African Communist

4th Quarter 2014 Issue Number 187

GOING TO THE ROOT

Towards a radical second phase of the National Democratic Revolution

SACP discussion document on its context, content,and our strategic tasks

African Communist

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EDITORIAL NOTES

A second, radical phase of the NDR

SACP Discussion Document opens up further debate on crucial question

Just over 20 years ago, after decades of struggle against white minority rule, a decisive democratic breakthrough was won in South Africa. That breakthrough was symbolised by the massive turnout in our country's first ever one-person, one-vote democratic election. However, this radical breakthrough was achieved within a complicated global context.

The Soviet socialist bloc had collapsed virtually at the very moment that a new democratic South Africa was emerging. In Western Europe, a relatively progressive era of social democracy, running roughly from 1945 to the early 1970s, had long since run its course. Important working class and popular social gains within the context of capitalist societies had stalled and been rolled back by increasingly globalised national monopoly capitalists, no longer willing to commit to high-wage, high tax domestic social accords, when a world of low-wage countries in the global South beckoned.

Closer to home, by the early 1990s, important post-independence gains in countries like Zimbabwe and Mozambique had also been blunted by a decade of aggressive apartheid destabilisation and contra wars. There was also, in differing degrees, growing bureaucratisation and stagnation within the new state formations.

In theory, the 1994 South African democratic breakthrough, a radical achievement in itself, provided the platform for a major and radical socio-economic transformation programme. But in many respects, the opportunity was not seized. This was partly the consequence of the rolling back of progressive models globally, and a consequent international left demoralisation and fragmentation.

Yet, in the early to mid-1990s South African monopoly capital was off-balance. Declining profits in the latter period of apartheid had finally compelled it to take the risk of supporting some kind of negotiated settlement that would inevitably usher in an ANC-led government. For decades, mo-

nopoly capital had developed and prospered behind the shelter of various white-minority regimes. By the 1980s this state-form had become increasingly dysfunctional for big capital.

Monopoly capital's agenda at the time was to promote an elite pact between "moderates" within the liberation movement and within the apartheid regime – to put the genie of popular, semi-insurrectionary mass struggle back into the bottle with the stamp of ANC leadership approval.

In this period the South African Communist Party (SACP) actively exposed this agenda, and argued for popular mobilisation and self-defence capacity in working class communities in combination with negotiations. The negotiations process should be, we argued, people-driven and not an elite deal. At critical moments the negotiated settlement was indeed mass-driven and this contributed to the relative depth of the eventual constitutional settlement.

However, popular organisation and mobilisation (except for electoral mobilisation) was not sufficiently carried through into the post-1994 period. The possibility of building upon the platform of the radical political breakthrough (the constitutional abolition of white minority rule) by advancing a "second" radical programme of structural transformation of the productive economy was not pursued. No-one should now argue retrospectively that path would have been easy, but the national balance of class forces was more favourable then than arguably now.

In the intervening 20 years, monopoly capital in South Africa has "resolved" its profitability crisis essentially through a massive process of capital flight out of our country and the aggressive undermining of progressive labour legislation through labour brokering, casualisation, increasing capital intensity and mass retrenchments. Within the ANC and even within the trade union movement, failure to actively pursue a radical socio-economic transformation agenda from the mid-1990s has seen another dimension of monopoly capital's strategy make inroads – the emergence of a collaborative, compradorist black capitalist stratum locked in, as junior partners, to monopoly capital's strategic interests.

The consequences of all of this are now plainly visible. Despite very significant redistributive programmes, in per capita terms among the largest in the world, inequality, poverty and crisis-levels of unemployment still prevail. This is the context in which the ANC at its 2012 Mangaung National Conference correctly called for a "second radical phase of the national democratic revolution". But what is the content of such a "radical second phase"? What do we mean by an ongoing national democratic revolution? Are these just cosmetic phrases?

The SACP has taken the initiative to open up a debate within the Party, our broader movement and a wider public on these questions. In this issue of The African Communist (AC) we publish our discussion document, "Going to the Root". It is, precisely, a discussion document and we welcome, therefore, the critical engagement from cde Joel Netshitenzhe which we also publish here. In forthcoming issues of the AC we hope to broaden this debate and invite contributions to it.

DISCUSSION DOCUMENT

Going to the root

A radical* second phase of the National Democratic Revolution – its context, content, and our strategic tasks

** ("radical adj relating to, constituting, proceeding from or going to the root…"* – The Chambers Dictionary)

South Africa's triple crisis – the immediate context of the call for a second radical phase of the NDR

Two decades beyond the critical 1994 democratic breakthrough, our society remains afflicted with crisis levels of unemployment, inequality and poverty. This triple crisis has some cyclical features, reflecting the impact, for instance, of the 2008 global crisis on our own economy. But even during periods of relatively strong domestic growth in the late 1990s and early 2000s, crisis levels of unemployment, inequality and poverty persisted. Our core social and economic challenges are clearly deep-rooted and systemic – rather than the result of a temporary downturn. This means our response cannot just be a question of waiting for, or seeking to stimulate an upturn in growth along the same path-dependent direction as in the past.

It was in this context that the necessity for a radical second phase of the National Democratic Revolution (NDR) was debated and endorsed at the ANC's National Policy Conference (June 2012) and formally adopted at the ANC's Mangaung 53rd National Conference (December 2012). The resolutions of the Alliance Summit sought to give further content to the concept. The call for a second radical phase was also the overarching theme of President Jacob Zuma's 2014 inauguration speech.

The triple crisis is reflected in rising popular discontent, a growing sense of alienation, frustration and sometimes despair among significant strata of the youth, the unemployed, the working poor, those in informal settlements, and the so-called "black middle class" (most of whom are working class professionals or self-employed and often struggling petty entrepreneurs). In short, the triple crisis is being felt acutely across a broad spectrum of the waged and unwaged popular strata. The unprecedented numbers of

so-called township service delivery protests, and the lengthy and violent platinum belt strike are further symptoms of the impact of this crisis. Notwithstanding the ANC's impressive May 2014 electoral majority, it is critical that we recognise there is a popular, but for the moment largely amorphous, groundswell of frustration – much of it currently beyond the reach of the ANC-alliance's organisational and ideological influence.

This is the immediate context of the call for a second radical phase of the NDR as a programme that strategically combines state power and popular activism. But this call (this "narrative" about the way forward) is not the only "narrative" competing for hegemony in the current reality. Indeed, the perspective of a second radical phase of the NDR remains undeveloped. It is often poorly or confusingly explained, and other competing perspectives often enjoy greater prominence in the media and broader public domain.

This intervention seeks to contribute to a collective discussion on the meaning, content and context of a second radical phase of the NDR.

Why do we speak of a second radical phase of the NDR?

The ANC National Policy Conference correctly clarified that we are **not** speaking about a second "stage". Implicit in this clarification is the recognition that we are not advocating a break with the current constitutional dispensation (or with a supposedly "illegitimate government" requiring regime change – of the kind that the EFF and others appear to be flirting with). Nor are we advocating for a back to business as usual. Rather, we are underlining the imperative of a **new** phase in an ongoing national democratic transition.

This means that, if we are to give content and context to a second phase, we need also to characterise the main content and limitations of the first phase.

So what was the first phase of the NDR?

The first phase was essentially played out on the political and juridical terrain. It had as its critical moments:

- the 1991-1994 multi-party negotiations that finally compelled agreement (largely forced through mass mobilisation) that a future constitution could only be drawn up by a **democratically elected** Constituent Assembly;
- the 1994 democratic electoral breakthrough itself; and
- the consequent 1996 adoption of a new constitution.

These processes were then consolidated in a wide-range of laws, democratic institutions, and the de-racialisation of the administrative apparatus

of the state. It is important to assert that t**he first phase was itself radical. It abolished (politically, juridically, constitutionally) white minority rule.**

Thanks to the active role that the organised working class had played in the defeat of the apartheid regime, there were many important legislative and institutional gains made by the working class after 1994. The explicit entrenchment of worker rights in the Constitution, a range of progressive labour laws including the Labour Relations Act and the Basic Conditions of Employment Act, and the institutionalisation of Nedlac.

The first phase has also been the platform on which a massive socio-economic redistributive programme has been launched

Over the past 20 years, the democratic breakthrough of the mid-1990s has been used by four successive ANC-led administrations to drive major **redistributive** socio-economic programmes. Among the notable achievements have been:

- More than 16-million (nearly one-third of all South Africans) are now benefiting from a range of social grants – up from 3-million in 1994;
- Over 7-million new household electricity connections have been made since 1996. (To put this achievement into context – in the preceding century, successive white minority regimes only electrified 5-million households!);
- Over 3,3-million free houses have been built, benefiting more than 16-million people;
- More than 1,4-million students have benefited from the National Student Financial Aid Scheme;
- Over 9-million learners in 20 000 schools receive daily meals.
- Over 400 000 solar water heaters have been installed free on the rooftops of poor households in the past five years – one of the largest such programmes in the world.

There are many other major redistributive achievements in sanitation and water connections, in adult basic education, in Grade R school enrolment, in rolling out anti-retrovirals, and much more.

These are all part of the "good news story" on which the ANC alliance quite correctly campaigned in the last elections. These real achievements are certainly the most important factor in the continued overwhelming majority electoral support achieved by our movement.

Of course, since we are dealing with a real life process and not an abstract theory, this massive redistributive process underway since 1994 has often been uneven. Targets have often not been met; the quality of "delivery" has sometimes been poor; maintenance of new infrastructure often gets neglected. There have been challenges of corruption, some of them serious. What is more, in the face of poverty, unemployment and inequality, the re-

distributive process is never enough and is often overwhelmed by the scale of the challenges. Housing backlogs seem to grow as fast as we build new RDP houses – partly because new housing projects act as magnets to draw ever more people from outlying informal settlements and rural poverty into areas of development.

The anti-majoritarian liberals, opposition parties, the commercial media dwell incessantly on all of these problems. Their strategic objective is to sow popular demoralisation and a lack of belief in the capacity of popular forces and the democratic state to advance development. In the face of this ongoing offensive, it is important that we do not become overly defensive or in denial about the many challenges. In particular, we need to deal decisively with corruption and incompetence.

But even more importantly we must not allow this offensive to distract us from getting to the root of the matter: **Why, despite a massive redistributive programme over the past 20 years, are crisis levels of unemployment, poverty and inequality still being reproduced?**

To answer this question is also to answer our main question: What do we mean by (and why do we need) a second radical phase of the NDR?

The main thesis of this intervention is that, with all of its achievements, the key limitation since 1994 has been two-fold:

- There has been socio-economic re-distribution but insufficient *structural transformation* particularly of the systemic features of our *productive economy*

This redistributive effort has been almost entirely conceptualised as a top-down state "delivery" process

Redistribution – but insufficient structural transformation

Over the past 20 years our major emphasis on the socio-economic front has been on **redistribution**. Redistribution is, and must continue to be, a key pillar of our NDR. *But the emphasis on redistribution has tended to neglect the critical task of transforming the systemic features* of South Africa's productive economy. We have tried – and not without important successes – to redistribute surplus (largely through the fiscus). But these fiscal resources are derived from a portion of the surplus produced by an untransformed productive economy that is locked into a highly problematic growth-path trajectory. It is precisely this untransformed productive economy that is the prime factor in reproducing the often deepening levels of unemployment, poverty and inequality that valiant efforts at redistribution seek to address. Moreover, some of the redistribution has tended to actively strengthen incumbent private monopoly capital.

BEE – giving a democratic government a foothold in business, or business a foothold in government?

Black economic empowerment (BEE) measures have also largely been of a redistributive nature – apportioning encumbered shares to aspirant black capitalists, usually with political connections. While the complexion of the board-room might change, it is not clear whether it is the newly "empowered" who change the ethos of the board-room, or it is the board-room that changes the ethics of the newly "empowered". Worse still, some major BEE deals have involved South African blacks fronting for foreign importing companies in deals that end up displacing local jobs and local investment. Overwhelmingly, BEE measures have been used adroitly by South African monopoly capital as a means of regaining its influence and foothold within ruling circles after the demise of white minority rule. In this respect they are part of the general weakness of the first phase of the NDR. Their largely redistributive character has produced change without transformation.

Corruption – another variant of redistribution, and another capitalist means to achieving a foothold within the democratic state (and political and labour formations)

Corruption is another, and particularly corrosive, counter-revolutionary form of unproductive redistribution. There are many factors behind the levels of corruption currently plaguing our society – but one of these that is too easily forgotten is, precisely, the conundrum that confronted monopoly capital after 1994. It no longer enjoyed the same level of assured access to the ruling elite. While capitalists in general will tend to criticise corruption in general (it is a cost to business and therefore to profitability), as *individuals or as individual corporations in competition with other corporations for tenders and favours,* the corrupting of public officials easily becomes routine practice. This is a particular danger where there is an old established economic elite and a newly arrived (or different) political elite.

In saying this we are not shifting all blame for corruption on to the private sector, nor are we are remotely excusing corrupt behaviour within the state, or within our own political and trade union formations. On the contrary, we should expect much higher levels of ethical probity from those committed (at least in theory) to the public interest and to a national democratic revolution. However, it is important to understand and deal with the plague of corruption not only from a purely subjective and ethical standpoint, but also understand and therefore deal decisively with its systemic features.

The second key weakness of the first phase of the NDR has been that our major socio-economic redistributive efforts have been almost entirely con-

ceptualised as *top-down state "delivery"* programmes.

Our popular mass base has been turned into "beneficiaries", "recipients", "clients", "customers" of redistributive state "delivery" – and not active participants, not "motive forces", not productive protagonists of transformation. Individual entitlement rather than collective responsibility has often become a prevailing attitude. These dynamics have, in turn, produced three related problems:

● As government's massive redistributive effort gets overwhelmed by the scale of problems, or falls behind rising and often legitimate expectations, or fails to "deliver" equally at the same time to everyone – so popular anger turns on government. The top-down redistributive "delivery" model based on always insufficient fiscal resources sets up government as a sitting duck target for anger and frustration – while monopoly capital disinvests and largely escapes blame. In fact, monopoly capital funds the diversionary ideological assault on government's "incompetence" and "corruption" (while often colluding, precisely, with this corruption).

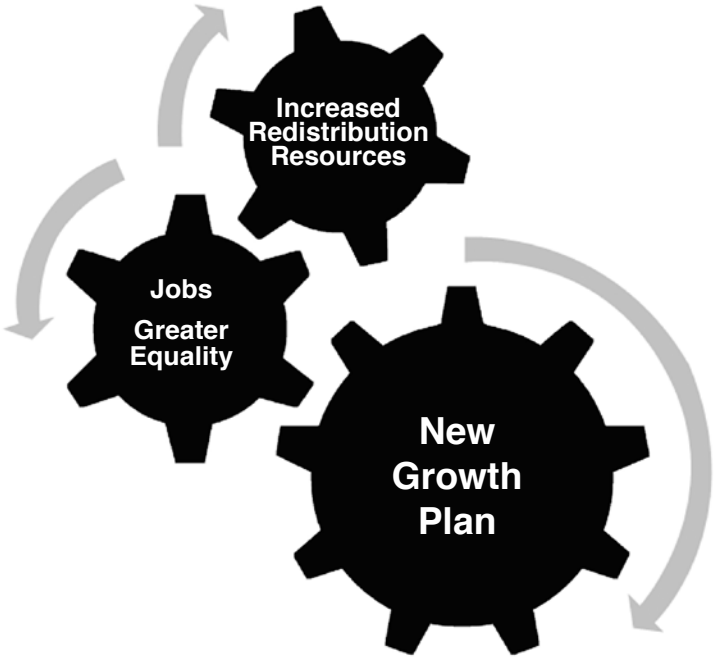
● The tendency to transform our popular mass base into individual or household "beneficiaries", "recipients", "clients" of government delivery also tends to undermine the potential cohesion of poor communities. Many "township delivery protests" are fuelled by factional rivalries within communities – backyard dwellers versus shack-dwellers for priority listing on the housing list; competing taxi associations for operating licences on new routes; local small businesses against each other and against non-South African traders. These inward-turning, intra-township rivalries contaminate and are contaminated in turn by local politics – with all of the familiar problems of patronage networks, factionalism and tenderpreneuring.

● The effective de-mobilisation of popular forces by the top-down, state "delivery" model of redistribution has also deprived us of an important means of transforming the state itself. The Freedom Charter's call not just for one-person one-vote representative democracy, but also for *"democratic organs of self-government"* – i.e. for various forms of *active participatory democracy* has been largely lost. Since 1994 we have nominally introduced a wide range of statutory institutions and practices implying participatory democracy – community police forums, school governing bodies, ward committees, municipal participatory budgeting, etc. However, in practice most of these are non-functional, or are captured either by political functionaries, or by middle-class interests and used to preserve existing privileges. Yet, organs of popular participatory democracy are potentially our best weapon for transforming the state, and overcoming inherently negative features – bureaucratic silos, officiousness and indifference on the part of state func-

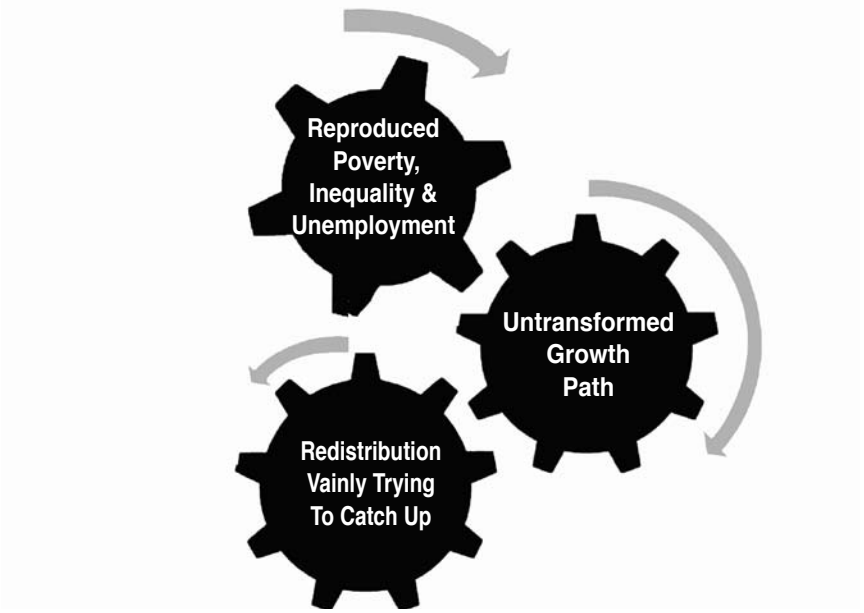
tionaries, technocratic aloofness, and, above all, corruption.

In summary, the first phase of the NDR marked a radical politico-juridical break with the past – it abolished white minority state rule. The achievements of this first phase need to be continuously advanced, deepened and defended. However, the redistributive emphasis of this first phase was insufficiently complemented by (or integrated into) a radical programme of transformation of our productive economy and the systemic social, economic and spatial features that support its growth path dependency. These are features that continue to reproduce crisis levels of unemployment, inequality and poverty (as well as corrosive realities like embedded corruption). Moreover, the emphasis on a top-down, state "delivery" of redistribution has effectively demobilised the key popular bloc of forces, re-routing energies into individualistic advancement, factionalism, or anti-government frustration.

Instead of a virtuous cycle in which the growth path is job creating, poverty alleviating and more egalitarian and therefore also creates additional resources for redistribution like this:



We have:



In the next section we pose the basic and critical question: What are the "roots", the problematic systemic features of our productive economy that continue to reproduce crisis levels of unemployment, poverty and inequality?

To answer this question, it is useful to revisit the concept of **Colonialism of a Special Type** (CST**)**. In the first place, it is important to remember that industrial capitalism did not emerge organically within South Africa. It was an imperialist-driven and externally imposed process in the late 19th century. From the 1910 formation of the Union of South Africa, the nation-state we still call South Africa, exhibited **two colonial-type core/periphery** articulations, two relations that both involved marginalisation and simultaneous subordinate inclusion of the marginalised:

- An "internal", "racialised" articulation or relationship between a white minority bloc and a brutally dispossessed (i.e. proletarianised) black majority, marginalised into "native" reserves and later urban townships as a huge pool of under-employed, a reserve army of labour – forced to sell labour power on a distant capitalist market; and

● An "external" colonial relationship establishing the semi-peripheral positioning of South Africa's emergent capitalist system. This involved South Africa's incorporation into, but subordination within, the global imperialist accumulation chain – essentially as an exporter of primary commodities (mainly minerals) produced on the basis of super-exploited (cheap/black) labour.

The internal colonial-type articulation was grounded through the first half of the 20th century in an "internal" core/periphery relation between what Harold Wolpe insightfully analysed as "an articulation between two modes of production" – an advanced industrial capitalist mode centred on mining, on the one hand, and subsistence farming based in a patriarchal mode in the reserves (and wider southern Africa), on the other[1]. At the heart of this core/periphery relationship was the reproduction (in the subordinate mode) of "cheap" migrant labour for the industrial core.

By mid-20th century the centrality of this version of the "internal" colonial articulation was considerably under strain with the exhaustion of the productive capacity of the reserves, the growth of secondary industry in South Africa, especially during the war years, and increasing black urbanisation.

"Apartheid" should be seen as a relatively successful, four decades long, capitalist-driven perpetuation of the earlier internal colonial articulation

1 Harold Wolpe, "Capitalism and cheap labour-power in South Africa: from segregation to apartheid", ***Economy and Society***, 1 (4), pp.425-456, 1972. Available at ***www.wolpetrust.org.za***

that had been underpinned by two modes of production. The apartheid regime sought, on the one hand, to preserve this articulation by sustaining the marginal productivity of the reserves through land-care and agricultural extension work, and the strengthening of patriarchal subordination of those in the reserves – with the consolidation of the repressive bantustan apparatus. However, greater focus now shifted to urban forced removals and the mass construction of peripheral urban black townships developing a new form of labour migrancy – daily migrancy – that perpetuated the simultaneous exclusion and inferior inclusion of the black majority.

It is **the combination** of these two colonial-type articulations (an internal and an external relationship) in their inter-dependence that lies at the heart of what might be described as colonialism of a special type. For a variety of reasons, through the 1990s, the external, imperialist-imposed, semi-peripheral subordination of South Africa within the global capitalist system was under-emphasised within our movement.

Advancing a second radical phase of the NDR requires that we now resurface more clearly the imperialist dimension of our persisting structural problems.

By approaching South Africa's politico-economic history through the lens of CST we help to locate the systemic legacy features we are dealing with in the context of a world capitalist system with its inherent tendencies towards combined and uneven global development, or development and underdevelopment, core and periphery. This helps to avoid several illusions that have had a negative impact on our ability to accurately chart a strategic way forward in the post-1994 reality.

The concept of "imperialism" disappeared from official ANC programmatic documents in the 1990s and early 2000s. Linked to this vanishing act was the exaggerated "exceptionalism" attributed to apartheid and the related view that apartheid was essentially all about "racism"- which it partly was, of course, but with "racism" becoming de-linked from any objective and systemic socio-economic realities. While South Africa, like any social formation, has its own unique features, the notion that "apartheid" was absolutely unique globally played into the 1990s neo-liberal "end of history" narrative. With apartheid abolished (and the Soviet bloc disintegrated), South Africa was seen as "returning to a happy family of nations" – "normality" was restored.

Understanding South Africa's political economy legacy as the legacy of a colonial variant of combined and uneven development in the imperialist era, i.e., as a local variant of a wider and persisting global imperialist reality, helps to explain why the end of apartheid hasn't produced domestic (or

global) "normality".

While it is no longer appropriate to describe the post-1994 South Africa as a case of CST, most of the core systemic features hard-wired into South Africa's subordinate capitalist growth path remain. These key features are **systemic** in the sense that they are inter-related, inter-dependent and mutually self-reinforcing. They are:

- The **continued subordination to the imperialist core** of South Africa's political economy as a semi-periphery within the global division of labour;
- T**he domestic dominance of the minerals-finance monopoly sector** tied into global financialisation – with an historically under-developed manufacturing sector, in particular;
- The existence of a highly **monopolized financial sector** dominated by four large banking oligopolies;
- **High levels of monopoly concentration** across all sectors – with an historically under-developed SMME and co-operative sector;
- **Stark spatial inequalities**, a symptom of the pattern of development/under-development – between South Africa and its southern African neighbourhood; between urban centres and rural areas within the country; and in the persisting urban apartheid legacy. These spatial realities continue to be hard-wired into the energy, logistical, and built environment infrastructures of our country and region;
- The **education and training system** (which we are still struggling to transform), remains a critical element in the reproduction of racialised inequality, and specifically of the reproduction of a reserve army of unskilled and semi-skilled workers; and
- A productive trajectory that is energy-intensive, with its origins in the mining revolution that continues to **recklessly plunder our natural resources and damage the environment.**

It is important to underline that these are not random elements but systemic features that remain a deep-rooted legacy. They are the systemic features of South African capitalism that, in mutually reinforcing each other, tend to lock our society into a persisting and problematic path dependency. Precisely because they are systemic, any attempt to transform one of these aspects (for example a transformed education and training system) without simultaneously addressing the others (including, for instance, significant re-industrialisation to employ graduates and artisans) is likely to end in frustration and failure.

Paradoxically, in many ways these problematic features of South Africa's productive economy have been further entrenched since 1994.

This has been the result of

- The power, mobility and strategic capacity of monopoly capital;
- Global economic developments;
- Poor economic policy choices, weak capacity and a lack of strategic discipline on the part of government; and
- The weakening of popular activism and particularly weakening of the progressive trade union movement, the result, in part, of a major (radical in its own way) capitalist-driven restructuring of the work-place and the labour market.

Notwithstanding the democratic breakthrough of 1994 and the major redistributive programme of government, the balance of class forces has shifted unfavourably over the past 20 years for the working class and poor. Private monopoly capital has been the principal beneficiary of our hard-won democratic breakthrough. Private monopoly capital has used our democracy and the ending of apartheid-era sanctions to dramatically increase its profit rate, to appropriate a growing proportion of surplus for profit at the expense of workers' wages and at the expense of fiscal resources, and has failed to significantly re-invest profits into productive investment within our economy.

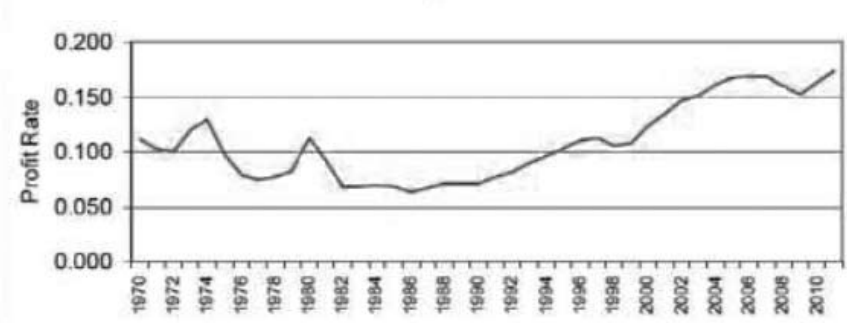


Table 1: Profit rate in SA, 1970 – 2011 (Profit rate = total net operating surplus relative to total capital stock (Source: Dick Forslund, AIDC)

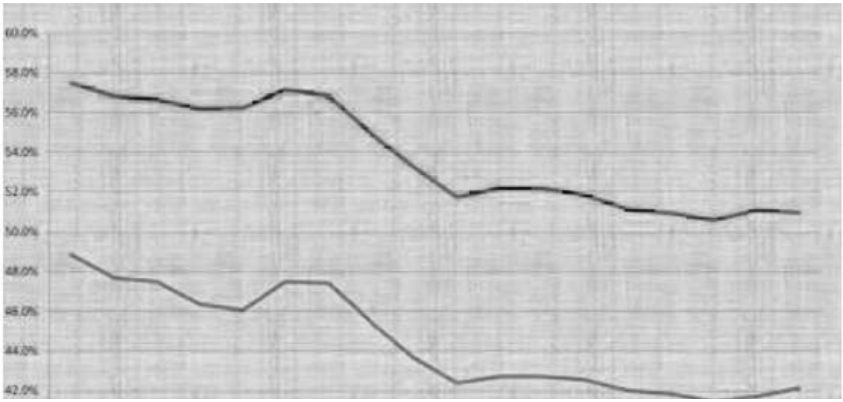


Table 2 – Falling wage share of GDP in SA since 1993 (source Forslund, ibid)

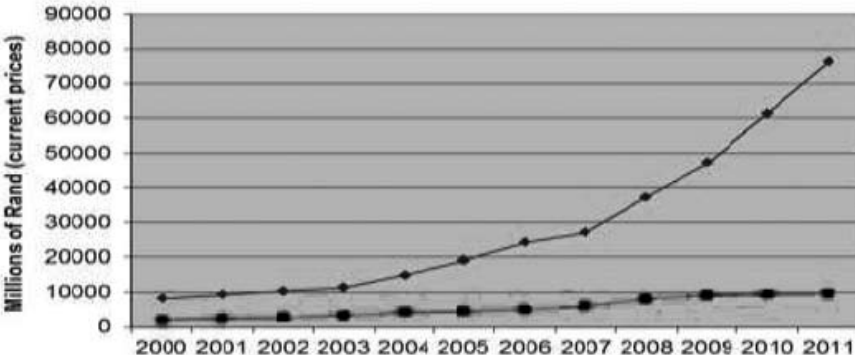


Table 3 – StatsSA for "Gross operating surplus" & SARB for "Gross fixed capital expenditure" – (Source, Forslund, ibid)

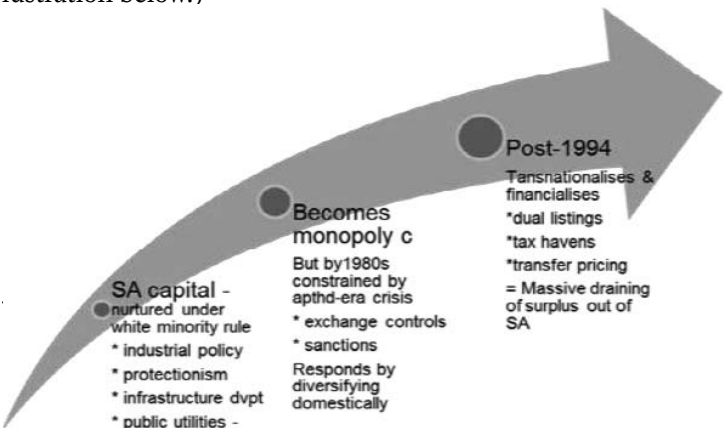
These trends are clearly illustrated in the following three tables:

This is particularly notable given the fact that there has been considerable public sector investment in infrastructure in the run-up to the hosting of the 2010 FIFA World Cup, and in the 2009-2014 fourth ANC-led administration in which over R1-trillion was invested in infrastructure. The growing disparity between private sector profits and private sector investment in South Africa is likely to be even greater in other sectors.

● These tendencies, which have dramatically increased since 1994, have been driven by both external and internal realities:

● General global capitalist restructuring over the past three decades – involving increased trans-nationalisation of operations, and, especially, runaway financialisation. The latter, a response to the crises of over-accumulation, falling rates of profit, and long-term stagnation in the developed capitalist core, has seen productive economic activity increasingly swamped by speculative financial activity (the global casino economy). This restructuring has resulted in the weakening of trade unions, growing inequality, the rolling back of the welfare state, and the unravelling of explicit or implicit social accords throughout the developed capitalist core.

In the late 1970s and through the 1980s, South Africa's financial, mining and other monopoly sectors were considerably locked out of this global capitalist restructuring as a result of anti-apartheid economic and financial sanctions, as well as stringent apartheid foreign exchange controls and other defensive measures. Bottled-up surplus generated within the leading monopoly finance and mining sectors of our economy was invested into diversified activity. Mining houses, for instance invested in this period, into forestry, agro-processing, logistics, retail and manufacturing – stimulating re-industrialisation, local beneficiation and, indeed, a growing industrial base for a resurgent trade union movement. The end of apartheid and the lifting of sanctions marked a dramatic reversal of these processes. (See Illustration below.)



As a result of this rapid and massive process of trans-nationalisation and the expatriation of capital, the democratic South African government now increasingly has to engage former South African monopolies (born and bred within our country and grown rich on massive fiscal support and on the

sweat of millions of South African workers) as foreign investors.

Here are just a few examples of how these processes have developed rapidly post-1994

ABSA

Who owns Absa

Absa is one of 4 banking monopolies that dominate SA's financial sector – but who owns it?

Absa's origins are in the early mobilisation of Afrikaner capital. Absa itself was formed in 1991 out of a merger between United, Allied and Volkskas. In 1992 it acquired the Bankorp group including Trustbank.

In 2005 Barclays UK purchased 56,4% of Absa. In 2013 Barclays increased its share-holding in Absa to 62,3% and the name was changed to Barclays Africa Group Ltd. As at June 2013 ABSA/Barclay's Africa shareholders were located in:

UK – 57,6%

US & Canada – 8,8%

Other countries – 7,4%

SA – 26,2%

When Barclay's Africa CEO Maria Ramos calls for a "social covenant" (presumably with government and labour) – where does she derive her mandate from?

AFGRI

Afrgi – how a former SA agricultural co-op was bought out by US speculators

Afgri is an agricultural services company dating back 90 years, originally as a co-op supported by successive white minority governments. After 1994, instead of transforming this co-op to service emerging and subsistence farmers, we allowed it to become (like other former agricultural co-ops – KWV, Clover, Senwes) a private company listed on the JSE in 1996. Financial speculation and profit maximisation displaced agricultural production and food security concerns.

In 2014 Afgri was de-listed from the JSE and bought out by a little-known North American based financial speculator group registered in the tax-haven of Mauritius.
But Afgri remains a strategic player in our agricultural sector:
Owning a vast proportion of South Africa's grain storage capacity,
Providing services to 7 000 mainly commercial farmers through rural-based retail outlets and silos.
It is the largest supplier of John Deere tractors in Africa.
It was recently subsidised through governments' tractor support programme for emerging farmers, and it acts as an agent for the Land Bank, distributing some R2bn a year on behalf of the bank.
A critical asset for national food security is thus a financialised entity owned by foreign speculators

These are just two examples of a major trend underway since the mid-1990s. In the late 1990s Anglo, De Beers, Old Mutual and SAB Miller, Investec, Didata, Gencor, Liberty, etc. were allowed to dual list – in effect moving much of their corporate tax responsibilities, dividend payments and investments off-shore. More recently, furniture giant Steinhoff International received a Reserve Bank go-ahead (July 2014) to move its primary listing to Frankfurt. Also this year BHP Billiton has announced plans to "de-merge" most of its local mines into a separate company. Last year Gold Fields unbundled Sibanye Gold. This year AngloGold Ashanti, the third largest gold miner in the world, tried to split its assets into a South African bundle, but was blocked by its own share-holders who were unwilling to fork out R20-billlion to ensure that the South African bundle would be debt-free – a condition correctly set by the Reserve Bank. Bidvest, the logistics company, has also recently announced its plans to list its food business in London.

But perhaps the most invidious case is that of Sasol

SASOL

Sasol sits pretty – what about SA?

Sasol was set up in 1950 as a state-owned entity
Subsidised for many years to cover the difference between the global price of oil (around $25) and Sasol's cost to produce oil from coal (around $40)

Privatised from 1979, shares sold at discount to established white monopoly capital
Currently supplies about 35% of our petrol needs
But global price of oil now around $90-$100/barrel, and Sasol sells at the pump at import parity price – we are subsidising super-profits for Sasol
In 2006 with global oil price around $60, Min of Finance established a Task Team to look at a windfall tax proposal
In 2007 the Task Team recommended a windfall tax
However, instead Treasury reached "gentleman's" agreement – in exchange for no windfall tax Sasol to invest in a new coal-to-oil plant in Limpopo (Mafutha)
2012 – global oil price $120, Sasol's net profit = R24-billion – but still no Mafutha
2013 – Sasol announces R200-billion investment in gas to liquid plant in… Louisiana, USA!!!
Even neo-liberal conservatives in SA were outraged: "Born courtesy of taxpayers…SA's biggest company and world leader in various critical energy technologies is investing ever more deeply in the US than it is here. This may be the right thing for the company, but is it right for the country?" (David Gleason, "Sasol sits pretty – what about SA?", *Business Day*, 4 July 2013)

This massive disinvestment out of South Africa is presented by business interests as a "vote of no confidence" in the present government. See for instance a recent *The Times* front page story "Big business votes with its feet" (October 6, 2014). The story tells us that: *"a great trek of companies from South Africa is under way, even as government talks of 're-industrialising' the economy. Multinational companies increasingly view their South African operations as 'orphan assets', says Investment Solutions economist Chris Hart."*

South African Chamber of Commerce and Industry policy analyst Pietman Roos is quoted later in the story blaming the Zuma administration over the past five-and-a-half years: *"(T)he high cost of doing business here and general unpredictability of policy changes are major reasons,"* for disinvestment.

There are several things in this pervasive perspective that require critical engagement:

- Most of these "multi-nationals" are actual (or former) South African companies that benefited from decades of support from white minority regimes, including the supply of cheap black labour. The "vote of no confidence" is a vote of no confidence in a non-racial democracy that includes worker rights.
- The disinvestment trends started in the mid-1990s with Anglo, De

Beers, Old Mutual, SAB Miller, Investec, Didata, Gencor, Liberty etc. being allowed to dual list overseas. This is not a process that has suddenly happened over the last five years.

● Part of the "cost-of-doing-business" complaint relates to electricity costs. As we have noted above, it is only since 1994 that Eskom has been given a major developmental mandate (providing 7-million electricity connections to poor households in 20 years, for instance, versus a mere 5-million household connections in the entire previous century). This is one (admittedly not the only) reason for an increased electricity tariff for business.

● Particularly in the case of the mining houses, the restructuring of their mining interests in South Africa often relates to the approaching exhaustion of mines that have been intensively exploited over several decades. Again, these moves often have very little to do with "policy uncertainty", or the cost of labour.

● It is important to understand that these processes of re-location and financialisation are global trends, and not specific South African phenomena.

Monopoly capital constantly seeks to use its power and mobility to leverage ever more policy concessions out of government – it bullied the Mandela administration, it bullied the Mbeki administration, just as it seeks to bully the Zuma administration with dire threats of disinvestment, and complaints about policy uncertainty.

Connecting all of this to the earlier analysis of South Africa's underlying systemic crises we can see that (former) South African monopoly capital is increasingly solving its own semi-peripheralisation within the global imperialist value chain by becoming global itself. This involves a relative (and in some cases complete) de-linking from South Africa. It might be good for monopoly capital – but the massive disinvestment out of South Africa is the most active factor in deepening South Africa's triple crisis of unemployment, poverty and inequality.

This massive outflow of capital is also directly responsible for South Africa's foreign debt rising from $25-billion in 1994 to $140-billion today. It is a ratio to GDP that is as high as the mid-1980s apartheid-era debt crisis. Our foreign debt ratio creates further dependencies on speculative investment from abroad, and increasing exposure to the verdict of ratings agencies and "investor sentiment".

What is to be done? In what follows we will argue that any counter-offensive requires using state power and popular power to effect, in turn, ***a relative de-linking*** of our society from the globally dominant imperialist political economy. We say "relative" – because there is no immediate or

medium-term prospect for a complete rupture.

The national in the NDR

We are now in a better position to give more meaningful content to the concept of a National Democratic Revolution in its second phase. The "national democratic" in NDR refers to three critical and inter-related dimensions:

- The struggle for a democratic **non-racial** society – overcoming the terrible legacy of racial oppression, and the persistence of racism in our society (not least in the work-place);
- The struggle for **nation building** – and in particular the struggle to forge the **socio-economic** material conditions for national unity – which means the transformation of the **"internal colonial"**, core/periphery features of our society that still persist;
- The struggle for democratic **national sovereignty** – in other words the struggle to overcome South Africa's semi-peripheral **economic** subordination within the global economy, in the process defending, for instance, our democratic electoral mandate in the face of monopoly capital's persistent attempts to dictate different policies.

The first dimension is the one that occupied prime place within the first phase – the **de-racialisation of our society**. As we have noted already, this was largely attempted in the first phase through addressing the legitimate **national grievances** of the black majority (Africans in particular, blacks in general). In the first phase, the approach to this imperative focused on extending and consolidating equal rights to all (regardless of race) and of applying a range of positive discriminatory **redress measure**s for those historically disadvantaged. This aspect of the struggle **remains a critical pillar of the NDR.**

However, as we have already indicated, because emphasis on this dimension tended to be insufficiently complemented by other dimensions of the "national question", many of the systemic underpinnings of national/racial oppression of the majority have remained stubbornly in place. Despite extensive redress measures, the triple crises of unemployment, poverty and inequality remain strongly inflected by race. That is why it is essential to more forcefully highlight two other critical dimensions of the "national question" – the "external" and the "internal" dimensions historically associated with CST.

The external CST dimension – the ongoing struggle for democratic national sovereignty

This is a struggle to ensure that a national democratic popular mandate and its key developmental objectives are not continuously usurped and under-

mined by external (imperialist or trans-nationalised ex-South African monopoly capital) interests and their local comprador (fronting) allies. This relates to a struggle to overcome South Africa's semi-peripheral **economic** position within the global capitalist system – in other words, to transform the "external" core-periphery relation. A range of interventions are required:

- Most important is the **re-industrialisation** of our economy so that we move up the global productive value chain. It is notable that the three key spurts of industrialisation within our economy occurred at times when there was a **relative de-linking** from the **imperialist north** – during the two World Wars (1914-18 and 1939-1945), and, paradoxically, in the late-70s into the 80s when international sanctions (together with prescribed asset legislation and tough exchange controls) compelled the dominant South African mineral-energy-finance complex to deploy surplus into domestic diversification in manufacturing, forestry, logistics and retail. It must be added that these periods of relative de-linking (notably the first two) were accompanied in the 1930s and 1960s with the determined use by the respective minority regimes of a range of state interventionist measures into the economy – extensive development of SOEs, industrial policy measures, skilling initiatives (using SOEs and directed at white artisanal training), prescribed assets, the development of coops, agricultural marketing boards, trade protectionism, etc. The monopoly sector has used the post-1994 "normalisation" of South Africa's international relations to reverse domestic diversification and investment. Post-1994 we have seen a major process of de-industrialisation as capital surplus has been expatriated through divestment from horizontal linkages within South Africa, with an emphasis on "maximising" global share-holder value, and accelerated financialisation and trans-nationalisation by major South African monopolies (Anglo, Old Mutual, SAB, Sasol, etc.). Illegal capital flight, dual listings, foreign entry into our economy (Walmart), the misguided relaxation of exchange controls, and our inordinate reliance on short-term speculative flows have all played a part in **deepening** South Africa's subordination within the global capitalist accumulation process. A critical component of the second phase is to roll-back what has been a hugely problematic reversal since the early 1990s.
- If "relative de-linking" from the imperialist north was a key factor in earlier spurts of industrialisation what factors are there in the present that could be leveraged for a relative de-linking now? Increased global multipolarity is an important factor – and this is the context in which BRICS, for instance, needs to be viewed. Even more important for South Africa are the possibilities of regional development – an African agenda that must, in turn, break with the old-apartheid era, neo-colonial, sub-imperialist relationship

between South Africa and its region. We now require (for South Africa's own sovereign advance) a balanced, region-wide process of development and industrialisation.

- This in turn needs to be supported by infrastructure development that begins to break with a largely persisting (neo-)colonial pattern of logistical infrastructure premised on natural resource extraction from our region to the imperial north – pit-to-port and plantation-to-port rail lines, for instance, or energy and water supply infrastructure still monopolised by mines and large corporate agriculture. The balanced development and industrialisation of our region requires a different pattern of infrastructure (including logistics, water, energy, and IT). The critical PICC SIP 17 (the North-South corridor), which has failed to be consolidated in the past three years, becomes especially important in this context.
- Our trade, diplomatic and even military/peace-keeping strategic interventions all need to be guided by these developmental priorities.

Transforming our skewed internal development – placing our society onto a new growth and developmental path

Because of their systemic inter-linkages, addressing the "internal" CST legacy is, of course, closely linked to the struggle for national sovereignty, and many of the same programmatic priorities are required.

It is important to underline that the policy fundamentals for these programmatic priorities to place our society onto a new growth and development path are already basically in place, and they include:

The New Growth Path whose core focus is to place our productive economy onto an **employment-creating** trajectory. The NGP identifies 13 jobs' and growth drivers: Infrastructure build; mining and beneficiation; manufacturing; tourism; greening the economy; rural development; the Industrial Policy Action Plan; agriculture and agro-processing; the knowledge economy; the social economy; the public sector; education and training; and African regional development.

The Industrial Policy Action Plan (IPAP) is a key pillar of the NGP. This is a re-iterative state-led action plan continuously updated and focused on **re-industrialisation**. The beneficiation of our mineral resources is a key pillar of IPAP, building on the platform of what remains South Africa's relative competitive advantage. Agro-processing, localisation and state procurement policies are other key points of leverage for driving local manufacturing jobs.

The National Infrastructure Plan co-ordinated through the Presidential Infrastructure Coordinating Commission (PICC) through 18 over-arching Strategic Integrated Plans (SIPs). Amongst other things the NIP seeks to sup-

port the re-industrialisation programme by

- Facilitating **beneficiation** and breaking with the excessive pit-to-port, export configuration of our **logistics syste**m by ensuring better logistical connectivity to local upstream and down-stream manufacturing;
- Further supporting the re-industrialisation programme by ensuring that key manufactured inputs for infrastructure are locally manufactured; and

The NIP is also focused upon using the infrastructure build programme to radically transform the core-periphery pattern of development/under-development hard-wired into the "internal" dimension of CST. This latter critically involves transformative urban development (new human settlement patterns, public transport, etc.); and the transformation of under-development in rural areas.

Other important strategic interventions to place our economy on to a new growth and development path include:

- the ANC's State Intervention in the Mining Sector (SIMS) policy;
- interventions to break the collusive conduct and market power of private monopoly capital – through a range of regulatory and other interventions, using the Competition Commission and related institutions;
- Transforming the financial sector – DFIs, industrial investment, prescribed assets, trade union investment funds and greater working class strategic control over retirement funds.
- Development of SMMEs and coops around the industrialisation process
- Transforming the education and training system to align with and support our developmental and productive economy objectives
- Changing our energy mix – greater self-reliance, greater sustainability
- Linking BBBEE more effectively to our developmental and productive economy objectives – with an emphasis on fostering a productive entrepreneurship, including a new cadre of black industrialists.

As can be seen from the broad outline of key strategic interventions required to advance a decisive transition to a new growth and development path, the second radical phase of the NDR is not something we are just talking about. Many of its key elements are already under implementation. What is required is a more decisive and more coherent effort.

There also needs to be a better aligned *macro-economic policy package* that supports all of the above programmatic priorities.

Relative de-linking on the internal front: Changing the balance of forces, or how to leverage a relative de-linking of popular strata from the depradations of the capitalist market

In earlier sections of this intervention we briefly sketched out how colonial dispossession and apartheid social-engineering squeezed millions of South Africans out of productive, homestead-based communal work and into coerced employment for someone else's profit. For those living in former bantustans, or in urban townships and informal settlements, the prospects of a sustainable livelihood still rest considerably on the chance of employment, that is, selling their labour power on a capitalist market. But the core crisis of our society is precisely that there are many more proletarianised sellers than capitalist buyers. This, in turn, reproduces a highly skewed class balance of forces – in which millions of South Africans have no alternative livelihood, and are forced into employment on unfavourable terms as low paid temporary workers, as labour brokered casuals, etc. This "precariat", this huge reserve army of labour further weakens the negotiating leverage of the formally employed working class.

This is why a wide range of initiatives, including the many redistributive initiatives noted earlier (social grants, social housing, non-fee schooling, access to health-care, the roll-out of subsidised public transport and the progressive de-commodification of at least basic amounts of water and electricity) should all be understood not just as "poverty alleviation", but as *state-led interventions that potentially help to alter the class balance of forces by partially de-linking the livelihoods of the popular strata* from naked dependency on the capitalist market.

Moreover, the more we strengthen these **social wage** interventions the less pressure is placed on the wage of the formally employed. Cosatu is not incorrect when it argues that perhaps the greatest redistribution in South Africa is the redistribution of wages of the formally employed among extended families and other dependents in both urban and rural areas. This puts huge pressure on wage negotiations and is a factor in re-producing a stratified labour market with pockets of relatively well-paid workers where for one or another reason trade union organisation is effective.

However, state-led redistributive measures, while potentially creating greater popular capacity, do not in themselves transform the productive economy.

It is important to make stronger links between existing redistributive measures and the transformation of **production** itself, amongst other things, in regard to:

Land reform: It is imperative that land reform is much more closely linked into a sustainable productive perspective. This involves linking land reform much more actively into the wider objective of achieving *greater food security* and *food sovereignty* – focusing on breaking the market domina-

tion of agricultural, agro-processing and food retail monopolies (which are increasingly financialised and transnationalised) – through more effective regulation, through re-building public sector support to farming, especially medium and small-scale mixed farming (through research, veterinary services, market support, localised storage and processing facilities, appropriate infrastructure, etc.). It is critical to align land reform programmes to a sustainable productive perspective, and to address the democratisation of communal land tenure through the implementation of communal property associations. Urban and rural household and community food gardens are also an important component of ensuring food security and sovereignty.

The productive economy needs also to be progressively transformed through the transformation of the work-place, to move increasingly towards the democratisation of the work-place. Key priorities are addressing the still highly racialised nature of most private sector work-places, as well as gender discrimination.

Public employment programmes – and the de-commodification of work

In response to South Africa's unemployment and poverty crisis, we have developed an internationally innovative array of public employment programmes – grouped under the broad umbrella of the Expanded Public Works Programme (EPWP). In the past 10 years over 6-million work opportunities have been provided in a wide range of sectors – infrastructure, the social and culture sectors, environment, and the community work programme. Many of these public employment programmes also work closely with non-profit and community-based formations. While these programmes differ in varying ways they all involve at least three dimensions:

- Through a minimum wage (or "stipend") they provide some basic income relief to poor households, and can be seen as a component of the social security net that we are endeavouring to broaden;
- They provide work experience in a context where millions of South Africans have little or no experience of collective work. The work experience also comes with training – varying from fairly basic skills in the case of CWP, for instance, through to a high-level of training, in the Working on Fire programme, for instance. The intention is to restore some level of dignity to the unemployed; and
- Through these programmes, public assets are created or maintained (social infrastructure, rural roads, etc.), and services are provided (home-based care, ECD care, homework supervision, cleaning of parks, food gardens and school feeding, etc.). In some cases, the services provided make a major economic contribution. In the case of Working for Water as much as R400-

billion worth of water has been saved and 71% of grazing land rescued.

Perhaps most importantly, these public employment programmes potentially provide a relative de-linking of poor communities from the depredations of the capitalist labour market. Through community productive work they enhance community coherence, build collective resilience, foster a sense of collective responsibility for and ownership of local resources and amenities, and help to forge a different relationship between the state and popular strata. In short, they have the potential to help transform both the state and popular communities – breaking with the idea of a "top-down delivery state" servicing (often resentful) "customer citizens". The public employment programmes create a terrain on which popular strata can once more become active protagonists (motive forces) in their own development.

SIYAKHOLWA IN KEISKAMMAHOEK

Forging a different countryside – Siyakholwa in Keiskammahoek

Siyakholwa Foundation was formed in 2007 as a non-profit organisation. It was based in an old saw-mill in the village of Qobaqoba in Keiskammahoek. The original intention was to foster farming co-ops in this impoverished area of the Eastern Cape

After trials-and-errors with the co-ops – including a bumper cabbage crop for which they could not find a market – Siyakholwa linked up with government's Community Work Programme.

Cogta, through the CWP programme, provides a stipend for 1 500 participants working in 37 surrounding villages. In each of the 37 villages there is a Village Committee that selects participants for the programme and collectively identifies public work in the village. This includes identifying house-holds in distress requiring home-based care; food gardens in schools and creches which also supply free meals to students; the maintenance of public facilities in the village (school buildings, the graveyard, etc.).

Each of the 1 500 participants works 8-days a month on community work, leaving other time to work in their own fields or do other things. The monthly stipend earned (around R500) provides some income relief to poor households – but, above all, the programme has helped to build community solidarity in the villages and a sense of social usefulness and pride among the participants.

Siyakholwa, the non-profit organisation, acts as a local implementing agent for the programme. It operates in the renovated sheds of the old

saw-mill. The centre provides training and resourcing for the village food-gardens (soil conservation, composting, seeds); and other skills training – including welding, basic auto-repairs, bee-keeping, and computer literacy. In the grounds of the centre is an orchard with 1 000 peach trees (providing cheap fruit to local villages and a supply of fruit for a team of women trained in jam making); a distillery to produce essential oils from rose geranium plants that grow very easily in the area with cuttings provided free to growers in the villages; and experimental food gardens, vermiculture, etc. One of the aims is to train two basic handy-men for all 37 villages. Siyakholwa training is funded partly through Cogta's CWP budget, but other sources (private and public) are also tapped into.

Because of its success, Siyakholwa, working with provincial government structures, is now helping to establish similar programmes in other districts of the Eastern Cape.

While the Siyakholwa Keiskammahoek project is among the more exemplary of the public employment projects in South Africa, there are tens of thousands of others in both rural and urban settings. We need to make better connections between our public employment programmes and a range of other popular initiatives – including cooperative development, micro-enterprises, street trading and other self-employment activities, and a wide range of non-profit and community-based organisations and volunteerism. All of these require relative degrees of sheltering from the depredations of the capitalist commodity market, and all are focused primarily on securing livelihoods for their participants rather than ever-expanding surplus and profits through the exploitation of other people's labour.

Their principal "capital" is, in fact, their own individual and collective labour. In progressive circles in Latin America and Europe there are movements aimed at supporting, networking and advancing this potentially non-capitalist sector variously described as a "solidarity", "co-operative" or "social" economy. In South Africa we need, as **one** component of the second radical phase of the NDR, to consolidate a relative de-linking of the poor, the un- and under-employed through consolidating a solidarity economy so that livelihoods are not entirely dependent on finding willing capitalist buyers of labour-power. In other words, this is the second relative de-linking that we need to foster as part of the second radical phase of the NDR.

The battle of ideas

The strategic perspective of a second radical phase of the NDR sketched out in broad brush-strokes in this intervention is, of course, not the only

strategic "narrative" at play in South Africa at present. In fact, because we have not given sufficient context and content to the idea of a second radical phase, other narratives often enjoy greater prominence and credibility in public discourse and debate. Part of advancing and defending a second radical phase will, therefore, necessarily involve actively engaging in the battle of ideas and developing a clearer perspective of the main features and weaknesses of competing "narratives".

Growth-then-redistribution

The dominant "narrative" remains the basically neo-liberal notion that South Africa's socio-economic challenges can only (and will only) be solved through capitalist-driven growth that will "grow the cake" – providing greater resources for redistribution to address the problems of poverty and inequality. See for instance the DA's web-site statement: "if we are to open up opportunities for all and create a prosperous, inclusive society, **the pie needs to get bigger so there is more to share."**

While the growth-then-redistribution narrative might acknowledge some structural challenges in South Africa's political economy (for example, a skills deficit, or energy challenges), it fails to go to the root of the problem. It essentially seeks to put South Africa back into the same "growth path" which, as this intervention has sought to illustrate, is precisely what is at the root of the reproduction of our triple crisis. For this reason, the growth-then-redistribution narrative dismisses the need for a radical transformation of our productive economy, preferring, instead, to leave growth to the "market".

The growth-then-redistribution narrative is further based on two flawed assumptions:

- In trumpeting growth as the cure to our problems it is essentially evoking "growth" as measured by the problematic **"GDP"** metric – but what actually is GDP measuring?
- For the growth-then-redistribution narrative the means to achieving its objective of "growth" is typically a **social compact** between government, business and labour, an "economic Codesa".

Let's briefly consider each of these flawed positions in turn:

The GDP myth

Internationally, and not just from left quarters, the socio-economic relevance of the GDP metric has been increasingly questioned. In 2008 Nicolas Sarkozky's centre-right French government, for instance, appointed two economics Nobel laureates, Joseph Stiglitz and Amartya Sen to head a commission

to examine the appropriateness of GDP in assessing economic performance and social progress.[2] Their report begins with the pertinent observation that "what we measure shapes what we collectively strive to pursue – and what we pursue determines what we measure" (p.10). The authors then organise what they call *"the case against GDP"* into seven basic areas:

- Distribution – GDP does not tell us how growth is distributed at the household level. The example they cite is the US where GDP has more than doubled over the past 30 years, while median household income grew only 16 percent.
- Quantity versus quality – GDP measures the quantity of traded goods and services, but not the quality. Money spent on gambling is just as "good" as money spent on books. Traffic congestion contributes to GDP by increasing the sale of petrol.
- Defensive expenditures – GDP does not distinguish between expenditure that positively increases human welfare (education, for instance), and "defensive expenditure" such as cleaning up industrial disasters or military spending.
- Real economic value versus borrowed and speculative gains – GDP tells us nothing about the sustainability of economic activity. Financial services add to GDP regardless of whether they are allocating capital to productive investment or fuelling gigantic asset bubbles with speculation.
- The depletion of natural resources and ecosystem services – GDP ignores environmental problems. Economic activity that depletes natural resources (mining in South Africa) is just as valuable, by GDP standards, as economic activity using natural resources sustainably.
- Non-market activities – GDP tells us nothing about the value generated by non-market activities – in the household, in the public sector, in civil society, and in the broader ecological systems. In Third World countries, the authors note, this is a particular problem since much activity takes place in the "informal" economy.
- Social well-being – GDP mostly does not track indicators of social well-being like rates of poverty, literacy, or life-expectancy.

There are many other similar critiques of the GDP metric[3]. Yet, GDP still

2 Report by the Commission on the Measurement of Economic Performance and Social Progress, Paris, 2009. www.stiglitz-sen-fitoussi.fr/document/rapport_anglais.pdf

3 There is now a growing literature critiquing the GDP metric, with similar if not identical issues raised. A useful short critique is Lew Daly & Stephen Posner, ***Beyond GDP. New measures for a new economy***. Demos, 2011. See also Lorenzo Fioramonti,

remains the Holy Grail in most mainstream commentary when assessing how South Africa is doing, and what needs to change in order to achieve "higher levels of growth". Clearly powerful interests are vested in the preservation of this highly distorting means of assessing the well-being of our economy and society.

The "economic Codesa" myth

The growth-then-redistribution supporters in South Africa often recommend a "social compact", or an "economic Codesa" as the way out of our current predicament. Essentially what they have in mind is a deal between business, labour and government "to get growth moving". Labour agrees to keep wage increases below productivity gains; business agrees to plough back into South Africa the increased surplus in job creating investments; and government uses increasing fiscal revenues to:

- First lower the cost to doing business for business (by investing in logistical and energy infrastructure, for instance); and
- Secondly, lower the cost of living for workers by way of social wage expansion (provision of social housing, public transport, etc.).

In the course of this intervention we have noted that, in fact, labour productivity has increased significantly since 1994 in South Africa, largely as a result of growing capital intensity and the shedding of large numbers of semi- and unskilled jobs, while capital's share of surplus has grown. However, the increased surplus has *not*, generally, been invested back into job-creating production in South Africa. The equivalent of some 20-25% of GDP since 1994 has been expatriated by way dual listings, dividend payments, tax avoidance, transfer pricing, foreign buy-outs, and illegal capital flight.[4] This draining of capital and the resulting limitation of fiscal resources will dangerously expose a "redistributive" government in any putative social compact. The sheer scale of reproduced poverty, inequality and unemployment, and the limited fiscal resources to roll out social wage measures will

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Gross Domestic Problem. The politics behind the world's most powerful number. Zed Books, 2013. Thomas Piketty's substantial (and runaway publishing success), ***Capital in the twenty-first century***, Harvard University Press, 2014, is also relevant here. Its main focus is to debunk the notion that capitalist economic growth necessarily leads in the medium- to longer-term to greater degrees of equality.

4 Sam Ashman, Seeraj Mohamed & Susan Newman, "The fiancialisation of the South African economy and its impact on economic growth and employment", Undesa/EDD/UNDP International Capital Flows and Financialisation of the South African economy conference. Pretoria, October 2013.

inevitably set up for failure a largely redistributive government that stays clear of transforming the productive economy.

While wholesale trans-nationalisation and financialisation are related in part to the many specific features of South African monopoly capital, it is important to appreciate that they are also global capitalist trends. The belief that a social compact, an "economic Codesa", will open the way to sustained growth and redistribution in South Africa rests on the illusion that monopoly capital is still operating in the period 1945-1973 when, in much of the **developed** capitalist world, explicit or implicit national social accords drove post-war reconstruction, resulting in rising living standards for workers and sustained growth. National bourgeoisies in much of war-torn Western Europe, for instance, contributed out of self-interest, by way of high taxation and productive investment, to the patriotic effort of reconstruction and development. However, from around 1973, with West European and Japanese national capitals now recovered, and with near full employment within their economies and thus a considerably strengthened working class, along with new sets of problems (inflation, growth slow-down) – European and Japanese capital increasingly sought ways of escaping their respective national compacts and their accompanying "patriotic" responsibilities, by moving their investments to lower-wage and lower-tax destinations.

The switch from neo-Keynesianism to neo-liberalism as the hegemonic imperialist ideology from the late-1970s through to the present is directly linked to these developments. Under the aegis of Thatcherism, Reaganomics, and other variants of neo-liberalism, advances towards social equality in the developed capitalist core have been dramatically reversed as have trade union gains. The 1945-1973 "golden age" of capitalism in the developed capitalist core (Western Europe, US and Japan) has proven to be a relatively brief historical interlude and one that was largely confined to the geo-political "North".

The South African advocates of a grand "social contract" between business, labour and government as the key solution to our socio-economic crises are confused about both our place and our time. They misunderstand both our geo-political location (as a semi-peripheral capitalist economy in the "South"), and the current historical conjuncture in capitalism's development (accelerated globalisation, financialisation, and the domination of the casino economy). This is not to say that we should never engage capital whether as government, trade unions, or social movements. We should certainly bring state, working class and popular power to bear on the (diverse) sectors and strata of capital. Through sustained struggle there will be opportunities to leverage agreements and sectoral advances. But the idea that

there is a realistic possibility of a grand, all-in, 20- or 30-year social compact with monopoly capital, a deal in which increased investment is made in response to wage restraint, is simply utopian. Our experience over the past 20 years has demonstrated this quite clearly and brutally.

Nevertheless the illusion persists, including within parts of our own movement.

A recent example is provided by cde Joel Netshitenzhe who sought to give his own meaning to the idea of a second "radical" phase. Concluding a longish *Mail & Guardian* intervention (" 'Radical' change is our collective responsibility", 27 June 2014) he argues that South Africa's challenges require that "**all societal leaders** seriously work towards **a social compact** of common interests…there are historical moments when it is **truly 'radical**' to r**ise above the false comfort of ideological fundamentalisms**."

There are four inter-related things (which we have underlined here) to be noted in this, the concluding passage in cde Netshitenzhe's article:

- It is an appeal to "leaders" – rather than (or rather than also) a narrative of mobilising popular forces as key protagonists of transformation;
- It is an appeal to "all" leaders to work towards a "social compact of common interests" – that is, it is essentially a vision of elite pacting;
- It asserts that the discovery of overarching "common interests" requires that leaders "rise above the false comfort of ideological fundamentalism". While clearly we should not be stuck within dogmatic fundamentalism, the argument here can easily lead to a mistaken belief that social conflict and contradiction are purely the result of subjective intransigence, of ideological tunnel-vision, of a "communication failure". This, in turn, can lead to the illusion of an "ideology-free", "end-of-history", "purely technical" consensus that will solve our socio-economic crises; and
- The intervention consistently places the word "radical" in inverted commas – cde Netshitenzhe knows very well he is simply paying lip-service to the word.[5]

Cde Netshitenzhe is, of course, not alone. It is a perspective shared with others of a centre-left, social-liberal persuasion. The generally acute commentator, Steven Friedman, is also a consistent proponent of an overarching

5 See, for instance, an earlier passage: "***a radical way of doing things should permeate all of society. For instance…Shareholders, boards and managers alike should look beyond the short term and ensure that investments are measured also*** [he quotes EL Rothschild] ***'by the development of human capital, management of innovative potential, compensation aligned with value creation and measurable evidence of the overall contribution of the enterprise to society'***"…etc.

social pact.[6] The fundamental weakness of the position lies in its failure to fully recognize the **systemic** nature of our capitalist crisis and the ungovernability of the globalised casino-economy. The position seeks to find common ground across class and other divisions in a "war against poverty, or inequality, or unemployment". But what does it mean to wage a war against "poverty", for example? Are there no vested class interests in the systemic reality of our society that continues to reproduce poverty?

Anti-ANC alliance and anti-state "radicalism" – left (and right wing) versions

At the other extreme, there are now relatively significant but diverse "radical left" ideological currents that, at their best, have produced some important systemic critiques of South Africa's post-apartheid political economy. We should acknowledge that there has sometimes been a degree of cross-fertilisation between their work and positions adopted by the left within the ANC-led alliance and government (including some positions within this intervention).

These left currents have a strong presence in some universities, and in some of the more effective and progressive NGOs, with a reach into unions and social movements. They are also active in the media and link into a diverse range of international left groupings and networks, including parts of the former anti-apartheid movement.

Attitudes towards the ANC-alliance and government vary from scepticism to outright hostility among these tendencies. Over the past five to ten years the levels of hostility have increased, if anything. Much of this has to do with real weaknesses within the ANC-led movement and government (challenges of corruption, state brutality or indifference, growing social distance from our core base marked by our absence from many protest actions, policy ambivalences and factionalism). These are held up as evidence of the "inevitable sell-out by nationalist forces", etc. In particular, a one-sided (but persuasive) reading of the Marikana tragedy that reduces it to "state violence against workers on behalf of mining capital" has been turned in these

6 See, for instance, Steven Friedman, "We must stop blaming and start compromising", ***Business Day,*** 19 September 2012; and Eddie Webster & Mark Orkin, "Many believe workers' party could help solve SA's issues", ***Business Day***, 15 July 2014. The latter article is more or less explicitly moderately anti-ANC/SACP (sharing this with the more radical anti-ANC alliance left noted below), while at the same time favouring a new worker's party that would be a player in a centrist social pacting exercise. (Manifestly others on the anti-Alliance left have very different versions of a "new workers party").

quarters into what they regard as a decisive water-shed moment.

Rhodes University academic and leftist Richard Pithouse notes perceptively that: "In the late 1980s and early 1990s shack settlements were often given names like 'Joe Slovo', 'Chris Hani' or 'Lusaka'. This placed the land occupation, and its protagonists, in a national drama. Even when times were tough there was a clear, and sometimes millennial, sense that this drama was heading towards some sort of collective redemption." (Pithouse, "*Marikana, Resolve & Resilience*", 26 June 2014, South African Civil Society Information Service, http://sacsis.org.za) In less academic terms, Pithouse is asserting (and not without reason) that in the late 1980s and early 1990s popular imagination found inspiration in the symbols and reference points of our national liberation movement. Now, Pithouse notes, many informal settlements around the country bear names like "Marikana", reflecting a growing popular disconnect with our liberation narrative.

Pithouse captures the sentiment among much of this left intelligentsia outside of the ANC-alliance when he concludes: "New forces are stirring. Elite nationalism is beginning to lose its hold on an increasingly militant citizenry. Many people are looking for new organisations to advance their interests. Relations to the legal system and electoral politics are increasingly instrumental. None of us knows where this will end. But it is clear that there will be no return to business as usual at the end of this strike [the platinum sector strike]. The deal that carried us through the last twenty years is up."

For many in the left outside of the ANC-alliance, then, we are now into a completely new conjuncture of popular struggle. The 1994 "deal" is over. In short, for Pithouse and many others what is now required is something "radical" (and they are not wrong) – but for them the radical break is not just with monopoly capital and neo-liberal policies, but with the NDR, the ANC-led alliance, an "increasingly illegitimate" ANC-led government, and, indeed, the 1994 "deal" – i.e. our new constitutional dispensation.

There are also right-wing radical populist versions of basically the same narrative – with the EFF representing a hybrid right and left-wing populist "radicalism".

'Split the constitutionalists from the radicals' – the Zille narrative

DA leader, Helen Zille is fishing opportunistically in these muddied waters. Her positioning is neatly captured in a recent interview she provided to Marvin Meintjies. In the course of the interview Zille is quoted saying: "the battle is on in the ANC, it's a huge contestation…the battle within the ANC is: who controls the brand…? Who gets to hold onto the biggest political brand in South Africa's history?...Is it the people who support the National Devel-

opment Plan and constitution or the people who support the NDR (national democratic revolution)?... Eventually the realignment of politics will happen around the principles espoused in the constitution and the NDP, and our job is to be a catalyst for that, to bring all the people together who support the constitution and the rule of law, genuinely support non-racialism, and support an open market economy with a safety net of social security, and with respect for the separation of party and state." ("In search of a centre that can hold as politics realigns", *Business Day,* 1 July 2014).

Notice how the NDP, the Constitution and the rule of law are placed in one trench, and the NDR in another. Notice also how an "open market economy" is slipped in and assumed to be part of the rule of law and of our Constitution – although you will find no such reference in the Constitution.

All three narratives (the "economic Codesa" call, the "radical" anti-ANC tendencies, and Zille's attempt to divide the ANC-led movement and impose a "free market" reading on the Constitution) in their different ways fail to provide an effective strategic line of march.

The anti-ANC and anti-state "radicalism" at its best correctly recognises that there are deep-rooted systemic challenges that require a radical response. However, these tendencies are inclined to completely eschew the critical task of taking on the struggle for a progressive, second radical phase of the NDR ***within*** the state. They prefer a blanket oppositionism and the comfortable "purity" of standing outside. Of course there are many grounds on which the ANC-led movement and the state can and should be subjected to both internal self-criticism, and external critical engagement. But when opposition to the ANC-alliance and state becomes the defining feature of this "radicalism" (as it increasingly has become) the prospects for mutual influencing and joint campaigning are lost.

To justify these political and tactical positions, their "radical" critiques and their organisational interventions (which are largely of an entryist kind) tend to be focused more against the ANC-alliance and government, than against monopoly capital. This "radicalism" is unable, as a result, to offer sustained organisational and institutional direction on how to embed real radicalism effectively. The unifying thread that unites it (opposition to the ANC-alliance and state) is liable to quickly fragment into competing groupings each seeking, through entryism, to opportunistically benefit from popular discontent.

It is a point that is sometimes conceded from these quarters, see for instance Patrick Bond: "For some, Marikana was potentially the breakthrough event that independent progressives long sought, one that could reveal more graphically the intrinsic anti-social tendencies associated with the ANC-Al-

liance's elite transition from revolutionaries to willing partners of some of the world's most wicked corporations. Such a narrative was indeed the one promoted by the otherwise extremely fractured South African left (…) Yet, here again, where was the coherence, organisational and ideological, that could render this a cumulative and defining force?" 7

It is symptomatic that Bond laments the lack of "coherence", but is unable to provide an explanation for it. It is our view that the "radical" anti-ANC alliance left tendencies (with considerable support from the mainstream media), have hidden their diversity and incoherence behind a blanket anti-state and ANC-alliance oppositionism. This oppositionism (which is often indistinguishable in its content from anti-majoritarian centre-right-wing positions) becomes a mask concealing the reality that this "radical left" is really an agglomeration of tendencies, ranging from Trotskyist sects, through social movement and NGO civil rights groups, moderate social democratic syndicalists, business unionists and even proto-fascist populism. In the absence of a coherent positive programme of action, anti-state oppositionism becomes the glue. Tactical differences with the mainstream left within the Alliance are elevated into principled reasons on which to split organisations. Fomenting intra-Cosatu divisions becomes more important than taking on the class opponent. The possibilities of building broad (if diverse) left unity on the programmatic basis of a second radical phase of our national democratic revolution are squandered. The anti-Alliance and anti-state radicalism ends up dismissing the entire post-1994 trajectory, as an "inevitable sell-out".

Netshitenzhe, on the other hand, correctly appreciates the importance of the 1994 democratic and constitutional breakthrough, and the importance of defending it. However, along with many others, he misreads the nature of the 1994 negotiated breakthrough and, on the basis of this misreading, seeks to achieve a "second Codesa", this time on the socio-economic front.

The political and constitutional breakthrough of 1994 was only achieved through the transformation of the relative balance of forces through decades of struggle. Moreover, the Codesa of the early 1990s was not an "elite pact" (or, perhaps we should say, it was not only an elite pact). Until April 1993 and the mass uprising in protest against cde Chris Hani's assassination, the apartheid regime and its National Party sought stubbornly to prevent the final constitution from being drawn up by a Constituent Assembly elected

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7 John S Saul & Patrick Bond, ***South Africa, the present as history – from Mrs Ples to Mandela & Marikana,*** Jacana, 2014, p.237 & p.238)

on the basis of a non-racial, one-person, one-vote election. They hoped to lock South Africa into a constitution drawn up precisely in an elite pact at Codesa itself. In order to achieve this outcome, the regime waged a low intensity conflict strategy in the midst of the negotiations process, targeted at breaking the organic connection between ANC negotiators and our mass base. Thousands of South Africans were killed in the midst of the negotiation period.

The apartheid regime failed to achieve its key strategic objective in the constitutional negotiations only because it was out-manoeuvred both at the negotiating table and on the ground. It is important that we do not allow a revisionist reading of the 1994 democratic breakthrough to blind us now into believing that all problems can be resolved through "enlightened leadership", and that "radical" socio-economic transformation can be "delivered" to a passive citizenry on the basis of a gentlemen's agreement between monopoly capital, organised labour and government.

In summary

The context and content for a second radical phase of the NDR that we have sought to develop in this intervention:

- Acknowledges the radical nature of the first phase – the political and juridical defeat and abolition of white minority rule represented in the 1994 democratic breakthrough and ensuing constitutional dispensation. Unlike the anti-ANC alliance radicals (and contrary to Zille's hopes), we are not ambivalent about or rejectionist of our post-1994 constitutional dispensation. It marked a radical break – but in order to advance, deepen and defend the first phase of the NDR, we need now to advance on a radical second phase. We therefore reject the attempt by Zille (and others) to counter-pose support for the Constitution and a radical second phase of the NDR.
- This radical second phase of the NDR requires that we break from the notion of a "delivery" and purely "redistributive" state. This means re-building popular activism and collective self-empowerment through a well-rooted and campaigning Alliance that is with the people in their daily struggles.
- We also need to consolidate a democratic, developmental state that is strengthened by and strengthens the popular strata. This requires a state that develops a different relationship with working class communities. It also requires consolidating strategic unity, long-rang planning, and discipline within the state – grounded, precisely, in the imperative of advancing a second radical phase of the NDR.
- It is not a question of now waiting for a second radical phase of the NDR. Many important elements of it are already present in policies and active pro-

grammes. However, these need to be consolidated and a higher degree of strategic discipline needs to be ensured across the state, our ANC-led alliance, and within a popular mass base. Critical to achieving this is, precisely, the consolidation of a unifying and collective understanding of the context and content of a second radical phase of the NDR.

We hope that this document, through fostering comradely debate and discussion, will contribute to this outcome.

THE NDR DEBATE

The 'two delinks' and the poverty of radicalism

Joel Netshitenzhe offers a critique of "Going to the root – a radical second phase of the national democratic revolution"

The SACP's Discussion Document, Going to the Root: A radical phase of the National Democratic Revolution – its context, content, and our strategic tasks is an important contribution to the current debate about the measures required to lift South Africa's economic growth trajectory and ensure that the benefits of such growth are equitably shared.

Historically, the Party has played an important role during critical moments of the struggle, to provide cogent analyses of the array of social forces and identify strategic postures that defined the broad theorisation, strategy, tactics and programmes of the liberation movement. Going to the Root attempts to do this; and the fact of the attempt as such is highly welcomed.

Revolutionary sixth sense

There are moments in the evolution of movements of social change when the sixth sense dictates that something fundamentally new and different needs to be done. In some instances, grand declaration of 'the new' precedes serious theorisation. Theory either catches up in the maelstrom of practice or, tragically, the efforts to change things unravels in a welter of confusion.

The South African liberation movement has responded appropriately to the sixth sense about the need to speed up the process towards a national democratic society. Theory, however, has not kept pace with the desire; and there are as many interpretations of the "radical" in radical, as there are cadres in the liberation movement.

What is heartening, though, is that across society, there is a sense that the current pedestrian rates of economic growth and widening inequality in society are worsening social anomie. As reflected in the Party's Discussion Document, while there may be differences of emphasis, at least identifica-

tion of the current problems is commonly shared. These range from the rate of productive investments, structural unemployment, functional distribution of income, path dependency in the country's economic structure, subordinate economic relations with countries of the North, youth marginalisation, oppressive gender relations and so on.

Critique of diagnostics

There will definitely be differences about analysis of the root causes of these problems; and in this context, class self-interest will intercede. But this is par for the course. It behoves those who mobilised for the destruction of the apartheid system to argue their case, mobilise the widest sectors of society and act to attain what, in the final analysis, is in the interest of progress. In this context, the task of the forces of change is to ensure that they win over as many people as possible, that each intervention proceeds from an accurate reading of the balance forces, and that the programmes they implement are sustainable in the long-run.

However, as in all phenomena, selective identification of facts can result in the positing of wrong solutions. In this regard, a few instances in Going to the Root come out in bold relief:

- Generally, in policy discourse in the recent period, the notions of 'poverty, inequality and unemployment' have been used as a mantra as if they belong at the same level of abstraction. What seems not to be appreciated is that, in the context of a National Democratic Society, poverty can and should indeed be eliminated; inequality can be reduced but not totally obliterated; and unemployment is one of the causes of poverty and inequality, with the latter two being effects or outcomes.
- *Going to the Root* argues that "…even during periods of relatively strong domestic growth in the late 1990s and early 2000s, crisis levels of unemployment, inequality and poverty persisted". Strictly-speaking, South Africa experienced high rates of economic growth between 2003 and 2008, and the unemployment rate was reduced from 31% to 23%. Between 2002 and 2008, youth unemployment (25 to 34 year-olds) was reduced from 34% to 26%. This is in spite of the fact that more people were entering the labour market or defining themselves as 'looking for work'. If this trend had continued South Africa would have reduced unemployment to 13% by 2014.

Without going into detail, two critical issues deserve noting, in relation to the question of radical economic transformation: firstly, that inequality in the period of high growth worsened, meaning that the wave of high growth may have lifted all boats, but the rich were able better to take advantage of it. Secondly, the South African economy faltered in the post-2008 period not

merely due to the global economic crisis – it had surpassed trend growth and had already started heating up, due to many serious binding constraints.

● The Discussion Document deals superficially with the issue of corruption and its impact on state capacity and legitimacy. Having correctly identified the role of the private sector in corrupt practices, the document apologetically declares: "In saying this we are not shifting all blame for corruption on to the private sector, nor are we are [sic] remotely excusing corrupt behaviour within the state, or within our own political and trade union formations". A more serious analysis of this problem would have been expected in a document that posits radical change which should be led by the state.

Suffice it to underline that corruption can become systemic, undermining the very implementation of programmes of change and the legitimacy of the state. To illustrate the point, recent cases of gross mismanagement of State-owned Enterprises which are meant to be the crucial leverage for state leadership of economic change cannot be presented as a side issue, especially in the context in which 'radical' is meant to include the establishment of more such public entities as, for example, in the mining sector. At a different level, to quote two instances: firstly, in Mothutlung (Brits), where mass protests for potable water in early 2014 resulted in police shootings and two deaths, venality included connivance between some councillors and bureaucrats with water tank vendors, and water infrastructure was deliberately sabotaged for personal gain. Secondly, whatever the debates about culpability and responsibility, the fact of the matter is that scores of millions from the Department of Public Works' budget for the Nkandla upgrades were diverted from projects aimed at improving the lives of the poor, including the Inner City Regeneration and Dolomite Risk Projects.

● Is it true, as Going to the Root argues, that there has been a "vanishing act" in ANC programmatic documents with regard to a class analysis arising from "the exaggerated 'exceptionalism' attributed to apartheid and the related view that apartheid was essentially all about 'racism'…delinked from any objective and systemic socio-economic realities"? To quote from the 2007 ANC Strategy and Tactics document (paraphrasing formulations that have been consistent in ANC documents): "Our definition of Colonialism of a Special Type identifies three interrelated antagonistic contradictions: class, race and patriarchal oppression… [S]uch was the symbiosis between political oppression and the apartheid capitalist system that, if decisive action is not taken to deal with economic subjugation and exclusion, the essence of apartheid will remain, with a few black men and women incorporated into the courtyard of privilege. The old fault-lines will persist, and social stability will be threatened."

Enough about diagnostics!

Framing of the inclusive growth storyline

The discussion document correctly identifies much of the storyline for higher rates of economic growth and social inclusion.

In the first instance, having critiqued South Africa's path dependency and the binding constraints, it is only logical that the infrastructure programme should be placed top of the agenda. This programme will not only ensure universal access to basic services for the majority of the people. It will also improve economic efficiency and competitiveness, crowd in the private sector, create employment (including in ongoing maintenance), and provide a platform for re-industrialisation through manufacturing of inputs.

The Industrial Policy Action Plans seek to identify sectors in which South Africa has comparative and competitive advantages and to promote these through various interventions, including subsidies, lowering the cost of inputs, Special Economic Zones and so on. Related to this is the need to modernise the mining sector, and ensure that it serves as a platform for a major industrialisation drive.

Agriculture has great potential, with the possibility of creating some one million additional jobs by 2030. This depends on whether we are able to pick regions of the country with potential, expand irrigated agricultural land and provide cattle dips and other services for small-scale farmers, expand commercial production, and ensure appropriate training and advice especially for small-scale, co-operative and emergent commercial farmers.

These and other details are agreed upon; and they require massive investments by the private sector, appropriate governance and activism within state-owned enterprises including development finance institutions, and macroeconomic policies that are informed by the imperatives of the real economy.

As the discussion document asserts, many of these interventions are already happening. Significant elements of these started many years ago, as the Microeconomic Reform Strategy was initiated at the turn of the century, in AsgiSA and in the National Industrial Policy Framework. And so the question remains: what is "radical" in radical economic transformation? The challenge in *Going to the Root* resides in what is not said, for instance, about the relationship between elements of the social wage, a higher minimum wage and industrial policy.

This stands out in the experience of Brazil, where expansion of Bolsa Familia was accompanied by an industrial policy that included focussed attention on industries which produce the commodities that the beneficiaries ac-

cess as a result of their improved position. To use South Africa's example, we import from China such manufactured goods as toasters, microwave ovens, gumboots and suitcases – the very products that the beneficiaries of social grants, the newly employed and the emergent middle strata need. In other words, rather than decrying the so-called top-down nature of the social wage, what is needed, among others, is to appreciate the links between social and economic policies and derive as much benefit as possible for either.

Reference in the document is made to the issue of spatial dynamics inherited from apartheid, with the poor located (even through the new subsidised housing programmes) far away from areas of economic activity. Incentives and other interventions could be used to encourage establishment of industrial parks close to or in the so-called townships, thus reducing the impact of transport costs for workers who, on average spend up to 40% of their wages on transport. Inversely, massive housing projects can be initiated closer to the areas of economic activity, radically to transform the colonial settlement patterns that we have inherited. This would also attend to the challenge of the 'missing middle' who are not eligible for the so-called RDP houses and at the same time do not qualify for bonds. The Financial Sector Charter can be employed more rigorously to see to the emergence of sprawling high-density settlements in the town-centre precincts. Such a housing programme would, at the same time, provide employment on a massive scale and stimulate supplier industries.

There are many other such examples that can be cited, which speak to greater creativity and would represent a radical departure from current practices.

Radicalism and the 'two delinks'

Going to the Root introduces two related notions of external and internal 'delinks' as radical solutions. One was struck by the similarities between this approach and the practice of the Chinese government to simplify policy communication such as the 'three represents'! This is beside the point. The question is whether the 'two delinks' indeed capture the core tasks of the radical second phase of the transition.

Though qualified as 'relative', the essence of the thesis is that we should effect a "de-linking of our society from the global dominant imperialist economy"; and delink "poor communities from the depredations of the capitalist labour market". This is certainly bold. But does it stand up to serious scrutiny?

Starting off with the global dimension, the premise is that South Africa experienced major industrialisation drives during periods in which its ten-

tacles to the global economy were loosened – for instance during the World Wars and the sanctions period. This may as well be true; but it's hardly an experience to emulate, especially in this era of globalisation.

In the first instance, elements of the strong dependency on the North derive from the financial openness of our economy, which includes reliance on capital flows, because of our low savings rate. As such, in this respect, the starting point should be about how radically to improve the savings rate in our economy. Further, we have to ensure that these savings are in fact used for productive purposes.

Both in terms of sources of finance and markets for our goods, the trend towards diversification of markets should be speeded up. Besides the BRICS partnership, we need more critically to improve our relations with the rest of the continent, particularly sub-Saharan Africa where the "Africa Rising" narrative is proving real by the year. As happened in Southeast Asia, an environment of high growth is mutually beneficial to regional partners. For instance, Africa's infrastructure programme will persist for many decades to come, and it will require investment of some $360 billion over 30 years. The production of supplies in South Africa and the rest of the region will thus present massive opportunities for industrialisation. But, is our Africa diplomacy geared for this, especially with regard to such potential regional anchor partners as Nigeria, Kenya, Ghana, Ivory Coast and Ethiopia; or have we somewhat dropped the ball in this regard?

Lest we run ahead of ourselves, while decoupling between North and South is starting to manifest, we cannot avoid the reality that partners of the South are themselves wired to the global network. China's performance is not unrelated to that of markets in the North; and the reconfiguration of its economy towards domestic consumption will not only take time, but it will also not fundamentally alter its global relations any time soon.

What is required is not so much a "delink' from the detestable imperialists; but systematic diversification of our economic partnerships, taking into account that none of the egg-baskets guarantees absolute safety from global economic vagaries.

What about the domestic delink? This, we are told, will "help alter the class balance of forces by partially delinking the livelihoods of the popular strata from naked dependency on the capitalist market" – a form of secession from the horrible South African capitalist system. Certainly, public employment programmes do provide a cushion from poverty. So do household food gardens and small-scale agriculture. In the broader scheme of things, the proportion of their contribution to dealing with poverty and unemployment will depend on whether the mainstream economy creates sufficient

opportunities. However, to posit them as a form of Universal Declaration of Independence (UDI) is disingenuous in the extreme.

Firstly, in terms of the earnings, which *Going to the Root* strangely refers to as a "minimum wage" and then "stipend" in parenthesis, these are small amounts on which no family or even individual can survive. Secondly, even in relation to co-operative and small-scale agriculture , crafts and other such initiatives, South Africa does differ from many developing countries because, so ubiquitous are the monopolies, that a way has to be found to link many of the small producers with the established value chains.

Public employment and other such programmes are of great value. But is it correct to characterise them as some "de-commodification of work"?

Geocentricity and social compacting

The assertions about the domestic "delink" is not unrelated to the argument about the so-called "GDP myth". Quite clearly, there are many elements of economic activity that standard GDP indices do not measure. The technical GDP concept misses many qualitative issues, including what Amartya Sen refers to as "unfreedoms" that can persist even during periods of high economic growth.

To the extent that this critique of GDP identifies such issues about the human condition as health, life expectancy, education and the environment, it is worthy of serious consideration. The SACP is perhaps right to be impressed that former centre-right French President Nicolas Sarkozy lifted the profile of this debate. However, if this degenerates into reducing matters to do with the material wellbeing of the poor and the scandalous widening income and wealth gap, to some feel-good "happiness index", it can in fact be retrogressive.

The matter of geocentricity arises in relation to this issue because there are other discourses that *Going to the Root* could have cited to make a similar progressive point. This pertains, for instance, to the work of Nepad and the indicators of the Peer Review Mechanism, the UNDP Human Development Index, the UN Millennium Development Goals and the debates about the post-2015 indicators.

Yet the same document rubbishes the call for social compacting in South Africa as an attempt at importing "the illusion that monopoly capital is still operating in the period 1945-1973 when, in much of the developed capitalist world, explicit or implicit national social accords drove post-war reconstruction…" However, if sufficient attention had been paid to the arguments about a social compact in the National Development Plan and in South African progressive literature, it would have become patently clear

that this draws inspiration from the theory of broad fronts, the concept of developmental states, and the appreciation of strategy and tactics within a given balance of forces.

To start off with the latter, in the Communist Manifesto, Karl Marx and Friedrich Engels made the pointed observation that, in human history, oppressor and oppressed classes "stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary reconstitution of society at large, **or in the common ruin of the contending classes** (own emphasis)".

And so, in situations where there is a debilitating stalemate and the contending forces are unable to defeat each other, it becomes critical to make a choice about pursuing a scorched earth policy or negotiating to identify common interests for mutual benefit. South Africa's political settlement of the 1990s was precisely a product of this realisation, because the regime had come to accept that it could not stop the popular march of the people. Certainly, mass and international pressure and the nimble-footedness of the liberation movement's negotiators saw to an outcome that is our progressive constitution. But it was all in the context of a negotiations process.

Social compacting seeks to address such a reality, now in the context of socio-economic policies. This does not imply a similar (economic) Codesa process. It does not suggest the suspension of class conflict or mass and other pressures, or the abandonment of skilful manoeuvres in negotiations.

Prof Thandika Mkandawire of the London School of Economics and Political Science, defines formal social compacts as "social arrangements entered into by key economic actors that govern the political economy with the aim of producing certain socio- and macroeconomic outcomes like the reduction of income inequality, economic development, competitiveness, employment, macroeconomic sustainability, social security and the like...

"Socials compacts are not self-sustaining equlibria. They often need an external actor to provide the framework for negotiations and for ensuring respect by all parties for the conditions of the bargain. The predispositions of the state towards various actors can facilitate social pacts. The state can help by providing a credible societal vision and by coordinating expectations of different social constituencies" (Mistra Annual Lecture, 2012, www.mistra.org.za).

One of the most instructive lessons on the issue of developmental states in Southeast Asia is about the attributes that these states had successfully to pursue high growth rates that have qualitatively changed the peoples' condition of life. There are many negative things from the early history of such states as South Korea, Malaysia and Japan, including, in most cases, the ab-

sence of democracy, the security imperative that was informed by anti-communism, and subordination to the dictates of the United States and other Western powers. Yet their achievements, in hindsight, stand as a monument to human achievement.

Besides their visionary posture as well as organisational and technical capacity, these states had ideational capacity or the Gramscian 'hegemony'. This is when a ruling elite or coalition of classes is able to win over the majority in society to its point of view. In brief, social compacting is not merely a post-World War II European phenomenon. And in the South African case, the ANC has argued: "In terms of current political discourse, what [the ANC] seeks to put in place approximates, in many respects, a combination of the best elements of a developmental state and social democracy". It also lists ideational capacity as a critical attribute of the developmental state it seeks to build.

All this rhymes with the theory and praxis of broad fronts, which have been the mainstay of progressive left politics over the centuries.

What should be the role of the popular masses in social compacting; what is the place of 'elites' or leaders of the various social partners; what should be the role of fora such as NEDLAC and the Working Groups and should they exist at all; will the globally mobile capitalist class co-operate; what leverages does the state have… All these are important questions about detail, but they do not subtract from the theory and praxis of developmentalism in a democracy.

In lieu of a conclusion

Contained in *Going to the Root,* the NDP, the ANC Elections Manifesto and other programmatic documents are many proposals about how to speed up transformation and ensure radical transformation of the economy. It should be acknowledged, though, that many of the issues have either been government policy for a decade or more, or had started being implemented even before the notion of 'radical transformation' was introduced.

It can be argued that speedier implementation; addressing the issues as a package and ensuring appropriate sequencing; as well as better monitoring, evaluation and corrective action can themselves be characterised as radical. A few things in some of these documents and in current policy discourse stand out for specific emphasis:

Deliberate focus on the issue of inequality, including coupling pro-poor growth with pro-growth poverty reduction as the example of Brazil cited above has shown, consideration of a national incomes policy and minimum wage, more systematic attention to education and skilling, Employee Share-

ownership Plans (ESOPs), 'profit-sharing', and so on.

An industrial policy and programme that dovetails with the infrastructure projects as well as using these projects and the potential of the mining sector to speed up the industrialisation of the country, at the same time as addressing the factors that undermine our competitiveness in this regard.

Immediate action to place State-owned Enterprises and Development Finance Institutions on an even keel, and ensure that they play an activist role as the state's crucial leverage to guide and lead economic development; and in the current instance with regard to electricity-generation where major constraints have emerged, the private sector can be roped in without undermining delivery and cost of the social good.

Interventions to lower the cost of living of the poor, including more robust competitions policy, systematic ways to reduce what are inordinately high mark-ups in South Africa's product markets especially for the basket of goods used by the poor, changing the spatial settlement and economic patterns that weigh heavily on workers, and a more efficient social wage system.

Programmes to incentivise the absorption of young as well as female first-entrants into the job market, appreciating – as Germany and China have shown – that there may be moments when the objective of mass absorption as such can be a temporary focus which, firstly, should not lower the conditions of those already in employment and, secondly, should change as conditions improve.

Working with the business community and the trade union movement to ensure that each sector and each enterprise develops its vision for 2030 in line with the NDP, and introducing both incentives and prescriptions to ensure higher rates of productive investments as was agreed at the Growth and Development Summit in 2003.

Action to rectify the weaknesses in the education system, including management of schools, training of teachers, community involvement and a system of monitoring and evaluating teachers' performance.

Many of these activities can only succeed with the active participation of communities and all sectors of society. Social compacting is not a luxury, whether it is at community or national level. It is the ideational prerequisite for success. There may be instances when it becomes impossible for social partners to reach consensus; and in that case, the state should exercise leadership. But for it to be able to do so with any measure of success, the state must be efficient, responsive and ethical – attributes critical for its legitimacy.

"Proceeding from the root" as *The Chambers Dictionary* defines "radical",

should include a radical transformation of the ANC and the Tripartite Alliance, to cleanse them of the factionalism, social distance, patronage politics, corruption, money politics and other ills that undermine them as forces of change, and which they in turn transfer to the state, thus rendering it less capable and less developmental.

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