existing

primarily to protect and advance the interests of workers irrespective of the industry or sector a trade union organises in.

In the discussion, some opinion makers and political analysts argue that only private sector unions are the real unions for workers' struggle as opposed to public sector unions, to a point that the decline of such unions in Cosatu, in their view, results in a weak federation of workers that lacks proper ideological clarity for the working class revolution. They see public sector unions as a peripheral part of working class formations and those holding this view always refer to Marx and Engels to support their argument. Unfortunately, this view fails to appreciate, firstly, that Marx and Engels' early critiques concerned the effects of the modern factory system, predicting its end as the workers rose up and took control of a system that exploited them so badly and treated them as appendages to machines. Secondly, this view also fails to appreciate that both Marx and Engels themselves accepted that their teaching "is not a dogma, but a guide to action". Hence Lenin continually repeated these words and through his method and revolutionary practice demonstrated this point. As a result, his applied method helped him to convert the revolutionary side of Marx into a real guide to action.

In his application of Marxism to trade unionism, Lenin sharply and repeatedly stressed the inevitability of the governmentalisation of trade unions and approached it primarily from the angle of practical struggles that trade unions will carry out in the work of industrial reconstruction. In one of his speeches, Lenin argued: "There are still many steps to be taken before we can say the trade unions of the toilers have completely merged with the state machinery. This will take place when the organs by which one class exercises violence over another will be completely in the hands of the workers". Here, the question of the governmentalisation of the trade unions is linked-up with a number of other questions such as the revolution and the creation of a genuine

proletarian state machinery, etc.

For Lenin, the governmentalisation of the trade unions was a long process of practical activity, of direct work in the organisation of the national economy. He thought of the transformation of the unions into organs of state power as of a process that begins by participation in the government of the country and ends in the building of new organs of governance exclusively under the control of the trade unions. But why must trade unions, in Lenin's opinion, come to control the national economy? "Because," Lenin replies, "the trade unions are mass organisations and the revolution is primarily the creation of the masses itself." Lenin formulates this idea as follows: "The trade unions become the principal builders of the new society because the builders of this society can be only the great masses, just as the builders of society during serfdom were made up of hundreds, just as the state under capitalism was built up by thousands and tens of thousands, just so can the present socialist revolution be accomplished only with the direct and active participation of tens of millions in the governing of the state".

This illustrates the view of the state as an instrument of oppression. It represents the interests of the ruling class and mirrors the class antagonism of society. Monopoly capital is as exploitative as the capitalist state. Indeed, oppression is oppression and exploitation is exploitation whatever form it takes and whatever its source. Capitalism is evil and exploitative; hence workers from all sectors of the society must revolt against it.

Trade unions are not negotiating in a vacuum and union leaders alone do not dictate the future of the class struggle. Strategies and tactics need to be determined in practice, and adapted to the many factors that determine the balance of class forces—which are not static, but ever-changing—at any given moment. As Rosa Luxemburg wrote in the Mass Strike, shortly after the 1905 Russian revolution, "If the Russian

Revolution teaches us anything, it teaches above all that the mass strike is not artificially ‘made’, not ‘decided’ at random, not ‘propagated’, but that it is a historical phenomenon, which, at a given moment, results from social conditions with historical inevitability. It is not, therefore, by abstract speculations on the possibility or impossibility, the utility or the injuriousness of the mass strike, but only by an examination of those factors and social conditions out of which the mass strike grows in the present phase of the class struggle—in other words, it is not by subjective criticism of the mass strike from the standpoint of what is desirable, but only by objective investigation of the sources of the mass strike from the standpoint of what is historically inevitable, that the problem can be grasped or even discussed”.

Strategies and tactics must be determined through an assessment of both objective and subjective factors at each particular phase of history. There will be many challenges, victories, and defeats ahead of us. These are inevitable in the revolutionary process, during which the revolutionary party prepares itself to lead the self-emancipation of the working-class—while the working class prepares itself not to just overthrow the system, but also to rule society in the interests of the vast majority of humanity.

It is important to clarify the nature and type of trade unions in the form of three streams.

Unity by trade – such trade unions are not progressive simply because they seek to advance the interests of their members within the limited confines of bargaining and workplace activities, and do not appreciate the inter-connectedness of social struggles with workplace struggles.

Anarcho-syndicalism – where trade unions see revolutionary industrial unionism or syndicalism as a method for workers in capitalist society to gain control of the economy and use that control to influence

broader society. They believe that trade unions alone can overthrow capitalist class rule without being guided by a vanguard of the working class (a Communist Party).

Progressive trade unions – comprising formations carrying-out their primary mission within the framework of broader working class struggles for social transformation. These trade unions stress the interconnectedness of the workplace struggle to that of the broader societal struggles. This means they engage in political and ideological struggles as part and parcel of their day-to-day work.

These definitions can help us better understand Cosatu's role as a progressive trade union federation unlike others.

It is important to note that the history and development of capitalism is inseparable from the history and development of the labour movement. The early industrial period gave us craft unions that sought to unite workers on the basis of a particular skill level. This was in contrast to the later industrial unions, which sought to unite workers, irrespective of skill or trade, on the basis of the industry they worked in. In South Africa, what we have today are so called independent trade unions, anarcho-syndicalist labour groups and the trade union movement within the Tripartite Alliance.

Historically, there has been a distinction between apolitical unions (unions that do not dabble in politics) and non-aligned unions (political unions that are not aligned to any political formation). However, in South Africa the so-called non-aligned trade unions have adopted a narrow apolitical view of trade unionism. The anarcho-syndicalist groupings on the other hand have been engaged in a futile struggle to brew a purely worker-led revolution from their corner of self-imposed isolation. Cosatu long ago realised that trade unionism and class struggle cannot be separated.

Indeed, Cosatu remains a home for all workers irrespective of their

location either in the private or public sectors, Cosatu has historically been drawing its members largely from private sector unions, and as such they were dominant in that regard. On the other hand, we remember that it could not be easy to recruit workers from the public sector given the loyalty of the public servants to the party at the helm of the state during apartheid and also the state's hard-line attitude to the unionisation of its workforce. It is worth remembering that one of the tasks Cosatu set itself at the dawn of our democracy was to grow its then miniscule presence in the public sector. It is for this reason that, rather than being viewed as a shortcoming, the growth of Cosatu in the public sector should be viewed as the culmination of the goal that the federation had set itself at the dawn of our democracy.

Also, capitalism has undergone major developments over the last few decades. Across the world, private sector unions have experienced a significant decline in membership. This decline is the result of the rise of precarious work, the massive retrenchments, and the growth of the services sector and decline of the manufacturing sector under neoliberal globalisation. This trend, just like the earlier trends of capitalism has had an inevitable impact on the demographics of trade unions and their federations. The growth of public sector unions in Cosatu should be viewed in this context. It is these changed circumstances rather than Cosatu's alignment to this or that political formation that has led to the changed demographics in the federation.

According to Statistics South Africa's June 2014 Quarterly Employment Statistics (QES) survey, there were 455 701 national government employees and 1 118 748 people working for provincial authorities. There were 311 361 people employed by local authorities and 275 851 employees worked for "other government institutions" like libraries, parks, zoos and education and training authorities. This makes 2-million public servants.

It is clear that the employment trend in the private sector has declined while public sector employment has grown. To illustrate the point, since the high total of employment in the fourth quarter of 2008, private sector employment has been down by 4,5% while public sector employment has been up by 11,1%. This means since the first quarter of 2008, the public sector added 314 000 jobs, while the private sector lost 268 000 jobs. Though overall employment in South Africa is not increasing, private sector employment is falling while public sector employment is growing.

According to the findings of a new research paper¹ published by the Development Policy Research Unit from the University of Cape Town, investigating the demographic, employment and wage trends of South Africa, some 15-million people are employed in South Africa – up from 12,4-million in 2004. This increase of 2,6-million over the last decade is equivalent to an average annual growth rate of 2,3%. Certain industries have seen a massive decline over the past decade particularly the primary sector (agriculture and mining), which have seen close to 720 000 jobs lost between 2001 and 2012. The paper’s authors point out that 2,72-million jobs were created over the same period most of which were in the community, social and personal services industry – predominantly made up of public sector employment.

The research paper further reveals that government has become one of South Africa’s biggest job creators: the total number of public sector jobs has increased from 2,16-million in 2008 to 2,69-million at the end of 2014 — an increase of more than half-a-million-jobs in a six year period. Public Sector employment’s share of total jobs had risen to 17,5% by the end of 2014, up from 14,5% at the beginning of 2008. This is further broken down into 2,3-million people who are employed by government directly, and 322 960 who are employed by state-owned enterprises. Thus the main drivers of public service jobs have been within

national, provincial and local government structures, rather than within state-owned enterprises (SOEs), which have remained fairly stable in their overall employment.

If the above information is correct, are those cautioning against the dominance of public sector unions in Cosatu suggesting that the federation must ignore this reality and ignore those workers simply because they are coming from the public sector? The growth of the public sector is as a result of the shift from a state that serves the few to one that serves all citizens. The condition of the African majority and the lack of infrastructure where they live also dictated the necessity for more human resources in the state. The inclusion of the provincial sphere of governance also added a significant new layer of public servants.

At its Central Executive Committee in May 2016, Cosatu presented as part of the credentials that out of 17 of its affiliates nine account for private sector unions and eight for public sector unions, and this has been the situation for some time. What, therefore, is behind all the fuss about a public sector-dominated Cosatu? Is it the numeric strength or capacity of public sector unions that poses a threat to the overall strength of the federation as a home of all workers or to the Communist Manifesto's call "Workers of the world unite; you have nothing to lose but your chains"?

The danger of this obsession with the number of public sector workers in Cosatu is that it runs the risk of dividing workers on the basis of sectors – private versus public. Taken to its logical conclusion, this approach runs the risk of not only dividing workers but the working class as a whole on the basis of fully employed workers versus workers in precarious work and unemployed workers versus employed workers. This critique of Cosatu, when viewed from a class perspective, can be seen for what it is – a strategy to segment and divide the working class through artificial distinctions. The critics need to be reminded that the

public sector also, in addition to the cohort of white-collar workers, employs multitudes of blue-collar workers who can barely eke out a living. Don't these workers too deserve to call Cosatu their home?

The challenge confronting Cosatu today is not the growth of the public sector unions but the decline of private sector unions as a result of the onslaught brought about by globalised neoliberalism. This challenge is compounded by the difficulties unions are confronted with in trying to organise precarious workers and others in the new forms of work accompanying the growing services sector. None of these challenges have anything to do with Cosatu's political alignment or the growth of public sector unions affiliated to the federation.

The unemployment crisis afflicting South Africa is a global problem that needs the combined attention of all workers and the working class as a whole. This scourge undermines workers' bargaining power due to competition among workers for employment, and reduces workers' wages and gains in general in the long run. These challenges should not only be the concern of Cosatu, but any federation that takes itself seriously should be grappling with them. The fact that our opponents are blaming us for not doing enough to negate these problems is unfair, but it is also an unconscious admission that Cosatu is the only federation with the ideological tools and machinery to confront these challenges.

It is imperative to connect trade unionism with a revolutionary theory of the working class because the trade union movement is a school or training ground of the proletariat and prepares cadres of workers for administering society. Engels argued that trade unions and the strike weapon in particular, are "schools of war" that train workers in class struggle as a necessary precondition to their own self-emancipation. Though these strikes may decide nothing, they are the strongest proof that the decisive battle between bourgeoisie and proletariat is ap-

proaching. They are the military school of the workers in which they prepare themselves for the great struggle that cannot be avoided, and as schools of war the unions are unsurpassed.

Lenin echoed Marx and Engels' changing attitudes towards trade unions and in 1899 he wrote, "Every strike brings thoughts of socialism very forcibly to the worker's mind, thoughts of the struggle of the entire working class for emancipation from the oppression of capital". As a result of strikes the workers learn to make a war on their enemies for the liberation of the whole people. If we agree with this characterisation of strikes, then a relevant question needs to be asked: Are public sector unions' strikes not communicating the same message to the working class? If so, why are they isolated from the broad working class revolution up to a point that their contributions can be disregarded in the broader scheme of building a strong and militant Cosatu capable of mobilising the working class around its revolutionary theory?

In my view, this false discussion about whether a federation with a substantial public sector membership cannot be trusted in retaining its militancy and radicalism falls into a trap of the capitalist watchword of divide and conquer. It's a prevalent, perhaps understandable, confusion often unconsciously based on the idea that public service workers, many of whom are "professionals", are part of the middle strata. In this regard, it important to remind everyone that the public sector also, in addition to the cohort of white collar workers, employs multitudes of blue collar workers who can barely eke out a living.

Consciously or unconsciously, this entry point to the challenges facing the federation brings more ideological problems, as it serves to intensify false consciousness among the workers and working class as a whole. This form of consciousness is the stumbling block to Marx's hope of a working class revolution because it makes people not to be able to see exploitation, oppression and social relations as they really

are. Indeed, in Marx's revolution to end capitalism and bring down the wealthy controlling class would not come to light as long as the working class is viewing life through a false consciousness.

The call of *The Communist Manifesto* is: "Workers of the world unite, you have nothing to lose but your chains". If the imperatives of the above call still remain relevant in pursuit of the working class revolution, why are we dividing workers along sectors instead of mobilising them in order to see themselves as one unit that acts together and could revolt against the capitalist system so as to change their working conditions? Are we supposedly expected to ignore the prevailing material conditions on the basis of the historic evolution of trade unionism?

Cosatu is for all workers and workers are Cosatu through affiliates, irrespective of private or public sector unions and skilled or unskilled workers. Unity of workers under the banner of Cosatu remains imperative and sacrosanct and workers of our country are in better hands under Cosatu. We therefore call upon workers not to fall into a trap of dividing Cosatu more as it is in the process of organisational renewal located in the principle of "going back to basics". This ill-informed discussion and dangerous caution as made by some is ideologically problematic and lacks a courageous mood of jealously safe-guarding this precious trade union movement called Cosatu which is the home of all South African workers.

In conclusion, let us borrow from Lenin's understanding of the basic role of the Party: the first commandment of every trade union movement should be: "Do not rely upon the state, rely only upon the power of your class. The state is an organisation of the class in power. Do not rely upon promises; rely upon the power of unions and upon the consciousness of your class." And he continues, "the Workers' Union must therefore at once raise as its task not merely the improvement of the

conditions of the workers, but particularly the protection of their interests as a class”.

Cde Saphetha is Deputy General Secretary of Nehawu and a Cosatu CEC member. He writes in his personal capacity

Note

¹ Haroon Borhat, Karmen Naidoo, Morne Oosthuizen and Kavisha Pillay, UNU-WIDER Working Paper: WP/2015/41 See: <http://www.dpru.uct.ac.za/news/demographic-employment-and-wage-trends-south-africa#sthash.mOBogNyD.dpuf>

FOOD SECURITY

Deciding who eats can't be left to the bourgeoisie!

Luthando Nogcinisa and **Anthony Dietrich** look at the problem of food insecurity in South Africa and how the SACP's financial sector campaign can better address the situation

Even though white minority rule no longer exists in South Africa, “the legacy rooted in the colonial and apartheid economic structure is still painfully etched into contemporary South Africa – in our urban and rural spatial inequalities and skewed settlement patterns; in the relative weakness of our manufacturing and small and medium-enterprise sectors; in skills shortage and racialised inequities in schooling; in a huge reserve army of labour; in the high levels of monopoly concentration¹” – in an economy dependent on mineral commodity “tip to port” extraction and in the financial industrial complex.

None of these contradictions is more grotesque than the conspicuous consumption of the minority population side-by-side with the dehumanising poverty of millions. The SACP has been campaigning for almost two decades for the transformation of the financial sector, which is one of the enablers of these systemic social and economic disparities. The Secretariat Report to the Central Committee of February 2016 highlighted the link between the financial sector campaign and the crisis of food insecurity in our country. The explosion of unsecured credit by over 400% from 2008 to 2014 and the flourishing of the micro-lending industry and mashonisas that are eroding the incomes of

the working class and the black middle strata are scandalous. The fact that as much as 40% of micro-loans are used to buy food means that nutritious food is unaffordable to most workers and the poor. Retail stores consistently have raised food prices way above the inflation rate and the recent drought has merely exacerbated the crisis.

We have a national socio-economic catastrophe waiting to happen. The systematic indebtedness of workers that is buttressed by legions of lawyers, debt collectors and credit bureaus is soaring ahead uninhibited. If we consider that the indebtedness of most of the rock-drill operators to micro-lenders was directly related to their frustrations that eventually boiled over into the tragedy in Lonmin's Marikana mine that left about 45 mineworkers dead in 2012, we have reason to be concerned. Furthermore, South Africa is considered to be among the global leaders in home evictions, with evictions running into around 20 000 to 30 000 households a year, arguably surpassing the rate of forced removals under apartheid. It is therefore not inconceivable that the democratic government could face a wider revolt similar to what we have seen in Marikana, if we do not urgently tackle the destructive nature of capitalist production.

Toxic mix of financialisation and mass dispossession

The South African economy has experienced of capitalist crashes characterised by excessive debt and financial speculation, geopolitical machinations and over-accumulation, dating back to the early 19th century. The capitalist economy has been plunged into a severe payments deficit, with profit, dividend and interest outflows soaring through the 2000s, resulting in rising foreign debt to cover the outflow. These massive losses in savings, taxes and investment could directly be linked to the huge trans-nationalisation and financialisation of the former South African monopoly capital enterprises, amounting to losses of up to 20%

of gross domestic product, through capital flight.

Ratings agencies like Moody's have been steadily downgrading South Africa's credit rating over the past few years and have recently threatened to continue punishing the country with further downgrades.

While household and sovereign debt has been growing, South African national and provincial government authorities have allowed shopping malls and massive retail outlets to mushroom in every township and even rural towns. Recently one of these monstrosities absurdly named the "Mall of Africa" was opened in Midrand in Gauteng. With all this wealth, South Africa ranks in the top 20 countries in the world in terms of the negative effects of malnutrition (lower than Malawi). With only four supermarket giants – the Big Four comprising Woolworths, Pick n Pay, Shoprite and Spar – controlling over 55% of the food retail market share, with an annual revenue of more than R150-billion in 2010, their contribution to food security (more accurately "insecurity") has to be interrogated.

Time to deal with the banks and food retail monopolies

Our financial sector campaign must pay closer attention to the food retail industry, particularly its monopolistic character. The dominance of our market by a few supermarket chain stores is comparable to developed economies such as the United Kingdom. But South Africa has widening, racialised and gendered inequality coupled with underlying structural economic volatility. Companies like Tiger Brands, Premier Foods and others collude to make billions of rands selling products for the working class to retailers. Many studies have shown that big supermarkets have been encroaching into the markets that for decades were served by spaza shops and other local retailers. The Big Four also prefer to procure their produce from big industrial farming corporations instead of smallholder farmers. Their dominance and their use

of supply chain management processes make it possible for them to dictate prices and leave farmers virtually at their mercy, while profits accumulated are shipped off to foreign based shareholders.

This has, as in many other countries, driven the commercial farm sector towards increasing their farm size and reducing employment for purposes of achieving economies of scale. Currently, about 7 000 highly capitalised farming operations (20%) produce 80% of the agricultural commodity output.

The structures of primary agriculture are strongly influenced by the structures of upstream and downstream parts of the value chains. Concentration among input suppliers, agro-processors and within marketing and distribution systems, tends to create a skewed playing field among producers that strongly disadvantages smaller-scale producers, which also tends to express itself along racial lines. This tendency is especially marked in the agriculture sector, in which declining profit margins per hectare are such that farmers face the choice of either getting larger or getting out. This in turn has had dire implications for employment levels, because larger producers gravitate towards labour-saving production systems.

Whereas elsewhere this phenomenon normally happens in a socially integrated society, where job losses in agriculture coincide with job opportunities elsewhere, in South Africa it happens in the midst of social and economic inequalities, deepening the problem of black rural unemployment and overall racial inequality.

Since the big corporate industrial farming operations are mostly mechanised and vertically integrated into the value chain, the effect is that many smallholder farmers are driven out of business and this undermines the sustainability of the small-scale farming sector. It also hampers the efforts of the state to revitalise the agriculture and agro-processing value chain, which potentially could improve the productivity of the small-scale farming sector, improve food security and unlock new indus-

tries to benefit cooperatives, township and rural enterprises.

Furthermore, impediments to agricultural financing imposed by commercial banks require scrutiny with the view to change banking finance practices, where title deed agricultural land has higher liquidity than crop or livestock production on communal lands.

In summary, four processes have unfolded simultaneously almost unchecked by our democratic government:

- Shocking levels of indebtedness and enslavement of the working class and the black middle strata to loan sharks;
- Lack of food security, resulting in malnutrition rates as high as 90% in some black townships and an explosion of non-communicable diseases like diabetes and more than 25% of children with signs of stunted growth and associated learning difficulties;
- Rapid urbanisation and destruction of small farming enterprises and dominance of the food retail markets by four big supermarket chain stores; and
- Most disturbing of all, the decision on who eats and does not eat is entirely in the hands of a few retail oligarchs.

The African National Congress-led Alliance has a responsibility to act with urgency to reverse this situation. There are many things to consider. The most important starting point is that the government must tighten up legislation and give itself leverage to intervene in the food retail markets in order to give effect to the Freedom Charter, especially the sentence: “Restrictions of land ownership on a racial basis shall be ended, and all the land re-divided amongst those who work it to banish famine and land hunger”. We must breathe life into Section 27.1 of the Bill of Rights in our Constitution, particularly 27.1(b) that reads: “Everyone has the right to have access to sufficient food and water”.

The long-term development goals and socio-economic rights, such as the right to food, enjoin the state to progressively realise these rights within

available resources. This compelling constitutional mandate has been translated into policies and programmes that are applied across all spheres of government to achieve the unambiguous task of food security for all.

Food security must become a strategic priority

We need to build popular support for decisive state intervention in food security. The role of municipalities, parastatals and development finance institutions in banishing famine and land hunger needs be enhanced. National government must develop mechanisms to scrutinise the sale of fertile municipal and provincial government land to developers and the ongoing shifting of the urban edge. This should include mining activities. There are examples even in the capitalist world that we can learn from. The council of Toronto, Canada, for instance voted in 2002 to make Toronto a food-secure city. This made food security a strategic priority, with the Toronto Food Policy Council mandated to oversee its implementation. Pro-poor, pro-equity food planning requires, among other things, that suitable land in and around urban areas be prioritised and protected for food production, preferably by smallholders. It also requires that consumers have a real choice of food-provisioning strategies that go beyond formal retail, which is heavily implicated in a system that has steadily widened the gap between the producer and consumer.

This kind of strategic food planning goes far beyond token gestures of charity like soup kitchens or misguided “blame the victim” strategies based on the assumption that poor urban households must solve all their own food access problems in a backyard garden. It is time that South African municipalities start to pay attention and begin to mainstream comprehensive food planning into the IDP process.

City of Cape Town undermines food security

Producer support systems are lacking, especially relative to the needs of

black small-holder producers. Studies have shown that in the Western Cape about 1% of commercially farmed land is black owned and some 34% of the population is food insecure. This is despite the fact that government has largely shifted its attention from supporting white, large-scale producers to supporting land reform beneficiaries, small-scale farmers, small-scale fisheries and small growers in the forestry sectors, to deal with the challenge of poverty, unemployment and food insecurity.

The assessment, conducted on the Comprehensive Agricultural Support Programme (CASP) through which some R1,8-billion is distributed to provinces annually (the allocation to the Western Cape Province stands at R214-million), stated that “successful commercialisation of the smallholder agricultural sector is not only dependent on adequate access to farmer support services but is also affected by the performance of input suppliers and buyers/processors of farm produce”.

Achieving food security for all citizens is a non-negotiable priority. The 2013 General Household Survey, reveals that the percentage of households that experienced hunger decreased by 16% between 2002 and 2012. However, these achievements are mainly attributed to social grants. We must strive for the agricultural food economy to increasingly contribute to decreasing levels of food insecurity.

The City of Cape Town is clearly undermining the national drive for food security, as well as the development and support of small-scale farming in the urban centre. It is pursuing plans to rezone part of the Philippi Horticultural Area (PHA) and to build 20 000 gated neighbourhoods, against the advice of the city’s own engineers and the Department of Agriculture, Forestry and Fisheries. The PHA has historically been the breadbasket of Cape Town and uniquely located close to a range of income group markets. The ideal microclimate of the PHA produces horticultural crops and the abundance of aquifer water supply despite droughts, making these 3 000-ha farmlands the most pro-

ductive urban agricultural hub in the country. Agriculture in the PHA, which supplies nearly 70% of the city's vegetables, produced by small-holder farmers and provides over 4 000 jobs, is wholly dependent on this aquifer water resource and land for cultivation.

The PHA is however, located in a highly prized land for urban development. The planned construction and paving over about 1 000 hectares of prime agricultural land will destroy the Cape Flats Aquifer, a valuable water resource which could supply the city with almost a third of its potable water needs. The drought crisis puts in sharp focus the need to better understand, value and manage the Aquifer, and to protect proven sustainable cultivated agricultural land for land reform and food production in the Philippi Horticulture Area. Greedy developers and the Democratic Alliance-led city council obviously have different priorities and this must be resisted.

The success of the financial sector campaign for the working class and the poor depends on other campaigns of rolling back the capitalist market. The fact that the majority of South Africans cannot afford to buy the food they need to fill their basic nutrition requirements is disgraceful for a middle-income country. This in turn places an additional burden on the public health, social services, education and even the criminal justice systems that have to care for the millions of hungry, sick and angry people. We must act now! ●

Cde Dietrich is the SACP Western Cape Provincial Chairperson and Cde Nogcinisa is a member of the PEC and former Provincial Secretary of Nehawu

Note

1. Introductory statement to *Going to the Root. A Radical Second Phase of the NDR - its context, content and our strategic tasks*, October 2014; SACP Central Committee

VENEZUELA

Behind the shortages: a contextual analysis

Chris Matlhako assesses the political and economic sabotage campaigns aimed at undermining Venezuela's Bolivarian revolution, and their contribution to food shortages

Venezuela is on knife's edge as the crisis in the country reaches unprecedented proportions. The Bolivarian process is thoroughly challenged in these conditions as the majority of the population, the poor, comes face-to-face with the difficulties resulting from the crisis. The country is experiencing a serious political and economic crisis, prompted by the catastrophic drop in the price of oil, which has dramatically reduced the Opec member states' revenue, along with an intense campaign against the country's elected government by opponents, both internally and externally.

The Venezuelan opposition has used the fact that there are sporadic shortages of basic foodstuffs to undermine the Bolivarian process. Some supporters of the Venezuelan government have acted likewise in varying ways and the picture painted is one of economic collapse, with shortages leading to widespread hunger, grave risks to the population, and voter rejection of the ruling *Partido Socialista Unido de Venezuela* (PSUV – the United Socialist Party of Venezuela) and its allies – as demonstrated in the December 2015 parliamentary elections. The opposition charges that the country is facing a humanitarian crisis due to lack of food and basic goods, and that health services lack vital medicines

and equipment.

Venezuela undoubtedly faces one of the worst crises since the evolution of the Bolivarian process. Widespread shortages of basic foodstuffs and other essentials have become a daily scourge, demoralising the general population, including the staunch supporters of the Bolivarian process.

However, shortages of basic foodstuffs in Venezuela have preceded the Bolivarian revolution and manifested in the economic shocks of the 1980s and 1990s that led to several political crises, including the deadly Caracazo riots of 1989, two attempted coups in 1992, and the impeachment of President Carlos Andrés Pérez for embezzling public funds in 1993. A collapse in confidence in the then duopoly parties saw the 1998 election of former coup-involved career military officer Hugo Chávez and the launch of the Bolivarian Revolution, beginning with a 1999 Constituent Assembly to write a new Constitution of Venezuela.

The private sector has consistently opposed the Bolivarian revolution, characterising itself as part of the opposition forces funded and driven by an agenda originating from the United States (US) government. Prior to the Chavez's Bolivarian revolutionary process, the US received preferential cheap oil from Venezuela. Venezuela's private business association, the Federation of Chambers of Commerce and Production (*Fedecámaras*), was a key party to the failed coup d'état attempt in 2002. On 11 April 2002, Venezuela's right wing opposition, supported by the US government, launched a coup in which democratically elected President Chavez was forcefully removed from office, kidnapped, and replaced in office by *Fedecámaras* head Pedro Carmona. The coup plotters then annulled the constitution and dissolved all public bodies. The coup was reversed when two days later mass protests by the Venezuelan people and sectors of the army loyal to the constitution returned Cde Chavez to power.

Today, the Venezuelan government argues that there is a multi-faceted ‘war’ being waged on the Bolivarian revolution, involving economic sabotage by the business and wealthy classes, a psychological war by the privately-owned Venezuelan media, and violent attacks by some sectors of the opposition, including months’ long ‘*guarimbas*’ – running and violent street battles. This is part of a well-orchestrated strategy of “low intensity warfare”. Venezuela is, in imperialism’s estimation, too important to be another Cuba in the region regarded as the “backyard” of US imperialism, given its minerals, oil and other rich endowments, which are key for the US economy and market.

The 2002 coup was a sharp example of what most people already knew: that the Venezuelan opposition, with the support of the US government, would stop at nothing to try and reroute Venezuelan politics back to neoliberalism. Since that attempt proved to be such a magnificent failure, they have (re)focused their efforts on more subversive tactics associated with “colour revolutions”, such as like corporate and social media campaigns, false NGOs, and economic sabotage. US funded “NGOs” and student protests have hogged the headlines, and sought to mount a spirited widespread mobilisation against the government of President Nicolas Maduro, whom they regard as weaker and less charismatic than Cde Chavez.

The idea is to create and cultivate an environment of chaos while branding wealthy opposition leaders as “liberators” and “human rights activists”. This campaign is meant for international consumption and to portray Venezuela as a “failed state” that would require external intervention to bring about democracy and the rule of the market, in short, neoliberalism.

In fact the 2001 reform of the Hydrocarbons Law, in particular, paved the way for the government to retake control over the state oil company *Petróleos de Venezuela, SA* (PDVSA) – which had basically

just become a managerial entity tasked with administering contracts to foreign companies, particularly US oil companies. These laws sent a message to opposition forces that the revolution looked set to be more than just a cosmetic overhaul of politics, and a message to international economic organisations such as the International Monetary Fund (IMF) and World Bank that Venezuela intended to follow a sovereign and independent path in terms of its economic system.

Marx's conceptualisation of scarcity

It must be borne in mind that Karl Marx, in a section of *Grundrisse* that came to be known as the “Fragment in Machines”, argued that “the transition to a post-capitalist society combined with advances in automation would allow for significant reduction in labour needed to produce goods, eventually reaching a point where all people would have significant amounts of leisure time to pursue science, the arts and creative activities”¹, a state some commentators later labelled as ‘post-scarcity’. Marx argued that “capitalism, the dynamic of economic growth based on capital accumulation, depends on exploiting the surplus labour of workers”, but a post-capitalist society would allow, “the free development of individuals, and hence not reduction of necessary labour time so as to posit surplus labour, but rather the general reduction of necessary labour of society to a minimum, which then corresponds to the artistic, scientific, etc development of the individuals in the time set free with the means created, for all of them”².

It is the post-scarcity conceptualisation we want to better understand the shortages in Venezuela. Marx's concept of post-scarcity held that “under socialism, with its increasing automation, an increasing proportion of goods would be distributed freely”. Scarcity has also been used as a form of instrument to numb the progress of progressive trajectories. In the Soviet Union the prevalence of scarcity as a direct result

of limits in finance and trade relations, war economics and lower levels of production, was used to cultivate the ultimate disapproval which led to widespread disenchantment with then existing socialism.

The example of the existence of scarcity and frequent electricity cut-offs during the “special period” in Cuba also aptly captures the point. US officialdom believed, and still does, that the population would finally be disgruntled by fomenting internal instability, which would lead to chaos and the overthrow of the socialist system of Cuba. However, for over six decades Cuba has been resilient, but at a price to both human and other factors. It is for this reason that the 7th Congress of the Communist Party of Cuba (CPC) resolved to update its socialist project to create a “prosperous, sustainable socialism”. Never an economic basket-case, the Cuban Revolution has nevertheless declared that it is essential to make deep changes in its economic model to increase aspects of the standard of living that are currently unacceptable - particularly the level of consumption of non-public goods and services.

Scarcity was also successfully applied by opponents of socialism in the German Democratic Republic (GDR) to incite instability and the desire ultimately for “Western freedoms” so frequently touted in neighbouring West Germany. With other factors this led to the fall of the Berlin Wall in 1989, even though comparatively the people of the GDR lived a fuller and more fulfilling life than those in West Germany.

Critics of the Venezuelan government have repeatedly accused it of failing to take the necessary measures to deal with shortages, but not much is said about the private sector’s siphoning off up to US\$259billion from state coffers³ by taking advantage of different exchange rates and failing to produce the goods they claimed they would. The private sector in Venezuela is accused of abusing preferential exchange rates meant to keep food affordable, helping cause food shortages. The private sector is also using shortages to earn higher rates of profit: as goods become

scarce, prices increase.

That is the principal cause of the rampant food shortages currently experienced in Venezuela and it has come to play an important part of the strategy of the opposition to cultivate disenchantment and alienation in society. With the world's largest oil reserves, Venezuela is intimately tied to oil production and thus susceptible to the fluctuations in oil prices. As is common with single commodity economies, the availability of dollars means it was often cheaper to import goods rather than to produce them domestically. In this atmosphere, local productive capacity was not sufficiently developed. To keep prices for essential goods at affordable levels, the government implemented an exchange rate system that effectively subsidised the provision of dollars for the imports of key goods. For example, a private business would request cheap dollars from the Venezuelan Central Bank with the stated aim of using them to import food or raw materials for food production. The Central Bank would provide the dollars at the preferential rate reserved for essential goods of Bs.F6,3 to one US\$1⁴.

These private businesses would then lie about what was imported or produced to stash dollars away in offshore accounts or sell the goods at the illegal black-market rate of approximately Bs.F500 to US\$1. The Venezuelan government claims that in some cases businesses given dollars did not imported anything at all, hoarding the cash instead. This kind of illegal behaviour repeated thousands of times by the private sector is in many ways responsible for the shortages seen on shelves and the exorbitant prices.

In 2013, the then head of the Venezuelan Central Bank, Edmee Betancourt, said the country had lost between \$15- and \$20-billion the previous year through such fraudulent import deals. In total, government supporters estimate that US\$259-billion were lost or siphoned away between 2003 and 2013⁵.

The Bolivarian Revolution

The “**Bolivarian Revolution**” refers to the social movement and political process in Venezuela initiated – and originally led – by late Venezuelan president **Hugo Chávez**, founder of Venezuelan Fifth Republic Movement and later the United Socialist Party of Venezuela.

The Bolivarian Revolution takes its name from 19th-century Venezuelan and Latin American revolutionary leader **Simón Bolívar**, prominent in the Spanish American liberation wars in ending Spanish colonial rule in most northern Latin American countries.

In Venezuela, the Bolivarian Revolution seeks to build a mass movement to implement popular democracy, economic independence, equitable distribution of revenues, and to end political corruption in Venezuela.

Bolívar, who campaigned to consolidate all liberated Spanish colonies in Latin America into a single “great nation”, has also given his name to the Latin America’s 11-member Alba inter-governmental organisation. Alba was initially founded by Cuba and Venezuela in 2004. Its members are socialist and social democratic governments wishing to consolidate regional economic integration based on a vision of social welfare, bartering and mutual economic aid. The 11 Alba countries are Antigua and Barbuda, Bolivia Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Grenada, Nicaragua, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines and Venezuela. Suriname is a guest member.

Alba nations may conduct trade using a virtual regional currency known as the **Sucre**. Venezuela and Ecuador made the first bilateral trade deal using the Sucre instead of the US dollar in 2010.

The Central Bank's own figures show that between 2003 and 2013, the Venezuelan private sector increased its holdings in foreign bank accounts by over US\$122-billion, or almost 230%⁶. It is likely that many of the 750 offshore companies linked to Venezuela in the database released from the Panama Papers⁷ have been used to recycle this money. Venezuela's largest food manufacturer, Polar, whose owner opposes the government, has interrupted production several times because, it says, the government hasn't given it the dollars it needs to import its raw materials. However, over the years Polar has been one of the very biggest recipients of preferential dollars for imports. Indeed, one of the challenges facing the government is that Venezuela's traditional elite still own most of the companies that do the importing, giving them ammunition in its economic war against the government.

The problem of food shortages in Venezuela is much more complex and fuelled by various factors as pointed out above. Other factors driving the food shortages involve illicit black markets and hoarding. The participants are also not just the big private businesses but corrupt public servants and wholesalers and retailers. They earn more from the black markets and hoarding than from selling via the controlled government institutions and mechanisms that are attempting to make food available to the majority of the people.

This is a unique problem the Venezuelan government confronts and requires all-round. The Venezuelan government has also tried raising the controlled prices of several essential food items and other basic goods. The aim was to make it more worthwhile for producers, wholesalers or retailers to sell them, and thereby reduce the incentive to hoard or divert goods into the more lucrative parallel, black market. These are the underlying mechanisms that have driven both the shortages and the runaway inflation that Venezuelans now have to live with: The *bachaqueo*⁸ street-traders and smuggling are just a consequence of

all this.

The Bolivarian government can be criticised for its part in this, and many Chavistas do: for policies that failed to prevent or correct it, or for complicity and corruption at many levels – and there are some examples of corrupt elements and leaders in PSUV and elsewhere in Venezuelan society. But it is clear that it is Venezuela's private business and financial sector that has driven this process. And if the figures quoted above are even half right, very few of these businessmen seem to be the earnest but frustrated producers depicted in the recent opposition's parliamentary report.

The answer to this problem is not easy. It requires all-round deepening of the Bolivarian project and the intensification of the productive capacities of the economy. The measures required should include mechanisms to deal with dualism in spheres of life in Venezuela. Venezuela's Bolivarian Missions – state-initiated programmes focusing on social justice, social welfare, anti-poverty, educational, and military recruiting – have played a critical part in the drive towards moving the Bolivarian project towards addressing the needs of the majority, but there is a need to streamline and bring them within the state system more integrally. This also presupposes a commitment to deal with corruption and the related patronage still prevalent in Venezuela. The task of all revolutionaries in Venezuela remains the thoroughgoing transformation project to tilt the balance of power in favour of the progressive forces.

The Bolivarian project underlies the principle that revolutions have cycles, both in terms of the revolution-reaction dialectic and government-people synergy. It might seem for a moment that the right wing is making headway, but in the last instance it is people's power that holds the upper hand in the balance of forces. At least, according to the logic of the phrase and as to how history has played out over these last 15

years in Venezuela. ●

Cde Matlhako is a member of the Politbureau and International Secretary of the SACP

Notes

1. Karl Marx: Grundrisse - Marxist Internet Archive (www.marxists.org)
2. Ibid
3. teleSUR, 19 June 2016
4. Bs.F: Bolívares Fuertes (literally: Strong Bolívares – to distinguish from the Bolívar, re-valued in 2007)
5. Ibid
6. Ibid
7. The Panama Papers are 11,5-million leaked documents that detail financial and attorney–client information for more than 214 488 off-shore entities. The leaked documents were created by Panamanian law firm and corporate service provider Mossack Fonseca. The documents, leaked to an anonymous whistle-blower known as “John Doe” illustrate how wealthy individuals and public officials are able to keep personal financial information private.
8. *Bachaqueros*, derived from *bachaco* (a fast-eating and large-bottomed leaf-cutter ant), refers to black-marketeers. Often to be found at the head of the perpetual supermarket queues, they buy up scarce price-controlled goods, such as eggs, detergent and nappies, and resell them for a handsome profit.



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