



15th NATIONAL CONGRESS

**13-16 July 2022
Boksburg, Ekurhuleni, Gauteng**

POLITICAL REPORT

**TOGETHER, LET'S BUILD A POWERFUL,
SOCIALIST MOVEMENT OF THE WORKERS AND POOR!**



100 YEARS
OF UNBROKEN STRUGGLE
PUT PEOPLE BEFORE PROFIT
SOCIALISM IS THE FUTURE—BUILD IT NOW!





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SOCIALIST MOVEMENT OF THE WORKERS AND POOR!**



CUITO SACP
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THE PEOPLE'S MARCH
DON'T TOUCH OUR
RETIREMENT FUNDS
WE WORKED HARD FOR THEM

THE PEOPLE'S MARCH
COMPREHENSIVE
SOCIAL SECURITY FOR ALL
Social Security Now

S MARCH
NUZ WALUZ
OLE TRUTH
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OUR
FUNDS
FOR THEM

THE PEOPLE'S MARCH
DOWN WITH CORPORATE
CAPTURE
DOWN

THE PEOPLE'S MARCH



OUR LINE OF MARCH

Build a powerful, socialist movement of the workers and poor!

Challenges, Strategic Perspectives and Tasks

As we complete this centenary year of the South African Communist Party, our tasks and responsibilities are greater than ever. We are now nearly three decades beyond the decisive democratic breakthrough of 1994. It was a breakthrough that marked the formal end of decades of white minority rule built on three centuries of colonialism. The Party, along with its allies, was in the forefront of that decisive breakthrough.

But after nearly three decades, life for the working class and for the broader majority of South Africans is in crisis, and the burden of this crisis hits women, and working-class women in particular, hardest. It is no secret that the momentum of our national democratic struggle has stalled on many fronts. In some respects, it is in reverse. It is no secret that our leading alliance partner, the ANC, by its own admission, is facing major internal challenges. A divided, progressive trade union movement, in a sea of mass unemployment, is generally weaker now than 30 years ago. Proletarian communities (mainly in urban townships and informal settlements, as well as in former bantustans) are torn apart by the daily struggles for survival.

The current socio-economic crisis is deeply felt by the condition of the youth in our society - especially the exceedingly high levels of youth unemployment. One particular manifestation of the crisis facing young people is that nearly 4 million young people between the ages of 15 and 24 years are neither in education, employment or training (NEETs). These NEETs are largely youth from black working-class and poor families. The crisis facing young people best illustrates the extent to which our national democratic revolution is encumbered by the very same contradictions it seeks to address!

It is perhaps apt to put up front the reason for the impact of the multiple crises of capitalism hitting working-class women hardest. This conceptual understanding must be brought to bear in our analysis and strategies to build a socialist society that does not discriminate and embed inequality between people, including based on race and gender. For instance, capitalism abdicates responsibility, beyond the lowest wage capital can negotiate, for the social reproduction of the workers, their children and their elderly family members. This responsibility is shifted to women and to the state. In the household, it is women who carry a disproportionate burden of housework. Women are said to work a double day—go to work be it in the informal economy or the formal public or private sector, and then come home and start again with cooking, cleaning, homework, bathing children, looking after elderly and sick members of the family, and often tending to the needs of the men of the household as well.

The less that the state provides public goods essential for a working-class family's livelihood, the more it is the unpaid care work of women that carries the family. It is this unpaid labour that is not counted in the national statement of accounts, it is not factored into the GDP, it is not factored into the contribution that each person makes to the society. This double day,



with unpaid care work, is ideologically justified by patriarchy and gender stereotypes that define women as carers, as cooks, and in some cultures prevent women from being involved in particular activities, particularly when they are in their biological reproductive cycle, or menstruating.

To truly shift the burden off women, society must do at least four things—ensure that women’s reproductive life cycle is accepted and supported in a manner that enables them to participate fully in society; secondly eradicate gender inequality within the “private” sphere of the family; thirdly, ensure that women are safe in the home, in the community, and in the workplace; and fourthly, ensure that women have access to and resources for full participation in the economy, in politics and in social life. In all this, black working-class and poor women are the most affected because of the legacy of the triple oppression that comprised racial oppression and discrimination, class super-exploitation and patriarchal domination. As a vanguard Party, we must bring this understanding to bear throughout our structures, in work with our allies, and in all campaigns and struggles that we are involved in.

Let us return to the question: Why is the life for the working class and for the broader majority of South Africans in crisis? And, more importantly, what is to be done?

What is the way forward? There are frequent calls for a social compact between so-called social partners—government, business, the labour movement, and civil society. As the SACP, we are not opposed in principle to engagements of this kind, and in fact we support it. But, those proposing it must seriously analyse the structural problems that we need to address. In particular, we need to do a serious class analysis of what has occurred in South Africa over the past three decades.

The sober reality is that the class balance of forces that made possible the radical political and constitutional breakthrough of the mid-1990s has changed. It has changed unfavourably for the broader working class and poor. Any social compact under these conditions will be seriously weighted against the working class and poor, against the working-class youth and working-class women in particular in the context of the legacy of colonialism of a special type, including the history of the triple oppression of black women. It will be a compact in which the prevailing and suffocating neoliberal macro-economic framework will be off-limits, non-negotiable. A social compact under these conditions will simply be about some redistributive trade-offs that will not address the deep underlying political economy crisis. That is why for any such compact to succeed, it must be based on concrete analysis of concrete conditions!

And this is why in this Political Report of the Central Committee we are proposing as our line of march for the next five years that the Party must play a key role in the building of a powerful, socialist movement of the working class and poor. All the other key organisational, electoral, and socio-economic objectives we have consistently raised over the past are dependent, for their realisation, on building a powerful, socialist movement of the working class and the poor. Whether it is in addressing the multiple systemic crises of inequality, unemployment, poverty, social reproduction and the cost of living, whether it is reversing the growing popular disillusion with electoral politics, whether it is ensuring a just green transition, or industrialisation, whether it is achieving real renewal of an ANC in a downward spiral, or reconfiguration of our alliance—all of these objectives will remain out of reach unless we fundamentally change the balance of



class forces much more effectively in favour of the great majority of South Africans—the workers and poor.

Let us begin with what we all know. South Africa holds some painful world records. According to the World Bank, South Africa is the most unequal society on earth. We have the highest levels of income inequality (as measured by the GINI coefficient). Our wealth inequality is even greater. We have what must rank as the world's worst, crisis-levels of unemployment—at an unsustainable level now approaching 50 per cent in the broader and more accurate definition. Youth unemployment at around an incredible 70 per cent regardless of gender is even more catastrophic. Unemployment of women of all working ages, with black women the most affected, is 6,5 per cent higher than that of men, but in which black men are the most affected. Given that the racial and gender dimensions of unemployment continue to be rooted in the stubborn legacy of colonialism of a special type, it is pretty obvious that young black women are the majority of youth unemployment.

Consequently, mass poverty and related challenges like food insecurity, vulnerability of the poor to weather-related disasters, or to health crises (Tuberculosis, Covid-19, diabetes) are chronic. The resulting loss of social cohesion is apparent in the fact that we are also amongst the most violent societies in the world (with the exception of only those in the midst of military conflict). Last year there was an incredible average of 79 murders a day. Out of the 6 083 people killed in the country in the first three months of 2022, 898 of them were women and 306 where children under the age of 17 years. All of these dismal statistics are strongly marked by class, race, gender, age cohort and geographical location, with black people from working-class communities the most affected.

These are facts. But they are not just statistics. They testify to the daily reality of working-class households and communities—to children going to bed hungry and losing their childhood, to unemployed youth with their dreams shattered, to women suffering the most awful gender-based violence, to LGBTQI+ people being abused, to retrenched workers on street corners holding up placards that say "Plumber", "Welder", or "Plasterer" hoping to be picked up by a pick-ups ("bakkies") for at least one day's work this week, to human traffickers preying on the most desperate and most vulnerable.

These are daily South African realities. In differing degrees, you will find them throughout the Global South. But what makes South Africa a global outlier, is the degree to which poverty and unemployment occur amid extreme inequality and significant wealth.

Because South Africa is a global outlier in other respects as well. The value of speculative capital on the Johannesburg Securities Exchange (the JSE) is around three times more than our GDP. We are like a dog with a tail that is triple the size of the rest of its body. The Rand is amongst the most traded "emerging market" currencies. We are said to have amongst the "most sophisticated financial sectors".

Are these different sets of realities unconnected—social calamity on the one hand, and hyper-financialisation on the other? Are inequality, poverty, unemployment, and endemic social violence as we are told, merely a legacy hang-over from decades of apartheid, worsened by state capture corruption, what Marx calls "fraudulent alienation of the State" (Capital, Vol.



1), and supposedly “unpredictable” (but entirely predictable capitalist-induced crises) - the Great Recession that began in 2008, the Covid pandemic, the NATO-provoked war in Ukraine, climate-change floods and droughts?

Are South Africa’s hyper-financialisation outlier characteristics essentially a positive reality (as we are constantly told)?

The terrible legacy of a colonial and apartheid past and endemic corruption are major factors. But it is the hegemony of the financial oligarchy and its related neoliberal policies, its capture of public institutions (like the South African Reserve Bank, Treasury and the Public Investment Corporation—the PIC) and its deep influence upon government and wider society that have become the major drivers of the deepening socio-economic crisis confronting the majority of South Africans.

It is for this reason, that in this Political Report, as we review the strategy and tactics, and the tasks of the SACP in the coming five years, it is necessary that we begin right here. We need to reflect much more deeply on the nature of the neoliberal, hyper-financialisation of our economy and its socio-economic impact that has been underway very rapidly since 1994. To put it bluntly, over the past quarter century, there has been an aggressive neoliberal assault, driven by the financial oligopoly, on our new democracy.

The strangle-hold that the monopoly financial sector now has over our political economy undermines our ability to effectively advance key developmental programmes (like re-industrialisation, or a major infrastructure build programme, or a Universal Basic Income Grant, or national health insurance NHI, or funding of students in higher education for instance) upon which there is nonetheless wide agreement.

To develop effective SACP strategic perspectives and to understand the Party’s tasks in the present conjuncture, it is important to understand and correctly characterise the dominant class and broader socio-economic trajectories that have occurred in our country over the past, post-apartheid 30 years.

The rise and rise of speculative financialised capital

Marxist analyses of the earlier apartheid-era political economy correctly identified the mineral-energy complex as the dominant capitalist sector in South Africa. This dominance was reflected in a number of other core features—a mineral export and capital goods import dependence as a semi-peripheral society within the global circuits of capital; a spatial pattern of distorted development-underdevelopment; and low-wage, unskilled labour initially as migrants from labour reserves in South and southern Africa. A typical colonial economy, with particularly patriarchal features with women largely excluded from the productive economy and peripheralised into these labour reserves!

A major feature was the extremely high levels of monopoly concentration, not just in the mineral and energy complex, but across the entire economy with mining giants like Anglo-American increasingly conglomerating into all sectors of the economy—retail, manufacturing, agriculture, forestry. The dominance of this monopolised mineral-energy complex was reflected in the fact



that a single conglomerate, Anglo-American, rooted in mining, dominated some 80 percent of the JSE in the early 1990s. In its social composition and logic of capital accumulation, the mineral-energy complex is deeply patriarchal.

These problematic, structural features remain embedded in our political economy. Our economy remains highly concentrated. The way in which the mineral-energy complex has skewed the in-built trajectory of our society remains in place. However, there have now been important shifts in the character of South African monopoly capital since the early 1990s. We need to understand these if we are to understand what has happened to the world of work, to our communities, and to the post-apartheid state. Unless we do so, we will not be able to effectively position the Party strategically. While mining remains an important sector, particularly for foreign currency export earnings and as a major but declining source of jobs, its relative size within South Africa's overall GDP has diminished to just 8 per cent (from a high point of 21 per cent in 1980).

From around the mid-1990s, coinciding with the democratic breakthrough, and in line with global capitalist trends, the financial sector, which historically had served the interests of the mineral-energy complex, now subordinated even those interests to its own agenda. At a government policy level, this structural reconfiguration was enabled and entrenched through the disastrous 1996 GEAR programme. We have had neoliberal, financialised state capture.

Through the late 1990s and into the present South Africa's political economy has become highly financialised. In fact, as we have already noted, in terms of many comparative indicators, South Africa is a global outlier.

In 1994 the financial services sector in South Africa contributed 6.5 per cent to GDP. It currently contributes nearly 25 per cent, while the contribution of productive sectors to the economy has shrunk relatively with, amongst other things, de-industrialisation.

These developments have transformed many of the dominant features of the capitalist class in South Africa. Class representatives (black and white, by the way) of the financial services sector (notably the banking oligopoly, but also the major asset management and insurance corporates) are now clearly the hegemonic force within the capitalist class. Monopoly finance capital presents its interests as those of "business" in general (and even of the country at large). When government seeks a "social compact" with so-called social partners—it is the financial sector that assumes the role of speaking for "business" at large.

This financial sector class dominance is reinforced by the increasing financialisation of other sectors of the economy—like mining and retail. The penetration of financialisation into other sectors includes the major shift in corporate practice to "enhancing share-holder value" above all else, incentivising CEOs and CFOs with grotesque rewards, not for productive outcomes or productive investment in mines, or factories, but for short-term, manipulative increases in share-value.

This dominance has been further cemented by the revolving door of senior personnel as they move seamlessly from National Treasury, to the SA Reserve Bank and the private banking and investment oligopolies. It is a progression that is often preceded by stints in the US in the

spawning hatcheries of the World Bank, the IMF, and Goldman Sachs.

The strategic interests and economic perspectives of monopoly finance capital also dominate much of the media, and what largely gets taught as “economics” at universities.

The class arrogance and hegemony of finance capital was dramatically illustrated in 2020/1 when government attempted to assist businesses in distress as a consequence of the Covid lock-down recession. In response to the lock-down recession, the SA Reserve Bank had already injected money into the financial sector through the purchase of bonds on the secondary market (that is, the SARB—which “prints” money in any case - further expanded the liquidity of the private banks by purchasing the government bonds that they held). At the same time government made available a potential R200bn to the same banks in terms of a Covid-19 Loan Guarantee Scheme to assist businesses in distress.

Tito Mboweni, who had been Finance Minister at the time, revealed (but only after he had left office) that the banks simply refused to play ball, despite pleas from President Ramaphosa. According to Mboweni: “That national guarantee scheme was designed in such a way as 94 per cent of the risk was to be absorbed by the National Treasury and the South African Reserve Bank. But the banks didn’t come to the party.”¹ Only R18.4bn of a potential R200bn was dispensed by the banks to businesses in distress. Particularly badly impacted were small and medium enterprises, especially black women owned, with the banks insisting on applicants for the loans placing at risk as collateral their entire businesses despite the fact that government was carrying the burden of the risk.

According to the same report the Reserve Bank connived with the private banks in this anti-social conduct. It is a graphic example that illustrates that the profit maximising conduct of the private banking oligopoly is not even in the interests of broader capitalist and petty capitalist strata, let alone society at large. It also illustrates who really calls the shots in the incestuous Treasury-SARB-private banking oligopoly relationship. This, in essence, is another form of state capture.

It is the ideological and financial dominance of the banking oligarchs in our economy that accounts for, and in turn supports, the rigid adherence of Treasury and the SARB to the neoliberal package of inflation targeting, austerity cuts, and exchange control liberalisation.

These policies run counter not just to the interests of working class and middle strata in our society. They also create actual and potential fault-lines within the broader capitalist class. Through the active campaigning against neoliberal austerity, these objective fault-lines create possibilities for tactical alliances against the suffocating impact of neoliberal orthodoxy and hyper-financialisation beyond just working class and popular forces.

The heavily skewed financialisation of our economy and the ideological hegemony of the finance sector place a massive constraint on the entirety of programmes and policies required for serious structural transformation. The dominant macro-economic ideologies suffocate policies and programmes, even where there is at least nominal agreement across our Alliance and in government for state-led (re)industrialisation, for instance, or for a major infrastructure

1 “They wouldn’t budge”: Mboweni blames banks for failure of the Loan Guarantee Scheme, fin24, 4 May 2022



build, or for a massive expansion of public employment programmes (as envisaged in the National Development Plan), or for a just green transition, or for national health insurance or for transformation of gender relations in the economy. None of these ever get off the ground, or, if they do, they are throttled in their infant cradles. Seriously under-funded, they are unable to achieve an effective scale to meaningfully contribute to job-creating, sustainable economic growth.

The full range of neoliberal dogma is constantly evoked by Treasury, the SA Reserve Bank and the media megaphones for the banking oligarchs. They seek to beat down any thought of even mildly heterodox macro-economic approaches. ANC economy policy documents simply skip over any macro-economic discussion as if neoliberal macro-economic policy was sacred ground, and not fit for mere mortals to tread upon.

And so, we are told that “the state can’t spend what it doesn’t collect in taxes” (as if the South African government were a household and not the sovereign issuer of Rands in the first place). What do we mean when we say the South African state is the sovereign issuer of Rands?

Take a look at any South African banknote, on the side with Nelson Mandela’s profile. At the top in bold letters, you will see—SOUTH AFRICAN RESERVE BANK, and below it the signature of the Reserve Bank governor, L Kganyago (former Treasury director general), or, if it is an older banknote, T Mboweni (former long-standing Reserve Bank governor, subsequently Minister of Finance and now back with Goldman Sachs). The money the state collects in revenue from taxpayers, does not come, in the first place, from one arm of the state, for instance, the Reserve Bank.

We are not saying that the South African Reserve Bank can simply churn out any amount of money regardless. But we are saying that if the money that the Reserve Bank “prints” or, mostly, injects electronically into the financial system, is largely directed at productive, job-creating and socially transformative spending (rather than speculative profit-maximising for the wealthy)—then we could begin to have a very different situation.

Instead, we are warned that we have to cut back on public spending, that we are about to “fall off a fiscal cliff”, that our “public debt is extreme”. These dire warnings are repeated over and over until they seem like common-sense itself.

What adds to confusion is the fact that Treasury and the Reserve Bank generally (let’s agree with this) played a positive role in countering rampant Gupta-style, state-capture looting. But they present their role on that front as if they had been holding the line on their own, and as if neoliberal austerity was the same thing as fighting corruption.

We must make it very clear: the SACP’s campaign against neoliberal austerity is NOT a campaign in favour of corruption, or the squandering of public resources, or of not cutting perks for those in public office. Hence, our frequently affirmed view of recent times that we need to wage a struggle on two fronts, against state capture, and against neoliberal austerity.

But how to fight against neoliberal austerity—which is to say, how to fight for the de-financialisation of our economy?

Because of the deliberate mystification of macro-economics, it often appears to be a matter for “experts”, even though the effects of neoliberal austerity are felt everywhere—in overcrowded school classrooms, in abusive work-places where a grossly underfunded and over-stretched labour inspectorate is nowhere to be found, in rural areas where agricultural extension officers and veterinary services have been slashed, in criminal prosecution backlogs affected by budget cuts for training new NPA entrants, in numerous municipalities in which the huge developmental responsibilities simply do not match budget allocations...and the list goes on.

Important sectoral struggles against austerity are being waged and they are sometimes partially successful. But the overall macro-economic straitjacket remains in place. When concessions are made, we are immediately fed the line about having to make “difficult trade-offs”. You can’t have both a universal Basic Income Grant and a National Health Insurance, we are told.

In this way, neoliberal austerity has the tendency to further advance the class interests of financial capital by fragmenting popular, working class struggles into competing silos—student interests versus those of workers, the unionised against the unemployed, and so on.

A key role for the SACP is, therefore, to draw the linkages and shared interests between different working class and popular struggles (and even with those of the middle strata and productive capital) as against financial capital.

Of course, the SACP accepts that not everything can be done at once. We accept that much better integration, coordination, and sequencing of state-led programmes is important. We agree that major transformation of the state itself is essential, rooting out corruption and incompetence, transforming the state from its current role as procurer of outsourced services and resources. What we reject is the neoliberal, austerity macro-economic straitjacket within which this is supposed to take place.

What are the key elements for taking forward this struggle?

First, the battle of ideas—leveraging the growing international waning of neoliberal certitudes

In the battle of ideas within South Africa, we need to leverage the international reality that the neoliberal certitudes and arrogance of the 1990s and early 2000s are no longer so firmly in place. There is a substantial and increasingly mainstream public debate about the relevance of neoliberal macro-economics.

With the shock of the Great Recession starting in 2007/8, central bankers in the US, EU and UK simply abandoned the neoliberal playbook and pumped huge liquidity into their private banks through quantitative easing (QE)—Japan had already been doing this for several years. These departures from neoliberal orthodoxy in the developed capitalist world however, said to be reserved for them alone. Their message to us is: “Do as we say, not as we do.”



More recently, the global supply shocks induced by the Covid-19 pandemic and the subsequent NATO instigated Russian-Ukraine conflict, and the obvious hopelessness of old neoliberal certainties in the face of looming stagflation in much of the developed capitalist world—all of these have further helped promote the revitalisation of various heterodox macro-economic perspectives. Longstanding Marxist critiques of neoliberalism must now also actively contribute to the public debate and the Party has a key responsibility in this regard.

Another important factor in the struggle against hyper-financialisation is the contrasting example of China, which, much better than the developed capitalist economies, has weathered the storm of the Great Recession. A key factor has been the use of China's extensive, state-owned banking system, against the growth of speculative capital—what the Chinese refer to as the war against the “disorderly expansion of capital”, meaning speculative capital.

There are many important lessons that can be derived from international experience and debates. Alas, here in South Africa, Treasury and the South African Reserve Bank are tone-deaf to these developments.

Working with a range of progressive policy NGOs and others, the SACP must play an active role in opening up the macro-economic policy debate. We must bring neoliberal macro-economic policy down from its lofty and dogmatic heights, making the debate accessible and meaningful at a popular level.

But it is not enough simply to analyse the problem by critiquing neoliberal austerity. We must also develop practical programmatic interventions that will begin to transform the social crisis into which neoliberalism has plunged us.

De-mystifying the question of the “public debt”

Writing long before the current phase of highly financialised capitalism, Marx had noted that under capitalism the public debt “becomes the alienation of the state” (*Capital*, Vol. 1). Speculative finance capital's domination and manipulation of the public debt: “signifies the official surrender of national wealth to the Bourse [the stock exchange], the management of the State's property by the Bourse and in the interests of the Bourse.” (Karl Marx, *Class Struggles in France, 1848-1850*).

Capitalist speculative capital favours an indebted state, since this creates not just avenues for profits on interest, but also opens up influence on policy and even effective ownership over nominally publicly owned entities. Just as the bank continues to own your mortgaged home until you have paid up, so Eskom's bondholders exert an effective ownership function over what is legally a state-owned enterprise.

But while public debt creates avenues for private capitalist speculative profits, too much debt creates, for these speculators, the risk of defaults.

In our current national reality, we are told that our public debt, standing at around 80 per cent of our GDP, is unsustainable. A 60 per cent debt to GDP is said to be “the upper limit”

for countries like our own if we want to enjoy “investment grade” ratings. In challenging this assertion, there are several basic points that need to be noted:

- The idea that 60 per cent is the upper limit and 80 per cent is unsustainable are arbitrary ratios from the IMF and ratings agencies (acting on behalf of global financial speculators). These ratios for so-called “emerging market”, “middle income” countries like South Africa are applied as if they were timeless and universal regardless of the specifics of different “middle income” countries. (The same applies to the other entirely arbitrary and supposedly universally applicable macro-economic dogmatic ratios—the “permissible” inflation range, and the balance between government expenditure and tax collection.)
- The belief that the principal way of reducing the public debt, or lowering inflation, or improving the government expenditure-revenue ratio through austerity tends to neglect the fact that if there were more robust growth, then the same amount of debt would be reduced as a percentage of the GDP, and that effective developmental government expenditure could improve government revenue. Austerity measures in the name of reducing the debt, or the gap between expenditure and revenue, but which cramp growth are, in fact, increasing the relative percentage of the debt.
- For example, it is highly probable, as many studies suggest, that an effective Universal-Basic Income Grant for all South Africans will have growth multiplier effects in the local economy. The principal beneficiaries of a U-BIG, the poor, the unemployed, the under-employed, women, will spend grant income on locally produced consumer goods, rather than imported luxury items like the rich. Instead of seeing public expenditure on a universal basic income grant or on massive public employment programmes as simply a cost to the fiscus, their multiplier potentials need to be understood and evaluated.

We must also unpack the character of our public debt

- The first advantage that we have is that 90 per cent of our public debt is Rand-denominated. Many other peer group countries (Turkey and Argentina are notable examples) have a largely dollar-denominated public debt. Countries with dollar-denominated debt are extremely vulnerable to devaluations in the exchange value of their local currencies. It is for this reason that the SACP forcefully criticised Treasury’s 2021 senseless (and unneeded) taking out of a dollar-denominated IMF loan. Although the interest on this loan is relatively low, any major and unfavourable shifts in the dollar-Rand exchange rate would make its ultimate costs to our country expensive. In fact, the only plausible reason for Treasury officials taking out this loan is that they wanted to further hold us hostage to the neoliberal playbook. In particular, they want to enforce neoliberal policy reforms pushed by imperialist dominated institutions such as the Washington-based IMF, as well as the Paris-based OECD (for example, see the OECD’s “Economic Policy Reforms 2017: Going for Growth” on South Africa), and to keep in place a one-dimensional protection of the value of the Rand through mechanical inflation-targeting by increasing interest rates at the first hint of minor inflation rises. But the dampening of local consumer demand



through rate hikes is based on the ludicrous assumption that inflation in South Africa with soaring unemployment and poverty is driven by domestic demand and not by external supply shocks—in particular, the cost of imported oil.

- In the same vein, there is a global cost of living crisis driven in part but in no small measure by the NATO-provoked war in Ukraine and by NATO’s extraterritorial sanctions not only against Russia but also against Venezuela and other countries. The crisis is also hitting imperialist countries, such as the United States and its NATO allies, such as Britain². In terms of the energy economy, for instance, Russia is a major gas producer in the world and the world’s third oil producer, while Venezuela has the world’s largest proven oil reserves and is an oil producer of note on the world scale. Similarly, Iran is an oil producer of note. The United States-led NATO unilateralism and its weaponisation and use of sanctions as instruments of war and imperialist aggression is very much part of the drivers of the unfolding global cost of living crisis. It is because of the imperialist aggression that oil prices are rising, translating in increases in the prices of diesel, petrol and other energy or petroleum related products. This culminates in increased transport costs, which ends up in increases in the prices of producer and consumer goods and services.
- The breakdown of global production networks and supply chains by the COVID-19 pandemic prior to the NATO–Ukraine and Russia conflict in Ukraine contributed to the global cost of living crisis. Contributing further to the breakdown of the global production networks and supply chains of a number of consumer goods, especially food such as grain and cooking oil, and driving up their prices, the NATO-provoked war in Ukraine and extraterritorial sanctions are both a major contributor to the global cost of living crisis most affecting the working class and poor.
- The global cost of living crisis is also driven by the capitalist system through its profits before people and the environment accumulation regime. It is this that underpins the problem of climate change, which is impacting on food production and contributing to rising food prices.
- With COVID-19 restrictions relaxed across the world, some social protection programmes that were adopted at the height of the pandemic have been withdrawn in many situations across the world. This is part of the drivers of the rising cost of living crisis impacting on the affected population groups. In our country, those affected include the millions who the South African Social Security Agency did not pay the Social Relief of Distress Grant after April 2022 following changes to the eligibility regulations for the grant or as a result of a failure to pay the grant.
- Interest rate hikes that further suppress local demand (as if it had not already collapsed) in the current reality amount to firing blanks at inflation.

² On the nascent impact of the global cost of living crisis, for example on the UK, see the Editorial of the Lancet (www.thelancet.com/public-health Vol. 7 June 2022) titled “The cost of living: an avoidable public health crisis”.

- A second (often forgotten) feature of our public debt is that around 70 per cent of it is owed to SOUTH AFRICAN financial institutions. These South African institutions include the publicly owned PIC and DBSA, and the private banks and other private financial institutions. With R2,3-trillion of assets under management the PIC is the dominant holder of our public bonds. The predominantly South African character of our public debt opens up many potential avenues for relieving the relatively heavy public debt from off the neck of the public sector and, more importantly, driving down the power of speculative capital that undermines our national sovereignty.
- The PIC, as a public investment entity, could, for instance, swap some or all of the debt that Eskom owes to it for shares in Eskom (this is called a debt-equity swap). This would not be privatisation of Eskom since the PIC is (or at least should be acting as) a public entity, in the public interest. It might be argued that this will limit the returns on investment for the PIC, and for the Government Employees Pension Fund (GEPF), the major source of the PIC's R2,3-trillion investment capital.
 - ◇ But the GEPF operates on the myth that it has to be "fully funded". In other words, it operates as if every single public servant were about to go on retirement at the same time, tomorrow! An adequately funded (which IS important) rather than a fully funded GEPF could release public money for more useful developmental purposes rather than all of it going to the PIC essentially for financialised speculative activity. It is often pointed out that a number of countries, for example, Finland, invest around 15 per cent of their pension and retirement funds in infrastructure development. In South Africa the figure is only 2 per cent.
 - ◇ A common myth is that the money private banks lend to public entities, or to private corporations, or to households (for home mortgages, for vehicle purchases, or other forms of credit) comes from the savings and interest payments clients make into the banks. But this is only a very small part of the story—the bulk of bank loans made to public and private entities comes from liquidity directly injected into the private banking system by the SA Reserve Bank that "prints" (electronically) this money. Thus, the myopic part of the story conceals the bigger role played the central bank, identified by Marx in Capital (Vol. 3) as "the pivot of the credit system". The local financial institutions holding SA government and SOE bonds are making around 10 per cent a year on these loans. This means we have the absurdity of one branch of the state (the Reserve Bank) pumping money into the banks, which then, through purchasing government and SOE bonds with that money, make profits. Yet the very same state and its entities (supposedly teetering on the edge of a "fiscal cliff") suffer under the burden of repaying the bonds!
 - ◇ This is one major reason why the government, with mobilised working-class and public support, needs to enforce prescribed assets on the financial sector. This means that part of their investments needs to be in designated areas of critical public developmental importance—it could be in support of a just green transition, for instance, or in critical social infrastructure (for example,



suitably located low-cost housing, including rental stock), or for major re-industrialisation.

- ◇ Prescribed assets were one of the key demands of the SACP-led Financial Sector Campaign that we launched in 2000. The banks refused outright to accept prescribed assets—although the apartheid regime had successfully implemented for their own purposes exactly these measures. The banks did agree, in principle, to a version of prescribed assets—“community re-investment”. However, in the Financial Sector Charter, community re-investment was a voluntary matter, and very little at all has happened on this front. Attempts to convene a follow-up Financial Sector Summit to review and evaluate progress on commitments made has been consistently scuppered from these quarters.

Transforming the banking and wider financial sector—towards a powerful public and socialised banking system

Relative to many advanced capitalist countries (Germany and even, to some extent, the US) where there is a history of many smaller banks often with long-term, “patient” commitments to particular geographical localities, South Africa has an extraordinarily high level of banking concentration—essentially an oligopoly of four major players.

The Venda Building Society (VBS), before it was plundered by state capture elements, was an important example of what could be achieved on a more local scale to serve working-class and marginalised communities. The SACP should champion the establishment of cooperative banking, building on long traditions of cooperative saving (like stokvels) as an important shield against the predatory lending habits of both the major private banks and the mashonisas (loan sharks). In fact, through our financial sector campaign, we notched an important victory through the passing of the Co-operative Banks Act, but unfortunately, with no support, this legislation basically lies dormant. Various small, mutual and cooperative banks must be a feature of a deepening NDR and important building blocks of a future socialism.

Ultimately, however, the private banking oligopoly itself must be dealt with. Enforced prescribed assets can be useful transitional measures. But the Freedom Charter was not wrong to understand that the monopoly banking sector needs to be transferred to the ownership of the South African people as a whole, in other words, socialised. Given the massive domination of the private banking oligopoly within our economy, and its integration into global financialised capital, socialisation/nationalisation of this sector is unlikely to be something that can be achieved overnight or in one swoop.

But this does not mean that we have to stand by hopelessly. Apart from important transitional measures like increased regulation in the public interest, including through prescribed assets, the example of China with its extensive state-owned banking system which is deliberately used to prevent the excessive growth of “disorderly capital”, is important to note. Or, a more limited example, but one closer to our own reality, is the case of Brazil’s Development Bank (the BNDES) which has been used very successfully to drive industrialisation.



In South Africa we must pay much greater attention to the consolidation, the appropriate funding and effective developmental mandating of existing publicly owned banks and public financial institutions—the DBSA, the IDC, the Land Bank, the PIC, Postbank and a number of provincial financial entities that are (or should be) publicly owned (for example, Ithala bank). The strategic alignment of these publicly owned banks and financial institutions and a much clearer mandating of the SA Reserve Bank to support these public financial institutions are required.

Additionally, organised workers need urgently to evaluate the role and performance of the various union-related investment houses. Are they simply behaving like any other profit-maximising, and speculative finance house, or are they contributing to a pro-poor, pro-working class developmental agenda? Is there effective worker control over these entities, or are they capitalist Trojan Horses inside the unions, driving the overall financialisation of our society and funding factional battles and bribing key officials?

Tightening up on exchange controls and acting more vigorously against Illicit Capital Flows

A key cornerstone of government's 1996 GEAR neoliberal policy package was the massive liberalisation of exchange controls. The assumption was that by progressively abolishing exchange controls, post-apartheid South Africa would attract a flood of foreign direct investment—investment that would go directly into job-creating productive activity, bricks and mortar construction of new factories, and expanded economic and social infrastructure. Instead, the trend has been in the opposite direction. Instead, there has been a massive outflow of capital as established South African monopoly capital voted against the new non-racial democracy by disinvesting.

Some of this flood of disinvestment was legal, greatly encouraged by the liberalisation of exchange controls. But much of it was illegal. In their recently published book (*On the Trail of Capital Flight from Africa*), Leonce Ndikumana and James Boyce indicate that US\$185,5 billion (that is almost R3-trillion, i.e., a 3 followed by 12 noughts) was illicitly taken out of South Africa between 1995 and 2018. Some of this illegal outflow was from the notorious state capture networks, looted public funds laundered into accounts in Dubai and elsewhere. However, the great majority of this illicit outflow (over R2-trillion) was not attributable to the Guptas and their friends, but came from mis-invoicing of export earnings and imports by mainstream established corporations, and particularly the mining conglomerates. Recent rising mineral commodity prices have made pressure for more visible progress in "cracking down" on such illicit activity more urgent.

To roll back neoliberal austerity—Together, let's build a powerful, socialist movement of the workers and poor!

Disciplining capital and particularly financial capital so that we bend it to serve the core national democratic economic and social priorities is absolutely essential.

Without taming speculative capital, without loosening the policy and institutional state-capture



grip that the financial oligarchy exerts over key state institutions, making headway with all of the other critical interventions (re-industrialisation, a just green transition, a major state-led infrastructure programme, a comprehensive social security system, a capable and capacitated state) will be severely truncated.

And yet all of these cannot wait for the end of neoliberal austerity and the defeat of the hegemony of the financial oligarchy.

This means that the struggle against neoliberal austerity and these and other sectoral struggles need to be advanced simultaneously and their critical inter-connections constantly understood.

What then are these other immediate key priorities in the face of the catastrophic and unsustainable reality confronting the majority of South Africans and around which we need to prioritise social mobilisation?

They include:

A universal basic income grant: The SACP has repeatedly called for the introduction of a Universal-BIG set at a level that ensures no South African is left below an agreed basic minimum income threshold and ultimately that no one falls below the Upper Bound Poverty Level.

The immediate compelling case for this is the persistent high levels of poverty and the need for an income intervention that replaces the COVID-19 social relief of distress grant. A universal basic income grant, meaning a basic income to all citizens, is preferred to a means-tested programme for several reasons. A grant made available to all adult South Africans, rather than one grant per qualifying household (as Treasury was proposing) would be more empowering to women living in patriarchal family arrangements. A universal grant will also cut the extensive and costly "red tape" poor people (those who most need the grant) confront when attempting to access existing means-tested grants. We have had this experience of millions being excluded from the pitifully small R350 COVID-19 distress grant. Means-testing involves administrative costs to the state, and it results, as we know from experience, in the exclusion of many who nonetheless should qualify.

Many researchers have argued that the payment of the grant to everyone, including to higher income people, inherent in a universal system can be clawed back through the tax system, or could be financed with additional taxes on higher income earners. Such a grant would, in the first instance, be aimed at counteracting poverty and acting as a tool of redistribution. But it can also drive economic activity by stimulating demand. More income in the hands of poor people will enable them to look for work themselves, or to buy more goods and services. Indeed, as already noted, the goods and services purchased by lower income people are more likely to be less import-intensive than those bought by higher income people, thereby also contributing to localisation, to the township and village economy. Unfortunately, even such an evidently needed pro-poor initiative is contested and opposed by neoliberal forces.

The SACP must become more active in the campaign for a universal basic income grant. **Forward to a universal basic income grant as a basic floor against abject poverty, against hunger and dependence!**



Forward to a universal basic income grant as a building block towards a comprehensive social security system!

To achieve a universal basic income grant, Together, let's build a powerful, socialist movement of the workers and poor!

Public Employment Programmes and the Right to Work: A key demand in the Freedom Charter is for the Right to Work for everyone. It is a right that has never been fully achieved in any capitalist society. This is one of the great irrationalities of capitalism. There can be lots of socially useful work needed. There can be many people willing and able to do the work. But if there are no private profits to be made for the capitalist, the capitalist walks away.

But even in leading capitalist countries, when faced with mass unemployment, public employment programmes have been deployed. In the midst of the Great Depression in the 1930s, a central and successful pillar of the New Deal in the United States was mass public employment programmes. At the same time here in South Africa the Smuts regime in order to address the so-called "poor-white" problem, rolled out public employment programmes (for whites of course) working on rail and road infrastructure and also doing forestry work.

In post-apartheid South Africa, the Expanded Public Works Programme (including the Community Work Programme) has succeeded in achieving around 1 million work opportunities a year. Additionally, in response to the deepening of mass unemployment after the Covid lockdown recession, the Presidential Employment Stimulus programme was launched and scaled up quite quickly, including employing some 600,000 teacher assistants.

But in the face of the massive unemployment crisis, these programmes need to be vastly expanded, including specific targeting of youth and women. Despite its successes, the Presidential Employment Stimulus programme in the most recent budget allocation has been cut by 10 per cent (while unemployment has got worse) EPWP budgets have been flat-lined—despite government's very own National Development Plan 2030 which calls for a ten-fold increase in public employment.

Once more, neoliberal state capture destroys the green shoots.

There are two obvious broad areas in which there is the scope for a massive up-scaling of public employment programmes:

- Climate proofing - making our cities, towns and villages more resilient; and
- Addressing the huge crises of social reproduction, of gender inequalities, and the loss of social cohesion in many communities.

On the environmental front - the recent floods in Kwa-Zulu Natal have pointed to the urgent necessity of doing locally based, labour-intensive, ongoing maintenance of basic infrastructure. The likelihood of more frequent extreme weather events, floods, droughts and sea level rises, suggests that if we do not respond pro-actively by climate proofing habitats and infrastructure, we will face more and more costly bills for repairs and emergency support after the event, after



lives are lost and damage has been done.

From climate science we are able to identify the likely risks in particular communities in different parts of the country, and from these projects to defend those communities against potential extreme weather emergencies can be identified. Nor will they necessarily all require large investments - for example, unblocking drains and water pipes, repairing leaks, building ditches, and strengthening coastal defences.

In addition to these kinds of infrastructure public employment programmes, there are already other important environmental programmes relevant to climate-proofing that have been successfully operating for over a decade – Working for Water (clearing fire-prone and water depleting invasive alien plants) and Working on Fire. These programmes need to be sustained and scaled up, particularly in the light of the climate science predictions of extreme drought affecting large parts of our country.

Public employment programmes and the crises of social reproduction: Existing EPWP programmes and the 2021-2 Presidential Employment Stimulus programme have also demonstrated the possibilities for significantly scaling-up and sustaining public employment to address the challenges of fraying social cohesion and gender inequalities linked to the broader social reproduction crises affecting working-class communities - by providing teacher assistants, community health-care workers, supporting community-based creches, communal food gardens, neighbourhood safety programmes, sports and cultural coaching among the youth, and much more.

We must move away from the notion that these public employment jobs are necessarily short-term or just temporary. All of this work requires ongoing effort. What is imperative is for public employment programmes to operate at a scale commensurate both with the social need for the projects concerned and the necessity for income-earning opportunities and sustainable livelihoods for the large number of unemployed persons in our country. The SACP must therefore campaign for the roll out of ambitious and properly funded public employment programmes.

Forward to a massive expansion of public employment programmes!

Forward towards the socialist objective of full employment in our country!

Forward to the Right to Work for Everyone!

Together, let's build a powerful, socialist movement of the workers and poor! Ensuring a people-centred "just transition" to a lower carbon economy

As the Presidential Economic Advisory Council has made clear: *"What used to be a choice is now mandatory. Those countries not adapting to a green transition will find themselves behind and excluded. They will be behind on the innovation curve, the cost curve, [they] will suffer from stranded assets and will face increasing barriers to markets that have accelerated their*

own transitions. Thus the question is not whether, but how.”³

We believe that this perspective is fundamentally correct. But there are two possible ways of looking at it:

- Either we see a green transition as a forced march into a low-carbon economy that we undertake reluctantly, grudgingly because, unless we do, countries to which we currently export will shut their doors on our exports which are dependent on our high-carbon energy system. Grudgingly, because, unless we do, we will be left with “stranded assets”, coal mines without a market, projects that are unbankable. In other words, we can embark reluctantly on a green transition as victims of external pressures;

OR

- We can grasp a green transition as a strategic opportunity to re-industrialise on a new and sustainable basis. We can use a green transition to radically transform our dysfunctional economic and social infrastructure distorted by the embedded legacy of the old colonial/apartheid mineral-energy complex itself now problematically financialised. We can use a green transition to ensure that working class communities enjoy clean air and a healthy environment. A people-centred and people-driven green transition can and must radically transform our political economy.

There are several dimensions to a just green transition.

In the first place, we must, as urgently as possible, put an end to the extremely harmful bouts of load-shedding that hit businesses, cost jobs, and disproportionately affect poor communities, households and small businesses. According to many specialists in the field, this can be done within 24 months by supplementing Eskom’s ageing and increasingly dysfunctional coal-fired plants with a rapid increase of renewable energy generation from wind and solar.

This immediate transition must also help to bring down the cost of electricity which has escalated massively.

Eskom, notwithstanding its many challenges, remains central to driving a just transition. Eskom’s problems are not because it is publicly owned. Let’s not forget that after 1994 the ANC-led government was able to use Eskom for a massive roll-out of household electricity.

Household electrification began in South Africa in 1894. Exactly a century later (1994) only five million (largely white) households had been electrified under successive white minority regimes. Before 1994 the majority of South African households didn’t have load-shedding—because there was nothing to shed. Within 15-years after 1994, under the developmental direction of the ANC-led government, a further 7-million households were electrified—more in 15 years than in the previous 100 years.

³ Presidential Economic Advisory Council: “Briefing notes on key policy questions for SA’s Economic Recovery”



That is what is possible with a publicly owned utility. Eskom's current challenges are not because it was and is publicly owned. They are the result of:

- The apartheid regime in the mid-1980s, in crisis and sensing that its own end was approaching, halting any further plans for expanding Eskom capacity.
- Government's attempts to privatise Eskom in the wake of GEAR instead of investing in it.
- The government further also locking Eskom into 20-year, cheap electricity supply to private aluminium smelter corporations in Richards Bay and Maputo, each consuming about the same amount of electricity as Gqeberha, and employing very little labour in Richards Bay and Maputo—and we don't even mine the bauxite that is the basis for making aluminium. It gets imported from Australia!
- The very belated realisation that major investment in Eskom was required with the resulting over-ambitious, poorly planned and hastily executed construction of two mega power stations, Medupi and Kusile, long after the substantial skills within Eskom had departed.

On top of all of this there have been state-capture vultures feasting on the mess, with all manner of parasitic networks (including BEE consortia selling poor quality coal from mines previously owned by Eskom, while exporting good quality). Then there are the criminal networks deliberately causing disruptions, including through sabotage, so they can sell expensive diesel to Eskom as it desperately seeks to keep the lights on.

An effective, publicly owned Eskom rid of the parasites is absolutely central to a just green transition. In the first place, Eskom will have to be adequately resourced to ensure the rapid reconfiguration of our country's transmission networks as we seek to bring wind and solar generation at scale on to the grid. Much of the wind and solar capacity is located to the west of our country with insufficient existing transmission capacity. Unless transmission is in the hands of a publicly owned entity, the new roll-out will be skewed by profit-driven motives that will deepen inequality and uneven spatial development.

Eskom itself should also be involved in renewable energy generation. Retiring Eskom coal-fired power stations can be converted to renewables, thus preventing the collapse of many towns with jobs for local communities including the environmental clean-up and the restoration of the environment creating further possibilities for local food production.

While the current bidding rounds for renewable energy have been premised on the private sector, the SACP must champion other possibilities for renewable energy generation—Eskom, but also municipalities, community-based cooperatives, even public schools and universities could produce renewable energy for their own needs and sell any surplus on to the grid.

A just transition must critically involve the re-skilling of workers and a major job-creating re-industrialisation. Green industrialisation can be focused, among other things, on the production of wind and solar generation components, on electrical vehicles, especially for public transport,

on expanding South Africa's pioneering role in the production of green hydrogen, and on vanadium production for new and powerful batteries (South Africa has the largest high-grade vanadium resource base in the world but has slipped back to be only the third producer after China and Russia).

The excellent report of the Presidential Climate Commission expert panel notes that: *"South Africa's history and political economy have made the country extremely vulnerable to the impacts of climate change and to the risks that a transition away from fossil fuels entails."*⁴ The report makes the further fundamental point that while our society at large is vulnerable - race, class and gender factors make some communities much more vulnerable than others. It therefore advances the idea of building "transformative resilience" based on three pillars - two of which we have already spoken about (a green decent work agenda and improved social protection).

The third proposed pillar is land reform. It is worth quoting from the relevant section: *"Given the unequal access to land, most South Africans are extremely vulnerable to a variety of shocks and crises, including floods, fires and droughts. People are forced to live on marginal, degraded or unproductive land, which increases their exposure to risk and reduces their adaptive capacity, as marginal land cannot be used for livelihood creation, food security through subsistence farming or collateral."*⁵

For a transformative, just green transition—Together, let's build a powerful, socialist movement of the workers and poor!

Radical structural transformation to advance and deepen democratic national sovereignty

In South Africa (and for very obvious reasons) the national question is treated largely (and sometimes only) as a race question. Race is certainly a large part of the story. But the national question, and, therefore, the national democratic revolution, is also about building the collective capacity for significant democratic **national sovereignty**.

Radical structural transformation, as we understand it, means breaking the chains of our colonially defined place in the imperialist division of labour, as a semi-peripheral producer and exporter of primary products, as a country that has to dance to the tune of ratings agencies, or to the whims of the IMF and World Bank.

Seeking to address racialised and gendered inequalities without simultaneously addressing the transformational struggle for effective national sovereignty will result in cosmetic reforms with which we are all too familiar. These are reforms that produce a sprinkling of race and gender representation among the economic elite, slotting chosen individuals into an existing malfunctioning political economy. It is a political economy that continues to reproduce crisis levels of racialised, gendered and class oppression and exploitation for the majority.

4 Presidential Climate Commission, Supporting a Just and Climate-Resilient Transition in South Africa. Expert Perspectives, p6

5 Ibid. p13



This is why we say we need structural transformation that underpins greater democratic national sovereignty for our country.

This is why as the SACP we call for a comprehensive review and overhaul of existing BEE policies and programmes with a view to devising a new approach that supports real and substantive empowerment.

A black capitalist class?—BEE as part of the neoliberal financialisation agenda

Despite the removal of all race-based discriminatory legislation concerning the right to trade and to own landed property, and despite various programmes under the aegis of BEE policies, including preferential procurement legislation, the capitalist class in South Africa remains overwhelmingly white and male. However, there has been a deepening of intra-African wealth inequality as a small, often politically connected elite has benefited from policies that were said to be aimed at creating a supposedly “more patriotic”, “black capitalist class”.

There is no such thing as a separate, stand-alone “black capitalist class”, nor could there be in the South African reality. Just as there could not be a separate “women capitalist class”. Black capitalists in South Africa are part of a single if diverse South African capitalist class all of whose members derive their position and wealth directly or indirectly from the exploitative extraction of surplus from the working class.

Beyond this specific shared reality, the particular role and interests of members of the capitalist class are largely determined by their sectoral and even geographical locations, their relative degrees of ownership and managerial control over the means of production, whether their incorporation is within the monopoly and particularly oligopolistic financial sector, or whether they are located in more productive sectors (agriculture, manufacturing), or in smaller medium-sized enterprises, whether they act largely as go-between rentiers for international firms and the local market, or as go-betweens between private corporations and the state, in other words as well-paid fronts.

Black and white capitalists will be found across this entire range. However, given the history of colonial expropriation and apartheid discrimination and the general lack of inherited wealth in black families, and given the established existence of a well-established domestic capitalist class (overwhelmingly white and male), the primary accumulation processes through which black aspirant capitalists have become capitalists have largely followed one of two routes –

- One - the BEE empowerment route (originally pioneered by established monopoly capital in 1990) in which encumbered shares are provided to individuals or nominally black consortia, usually for their actual or perceived proximity to the ANC/government. In fact, this version of BEE was part and parcel of the general and rapid move to financialisation of South African capitalism. The major banks (and major corporate legal firms) were active in this space and the transfer of encumbered shares involved complex financial structuring.

- Two - the legal and increasingly, with state capture, illegal exploitation of state (including SOE) procurement, in other words a parasitic diversion of public resources in the interests of primitive accumulation.

As a result, emergent black capitalist strata have tended not to have an effective productive role, having instead either:

- strong compradorial features (i.e., a subordinate dependence on established monopoly capital—both local and foreign); or
- strong parasitic features, feeding off the diversion of public resources.

Much of the current factional turmoil within the ANC (and beyond) can be attributed to:

- rivalries among the comprador strata, acting on behalf of their different, competing monopoly corporate interests;
- rivalries among the parasitic strata, as they scramble, often in a life-and-death struggle, for political office (or access to political office); and
- the struggle between the comprador strata and their backers (who need a functioning Eskom, or Transnet) and who present their class interests as “good governance”, etc., against those involved in parasitic, state-capture looting of Eskom, Transnet, SAA, etc, and who dress up their activities with empty slogans, under the false flag of “radical economic transformation”.

Within the ANC this often results in personality-driven, political contests without substantive, transformative political programmes.

The SACP supports the idea of effective and broad based black economic empowerment – which must be distinguished from what emerged as BEE with a narrow emphasis on promoting an assumed “patriotic” black capitalist class.

Effective black economic empowerment needs to focus, amongst other things, on

- the collective empowerment of workers at the point of production;
- the empowerment of the most marginalised in rural areas, rural women in particular, through security of communal tenure and agricultural outreach and infrastructure development;
- the empowerment of small-scale traders formal as well as informal, including through support for cooperatives, and ensuring their safety through effective state and community-based interventions against extortionary protection rackets that are increasingly proliferating in poorer communities.

Insofar as BEE is focused on the promotion of emerging capitalist and petty-capitalist strata, a



transformative agenda needs to prioritise:

- “black industrialists”—that is, those actively involved in managing and investing in productive activity and job creation (or with a demonstrable capacity to do so)—as opposed to the rentier, “middle-men”, comprador and parasitic strata;
- working in conjunction with the Competition Commission, to use empowerment as a means to de-concentrate the extraordinarily high levels of monopoly domination with its related price distortions and often lazy approach to technological innovation;
- using empowerment initiatives to overcome the spatial distortions of our political economy, with a focus on marginalised spaces (the township economy, rural areas, small towns, etc.).

No to neoliberal structural reforms! Yes, to radical structural TRANSFORMATION!

In October 2020, in the midst of the Covid-19 economic recession, government announced its Economic Reconstruction and Recovery Plan (ERRP). At the heart of the plan is the objective of not just going back to the socio-economic crisis we were in before the Covid pandemic deepened that crisis, but of creating a “new economy”.

As the SACP, we agree with this objective—but we have argued that this requires extensive and radical, **structural transformation**. Our approach differs decisively from that of “structural reform” which is widely advanced. Structural reform derives from the neoliberal playbook and is focused on liberalisation.

Critical to serious structural transformation is:

(Re-)industrialisation.

Which means moving to higher value-added production. This must involve industrialising and re-industrialising in such a way that it supports a broad-based rise in incomes (‘modest prosperity’), through the creation of higher income and higher quality livelihoods, as well as greater inclusivity. This does not mean just growing the manufacturing sector in a narrow sense (though it includes this). It also includes promoting mineral beneficiation (adding more value to mineral commodities) rather than exporting minerals as ‘dirt out of the ground’ as well as ‘smart agriculture’ aiming, inter alia, at capturing more of the value chains of exported product.

History teaches us that almost all of the few countries that have broken out of underdevelopment and poverty in the 20th century have done so by undergoing such structural transformation. History also teaches us that all those who have followed this path, without exception, have implemented **state-led, high impact industrial policies**.

There has been insufficient prioritisation of Industrial Policy in South Africa. For many years, it was relegated to a programme of one department instead of something that shaped programmes

and interventions across all of the government. We were accordingly encouraged by some of the declaratory statements on Industrial Policy in the Economic Reconstruction and Recovery Plan. These good intentions, however, again appear to have been held back by neoliberal austerity.

Incentive programmes have been cancelled. In other cases, budgets have been cut, and there is very little by way of visible progress across all of government and among social partners on measures like localisation. We are not convinced that promises made in social dialogue with business will be able to substitute for properly resourced state-led programmes. Accordingly, we call for a strengthened and better resourced Industrial Policy as a central pillar of structural transformation.

The African Continental Free Trade Area (AfCFTA) must become about more than just trade. It must be steered towards 'development integration' and the emergence of new regional value chains, with more opportunities for deeper industrialisation not just in South Africa but across the continent. This, by the way, also relates to the challenges of mass immigration of economic refugees from our region into our country. It is an illusion to think that South Africa can prosper in a sea of regional poverty. Just as it is an illusion to believe that these challenges can be solved largely, Donald Trump style, by building higher walls and fences around our country.

In the wake of the current and pressing economic and energy crises, including the unfolding global cost of living crisis which is making matters worse in our case amidst the crisis-high levels of unemployment, poverty and inequality, and the related crisis of social reproduction, the SACP must call for an urgent economic and energy summit of our alliance in the coming weeks, in order identify and agree upon urgent interventions needed to deal with the current problems. In the same vein, we need extensive, working-class mobilisation and government facilitated nationwide consultation, including but not limited to NEDLAC social partners.

The SACP calls upon all of our alliance and its components, together with the broader democratic movement, to unite ourselves and place the interests of our people, especially the workers and poor above all factionalist and narrow political interests. We must start with ourselves here as the SACP at this Congress, by seeking to place our people before profits, and the workers and the poor first!

The system of hyper globalisation, financialisation and neoliberalism that rose from the ashes of the crisis of the 1970s has now taken us back to a world of stagflation (stagnation co-existing with high inflation) exacerbated by war. Even before western imperialism's proxy war with Russia in Ukraine, disruption of supply chains and outright profiteering had created shortages and rising prices for fuel and food. This has been greatly exacerbated by the impact of the war in Ukraine. The inland retail price of a litre of 95 octane petrol rose from R 16 in March 2021 to over R 25 in July 2022. This has had knock-on effects on all forms of transport as well as on the prices of all goods transported. Food prices have also risen sharply, but the full impact of the war in Ukraine on global food prices is likely only to be felt after August. Researchers around the world are predicting that this will have serious effects on food security across the world. This includes South Africa. According to the National Health and Nutrition Examination Survey, 28 per cent of urban households are already at risk of hunger, while 26 per cent are already experiencing hunger. In the rural areas, these figures are 32 per cent and 36 per



cent, respectively. This means that at least half of our people are either already affected or are seriously at risk from these trends.

Powerful voices in the imperialist world are calling for these trends to be responded to with aggressive rises in interest rates, even if this forces their economies into recession. This kind of sado-monetarism cannot be an option for South Africa. Our economy is already stagnating with unemployment at record levels. We are most definitely not in a situation where too much money is chasing too few goods. What we have is “imported inflation” exacerbated by the actions of profiteers and rent seekers. Rather, that aggressive interest rate rises that threaten to plunge us deeper into recession, we need a struggle to boost the incomes of the poorest, whilst acting resolutely against any instances of collusion or profiteering by private capital. Never before has the case for a basic income grant, set at a level that means no South African suffers from hunger been more urgent. We should not be afraid to increase taxes on the rich to fund social development programmes, including building a comprehensive social security system.

The state of the national democratic revolution: The key sites of struggle in the South African Road to Socialism

All of the above proposals incorporate issues that the SACP has been advancing and campaigning around not just over the last five years of the present Central Committee but, in many cases, over the past two-and-a-half decades.

As we review our activism over this period, we note the Party’s emphasis has largely been on seeking to build working class hegemony **within** the Alliance and, through our participation **within** the ANC, to build working class hegemony **within** the state itself.

While we should not abandon these efforts, as a Central Committee we have come to the firm conclusion that we have not sufficiently reinforced these efforts with active Party campaigning on the ground to build a powerful, socialist movement of the working class and poor.

Going forward, this has to be the prime focus of the SACP. Without a powerful, socialist movement of the working class and poor, all the other critical struggles against neoliberal austerity, for the right to work, for a Universal-Basic Income Grant, for a Just Green Transition, for Re-industrialisation, for radical Land Reform, or talk about our independent electoral participation, will remain words, aspirations but without serious implementation.

This means that the Party’s structures must become much more rooted and active amongst the working class and poor—which means an effective and active presence in those two key sites of potential working class and popular power - the workplace and the proletarian community (townships, informal settlements, rural villages).

But if we are to deepen our activism in these key sites of struggle, then we also need to understand the present reality because they have also been changed and transformed.

The Workplace

The workplace is the principal site of capitalist accumulation through the mass exploitation of the working class. At the same time, the significance of the workplace lies in it being the primary potential site for the organisation of the working class in its daily struggles.

Contrary to bourgeois theorists, class struggle is not some external reality imported into production from the outside. Class struggle is a daily reality for workers to assert greater working class collective control over the nature and pace of work, against alienation, and over the allocation of the surplus that their labour-power produces. For the capitalists and their senior management cadre, it is a struggle to deepen their domination over the work process and to weaken the possibilities for collective worker organisation. Throughout its existence for over a century now, the SACP has always paid close attention to the workplace as an important site of struggle and organisation in the South African context.

One of the key observations we made at our last Congress was about the neoliberal restructuring of the workplace that has now been continuing and deepening over the past five years. The first feature of the continuing restructuring of the workplace has been the ongoing retrenchment of hundreds of thousands of workers.

The other phenomenon that is continuing to have a huge impact on the nature of the workplace in South Africa has been the continuing cheapening of the labour of the working class by capital. This has been done primarily through the intensification of replacement of permanent labour using labour brokerage and other forms of outsourcing. This has been the primary means through which private capital has sought to subvert, weaken and roll back the major advances made by South Africa's working class.

There has also been major movement of labour from two sources. The one has been the continuing in-migration in South Africa, underpinned by the legacy of capitalist uneven development. The in-migration flows in the country are principally from underdeveloped areas, most especially rural areas, former labour reserves or bantustans to be more specific, to the major metropolitan areas and other big towns. Besides the legacy of capitalist uneven development under colonialism of a special type, the in-migration flows from the underdeveloped rural areas to the major metropolitan areas and big towns has been spurred on particularly by the near-collapse of whatever economic life there was in the affected rural areas, including subsistence activity. Weak social resourcing has compounded the situation in the former bantustans. In-migration is part of a global phenomenon, especially with increased mechanisation on farms and other modern agro-processing methods.

However, migrants into urban areas are not necessarily absorbed even as cheap labour into the formal economy and many eke out a miserable living on the margins.

The second source of migration, which is immigration into South Africa, has been from across the world, particularly Southern Africa, followed by other regions on our continent and other parts of world, for example, Asia, from countries such as Pakistan and Afghanistan. The push factors include political conflicts, the failures of capitalism and capitalist economic crises



in the countries of origin. In some instances, the economy virtually collapsed because of a combination of domestic and foreign driven factors. This has contributed in no small measure to high unemployment in the affected countries and massive exports of unemployment in the form of emigration by the unemployed or the reserve army of labour. In some situations, the migration patterns involve what seems to be co-ordinated and well-funded networks of merchants and SMME-type businesses destined not only for the major cities and big towns in South Africa but also rural areas, including small villages. This is more so, but not only, with migrants from Asia.

In Southern Africa, and some parts of the African continent, migration predominantly involves the reserve army of labour. These unemployed workers are facing deepening poverty and underdevelopment, many against the background of the devastation caused by the failed World Bank and IMF structural adjustment programmes and political conflicts. This migration originates principally from Zimbabwe, Lesotho and Mozambique, but with additional numbers from Malawi and other African countries. It is mainly among desperate migrants who are super-exploited by capital in South Africa, especially but not only in the hospitality, services, agricultural sectors, and the e-hailing sector.

In Southern Africa, most countries have historically been a labour reservoir for South Africa's monopoly capital, especially mining capital. With the democratic breakthrough, this has continued but under vastly different conditions.

There are now very specific features of migration from the SADC region into South Africa with its particular impact on South Africa's workplaces:

- Unlike in the past, where migrant workers from our wider region mainly worked under appalling conditions on annual contracts, these workers are now typically located in the urban informal settlements inside South Africa itself.
- Workers from SADC, especially undocumented workers, have been highly exploited, especially in the hospitality, services and agricultural sectors. The absorption of cheap labour generally has been most intensive in the areas of the economy that are either unorganised or weakly organised by trade unions.
- Given the multiple crises of social reproduction, the absorption of cheap labour, as well as absorption of part of it as unemployed or working in the informal economy on the margins of South Africa's metropolitan areas is creating actual and potential conflicts, setting the poor against the poor in the major metropolitan areas of South Africa.
- The migration from the rest of the Southern African region and other regions on the African continent into South Africa has also spurred a new industry of labour brokerage, focusing on recruiting and transporting super cheap labour for both the formal economy and the domestic sector. In particular, the predatory behaviour of South African capital and displacement of nationals in pursuit of super-exploitation has set workers against workers, and the poor against the poor!

The search by capital in certain industries and by domestic sector players for cheap labour has resulted in widespread employment of the most vulnerable migrants at below minimum wage levels, including in the e-hailing industry, where global capital (such as Uber Eats), digital platforms and algorithmic management are a dominant super-exploitative reality.

Other workers have joined the informal economy due to heightened unemployment in the formal economy, and they are competing for shrinking markets, reduced public space and diminishing resources in the aftermath of COVID-19. Workers in the formal and informal economy, particularly truckers and informal traders, are becoming badly divided by this. One consequence is youth impatience and dissatisfaction with regard to migration and shifting blame for persistent poverty and criminality onto migrants living in South Africa.

At the same time, besides the seemingly well-funded and co-ordinated SMME-type business networks, for example, those from parts of Asia, working-class neighbourhoods and workplaces are increasingly overtaken by a pervasive culture of business criminality which emerged from coercive practices of tender-seeking “business forums”, mostly but not only in the construction industry. The spread of this way of doing business to other sectors has led to breakdown in security as bribery, corruption, extortion, protection rackets and unprecedented levels of gender-based violence are flourishing. These unchecked developments are resulting in increased inequality, poverty and distress—and conflicts of poor against poor, currently accompanied by a rise in xenophobic vigilantism and instances of mob justice.

What is to be Done?

It is important to take into account the lived experiences of the masses on the ground, to strengthen our grassroots work and deepen our appreciation of the perspectives of the masses, taking our cue from the way forward articulated by Moses Kotane in his famous 1934 Cradock letter. While working in the interests of, with and for the toiling masses in South Africa, now perhaps more than ever before the SACP has to drive the clarion call from the Manifesto of the Communist Party by Karl Marx and Fredrich Engels: “The proletarians have nothing to lose but their chains. They have a world to win.” –Workers of All Countries, Unite!

As the Alliance:

- We NOT engage in being merely reactive, lamenting the citizenship demographic changes in certain sectors or industries.
- We MUST GO FURTHER than merely stating the facts (even though facts and research are important).
- We MUST GO BEYOND border policing proposals (even though consistent and bribe-free border control is important).
- We MUST FAST-TRACK the implementation of economic policies and sector-based guidelines which have been developed in conscientious compliance with the international, African continental and SADC regional protocols to which South



Africa is a signatory. These include:

1. §Waste Picker Integration Guideline for South Africa: Building the recycling economy and improving livelihoods through integration of the informal sector (DEFF & DSI, August 2020)
2. Public Space Trading Guidelines for Local Government: 2021 - 2026 (SALGA, GTAC, CBPEP 2021)
3. The recently adopted Gauteng Township Economic Development policy and legislation is designed to bring opportunity to the many and confront inequality at the spatial level by changing how townships are regulated and governed to transform them into zones of widespread, job-creating commercial activity. This should be good for workers in the informal economy, particularly for informal traders and home-based workers. Implementation must be done with the inclusion and full participation of workers in the informal economy from the planning stage onwards, for the objectives of social & economic inclusion to be achieved.

At the same time, all government departments sharing responsibility for migration policy, i.e., the Department of International Relations and Co-operation, Department of Employment and Labour, Department of Home Affairs, Department of Justice and Constitutional Development, must step up their coordination to eliminate mixed messages and for consistency in implementation. COGTA and SALGA must be tasked to extend consistent coordination of municipal implementation to all provincial and local government authorities.

Worker dialogues

Revolutionary worker dialogues on workplace solidarity to be convened in all kinds of workplaces, traditional and non-traditional, with inclusion of South African and non-South African workers—led by trade unions, MBOs (membership-based organisations) of migrant workers and MBOs of workers in the informal economy and new forms of work. SACP Party activists should actively support these processes.

State of the trade union movement

According to the ILO, trade union density in South Africa is still relatively high in international terms, standing at 29 per cent of the economically active population. However, the trade union movement is divided and highly fragmented, with 224 registered trade unions, many of them very small. Battered by retrenchments, labour brokering and the fragmentation of the workplace, unions have been increasingly placed on to a defensive and inward-looking posture. Some have resorted to poaching membership from each other from a shrinking pool. Leadership factionalism rooted in access to financial interests related to union investment arms has been another chronic challenge.

The NUMSA breakaway from COSATU and the subsequent launch of SAFTU, and the AMCU split from NUM, have further weakened the coherence of progressive trade unionism in South Africa. However, the NUMSA breakaway from COSATU did neither strengthen the union in membership terms, which weakened by approximately 50,000 members—i.e., NUMSA had



339,567 members in January 2014 according to its own records⁶, which declined down to 290,000 according to a report⁷ presented to the SAFTU National Congress in May 2022. The importance of forging the unity of organised workers and building broader working-class unity cannot be overemphasised. For workers are stronger together as one.

Government's reneging on its three-year wage agreement with public sector unions, and the neoliberal offensive in favour of wage suppression in the public sector, have underlined the importance of rebuilding organised worker strength and unity.

Whilst there has been continuing weakening of trade union organisation in the private sector, now estimated to be about 70 per cent of unorganised workers, the public sector has seen densification of trade union organisation.

While the public sector is much more densely organised and dominated by progressive trade unions - we have a weak state. Why? This is one of the discussions we must have at this Congress. Why is that our public sector unions, while organisationally strong, seem unable to positively impact on building a strong developmental state? Does the fault lie primarily with the unions? Or is the essence of the problem located in the way in which the post-1994 public service has been restructured in ways that de-professionalise public sector workers along with the constant neoliberal argument that the public service is "bloated"?

With the decline in working class industrial unions, this has further weakened the working class in workplaces. An extra-ordinary effort needs to be put in place to rebuild organisation of particularly the industrial working class, and organising in the more difficult hospitality, services, agriculture sectors, as well as the forever elusive organisation of domestic workers.

No other political party can claim to have contributed towards building the progressive trade union movement in our country over our whole centenary of existence like the SACP. One of the most consistent activities we have continued to do since 1994 has been joint political schools with virtually all of the COSATU affiliates. These activities have greatly assisted in strengthening the trade union political education and increasing workers political consciousness. However, over the last five years, these have declined, partly because of Covid but also diminishing resources for political education both inside the SACP and amongst the COSATU affiliates and the federation itself. This decline itself has negatively contributed to workplace organisation. The levels of political consciousness and awareness amongst workers have clearly been on the decline, even from amongst unionised workers.

An important matter that we need to open a robust conversation and engagement with the trade union movement is that of the ongoing impact of technology on work, the future of work and implications for trade union organisation of workplaces today. Much as science,

6 See the union's own membership records accessed in May 2022 from [https://numsa.org.za/about-us/#:~:text=Numsa per cent20is per cent20the per cent20biggest per cent20metalworkers,\(as per cent20at per cent20January per cent202014\).](https://numsa.org.za/about-us/#:~:text=Numsa%20is%20the%20biggest%20metalworkers,(as%20at%20January%202014).)

7 See, for example, the news article on the report <https://ewn.co.za/2022/05/24/saftu-s-vavi-numsa-fawu-have-seen-drop-in-membership-in-the-last-5-years>



technology and innovation (STI) are an integral part of modern society and development, its impact is largely shaped by who controls the uses (and abuses) of that technology. For the capitalist class STI is largely a means of maximising the exploitation of the working class, and not technology in service of humanity.

Science, technology and innovation is rapidly changing the nature of the workplace, with new technologies leading to the weakening and super-exploitation of the working class.

Despite all of these challenges, the organised working class in the progressive trade union movement remains a critical, indeed essential pillar for the advance of a socialist-oriented, radical NDR.

The SACP must work towards:

helping to rebuild unity in action across the progressive trade union movement;
encouraging the unionisation of informal workers and the organised support of unions for informal workers;
building union-community unity in action including through shop steward locals.

Proletarian communities

In the struggle against white minority rule, proletarian communities (townships, informal settlements, rural villages) became the key sites of working class and popular power. From the late-1970s into the early 1990s it was here that basic organs of popular power (street committees, self-defence units, people's education efforts, people's courts, civic organisation, worker's locals) were established in struggle.

However, unlike Lenin's Petrograd of 1917, where the working-class resided within marching distance of the Winter Palace, our proletarian communities were deliberately, racially, located on the distant periphery far from the commanding heights of political and economic power. T

hey were designed as dormitory townships, as the main sites for the social reproduction of racialised cheap labour, as daily migrancy increasingly replaced annual migrancy from bantustans and rural labour reserves. Repressive military considerations were also deliberately factored in, with townships designed to allow for sealing off, with few points of entry and exit. They were often surrounded by the barrier of rail-lines and encircling free-ways.

But our proletarian communities turned exclusion into a weapon of struggle—general strikes taking the form township stay-aways, boycotts of white shops, bus boycotts, boycotts of all kinds. Townships became semi-liberated zones, ungovernable, at least ungovernable by the white minority regime and its puppets.

But these rolling waves of semi-insurrectionary struggle over a decade-and-a-half could not easily project their power directly into the commanding heights of the apartheid regime. White minority rule was made utterly unviable by the late 1980s, but it was not overthrown as such. Hence the stalemate in the balance of power that laid the basis for the negotiated transition. As we consider the reality of proletarian communities in the present against this historic

background, we need to understand that one of the key strategic objectives of established monopoly capital in the late 1980s and early 90s, in supporting negotiations for their own reasons. Among their strategic objectives was to hand over responsibility for these localities to an incoming ANC-led government, while ensuring that neoliberal austerity would make this a grossly under-funded mandate.

Today, it is in these localities that the multiple crises of social reproduction facing the working class and poor are most concentrated. More than ever, they have become dumping grounds for those that our distorted, anti-people capitalist economy regards as simply unwanted surplus to its needs.

Although we should not over-romanticise popular township unity in the 1980s, there was nonetheless a much greater coherence. Much of that organic township unity has been disrupted partly by the intense, pressure-cooker reality in which these communities are living, and partly by the very non-racial progress that has been made since 1994.

Post-1994 there has been a significant expansion of black middle strata. These strata include middle-ranking professionals in both the private and public sectors. Large numbers of this new middle-strata have moved out of townships and into relatively more affluent suburbs. This perfectly understandable mobility has, nonetheless, deprived townships of a potential organic leadership cadre.

At the upper-end of these black middle strata, notably middle-ranking professionals in the public and private sectors, aspirations and lifestyles might be oriented towards capitalist values and lifestyles. But even here middle “class” status is often highly precarious under the weight of the cost of suburban homes, newly acquired cars, and aspirational education for children, along with the so-called “black tax” (extended family responsibilities with multiple dependents some living in rural or township poverty). In a highly financialised economy levels of debt impairment, credit bureau blacklisting, and threats of home and car repossessions are ever present.

In short, much of this professional stratum is a typical Third World middle “class” constantly threatened with downward mobility. The reality of their present situation, contrasted with the rising expectations and early advances after the end of apartheid in the late-1990s and early 2000s, is contributing to various ideological pathologies—including growing political cynicism, and the runaway growth of Nigerian-style evangelical sects promising the miraculous arrival of individual wealth and personal redemption.

Black professionals in the private sector also frequently encounter embedded racial and gendered glass ceilings. While formal racial and gendered discrimination is no longer legal, informal “old boy”, private school alumni networks, as well as surreptitious discrimination by professional bodies all often work to disadvantage black professionals.

Notwithstanding all of these problems, many, and perhaps a majority, of senior and middle-ranking professionals and managers in the public and private sectors are committed to using their professional and technical skills for the collective development of our country.



At the other end of the middle strata spectrum is the more traditional petty bourgeoisie which remains largely located within the township environment. Here we are dealing with medium- and small-scale entrepreneurs, family businesses, with or without a relatively small number of employees. They include spaza shop and tavern owners, taxi bosses, funeral parlour operators, mashonisas (loan sharks), and various small-scale artisanal entrepreneurs (backyard repairs, plumbing, catering, builders, hairdressing), and small-scale farming.

Further down the scale are informal sector workers, waste-pickers and street vendors. There is also a wide range of social/solidarity economy, small-scale enterprises, including co-ops and the estimated over 90,000 township child-care creches.

Those at the upper end of these township dwellers, a more classical petty bourgeoisie shade into the capitalist class and often act as squeezed, sub-contractors to larger capitalist corporations. At the lower end there is a blurring of the distinction between this petty-bourgeoisie and the working class (both formal and informalised) and a broader "precariat". Members of the same household are likely to straddle activity in small-scale service enterprises and waged employment and unemployment. Many are also former waged workers who have been retrenched. A great deal of the services provided by these petty-bourgeois strata are directed at the social reproduction of the working class and much of the activity is provided by women.

For much of this petty bourgeoisie the situation is often highly insecure. The traditional township spaza shop-owners, for instance, have been squeezed between new shopping malls on the one hand and, on the other, foreign nationals using extended family and wider global networks to under-cut local traders. This displacement of local petty businesspeople is often at the root of criminal xenophobic attacks. However, there are also contradictory forces at play, with poorer communities dependent on the convenience of lower prices inclined to support the presence of foreign national township stores. There are other dependencies with South Africans earning income from renting out RDP houses to these non-national traders, and, now, the widespread emergence of "protection" rackets preying on (but therefore also having a symbiotic dependence upon) foreign national traders.

Another major petty bourgeois sector (taxi owners) is also characterised by sharp contradictions and volatility. Taxi owners range from those owning large fleets operating on key routes, and typically exerting high-levels of exploitation over their drivers, through to owner-operators driving their own vehicles. There are an estimated 120,000 minibuses operating throughout South Africa providing nearly 70 per cent of all public transport trips. The minibus sector is, on the one hand, a remarkable story of self-driven black economic empowerment, boot-straps-up entrepreneurship with minimal government support. On the other hand, in many respects it acts as a major impediment to effective transformation of public transport.

Publicly planned, effectively regulated and subsidised (as occurs even in developed capitalist countries) of seamless, inter-modal commuter transport operating particularly at the metro level (involving trains, buses, minibuses and even non-motorised transport like bicycles) that is safe, affordable and accessible, is desperately needed. Mass transit with long commutes in minibuses from distant townships to places of work and study is neither safe nor economically (or environmentally) sensible—fuel costs, lost time in congested routes impact on operators, commuters and the general public. Over-trading on key routes (sometimes encouraged by

major taxi bosses controlling mother bodies and major associations) adds to the small margins made by individual operators and increases the desperation with which control over routes is defended. The destruction of commuter rail infrastructure, the shooting up of buses, and the domination of key routes through the barrel of the gun are linked to the war-lordism that is often endemic in much of the sector. There is also strong evidence that hired guns from the sector are responsible for many of the political killings affecting particularly the ANC in some provinces. In theory, with the post-apartheid establishment of wall-to-wall, non-racial municipalities, the racialised geography of apartheid was abolished. In practice, an unreformed property market dominated by the finance oligarchy excludes and marginalises the majority of South Africans just as efficiently as the old order influx control and pass-office officials. With new local government boundaries, areas of abject poverty have been attached to the previous largely whites-only suburbs and central business districts. But the pool of rates-payers has remained largely the same, while the developmental challenges have exploded exponentially. A large number of municipalities are in distress, with wealthier suburbs and the emerging private “smart cities” increasingly opting out of municipal and broader public services with the burgeoning of private security companies, gated communities, and the like. The old apartheid spatial patterns are being reproduced with enclaves of relative wealth and poverty traps of deep crisis. This shift to what could emerging as “private municipalities for the rich and the well-off” could deepen following the announcement by the government in June 2021 increasing the threshold for license exemptions for embedded power generation from 1 megawatt to 100 megawatt.

The distress experienced by local government in many areas is commonly blamed on weak municipal appointments, on corruption and incompetence. These certainly all play a role, but they are often symptoms of deeper problems:

- the failure to drive a pro-poor, radical urban land reform programme that breaks with the dormitory township model, that involves instead well-located medium-density, mixed-income housing, and a full range of recreational and other facilities, and affordable, publicly owned public transport; and
- the chronic under-resourcing of local government.

The result of all of these realities has produced many morbid symptoms as individuals and households, under huge pressures, compete over scarce resources.

Despite these many morbid symptoms, everywhere in working-class and poor communities there are also networks of communal neighbourhood solidarity and cooperation. Some are grounded in faith-based organisations, others are grouped around local schools, or NGOs. Women are often the predominant activists in this civic solidarity. Neighbourhood watches, community food gardens, volunteer sports coaching, the organisation of informal workers are among some of the activities that take place.

During the Covid-19 lockdown crisis many of these networks sprang into prominence particularly with providing food kitchens. There were also important suburb-township solidarity initiatives through Community Action Networks (CANS).



However, compared with the relative level of sectoral and community-based popular organisation in the 1980s and early 1990s, including the emergence of basic organs of popular power, there has been a marked decline. With few exceptions (Abahlahli Basemjondolo, Equal Education, and, formerly, the Treatment Action Campaign?) there are not many mass-based formations with a reach beyond one or two communities. The relationship of these formations with the ANC both at the branch-level and at other levels is often hostile.

There are, no doubt, important exceptions. But what is the role played by our formal structures, by ANC branches, for instance? Are ANC branches important local points for building community cohesion, or are they over-focused on the politics of politicians? Are they absorbed in narrow electoral politics, both internal ANC electoral wheeling and dealing, on competing slates without detectable political differences, and on launching this or that faction into local government positions because it is their factional “turn to eat”?

But we also need to ask self-critical questions of our own structures. Are our branches also caught up in this factional turmoil—perhaps as victims (which often seems to be the case). But during the major Covid lockdown were our branches able to respond to the crisis of households? What constructive role were our branches able to play in the midst of the madness of the July 2021 events? Were our branches in KZN able to respond in some way to the devastating floods? And beyond these specific moments of heightened crisis, what is the general week to week, month-to-month activity of our branches? Are they engaged with the daily struggles and issues of communities? Or are they often peripheral to these?

Certainly, there are many good Communists doing active work whether in government, or in their communities, often through their participation in NGOs, or local development forums, or coops, or faith-based formations. This is a good thing—but to what extent do our local branches support this work, discuss the challenges involved in this work, and help to forge connections between different local popular struggles?

In the coming five years we need to pay much greater attention to building a socialist cadre within our ranks, grounded in local activism.

This is critical if the Party is to rise to the huge challenges confronting the working class and poor in our country.

Together, to defeat neoliberal austerity, to overcome the multiple crises and dysfunctions in our proletarian communities—let us build a powerful, socialist movement of the workers and poor.

Since 1994 South Africa has experienced an intensified neoliberal assault led by financialised monopoly capital. We have considered how this assault has deepened the crisis of the working class and poor in the two key sites of potential proletarian power—the workplace and the proletarian community (townships, informal settlements, rural villages).

But there is a third potential site for working class and popular power that has been the target of this neoliberal counter-revolution—the State.

The State—Transforming the class balance of forces within the state

In the interests of time, we won't dwell here on the relatively weak and under-resourced legislatures in our country, nor on a national executive in which the financial oligarchy exerts considerable (although contested) dominance via the Treasury, nor on the judiciary or security forces. Let us briefly consider, however, the broad civil service, that vast machinery of the state, and the institutions within which it is embedded.

This was the major point of focus in the SACP's extensive submission to the Commission of Inquiry into State Capture. In our submission, we argued that you can't understand, still less guard against, state capture simply by looking at the likes of the Guptas and their networks. You also need to analyse how the state has been made vulnerable structurally to parasitic capture, and on such a vast scale.

From the mid-1990s key ANC figures drove the strategic restructuring of public administration in terms of a neoliberal, New Public Management approach. It was an approach that borrowed wholesale from private corporate management practices. Hand in hand with the demobilisation of the mass democratic movement, South Africans were reduced to "clients" or "customers" of a supposed "delivery" state—not citizens, not co-producers of transformation with the state. Furthermore, the neoliberal approach was guided by the philosophy that the state should "steer not row". The rowing would be left to the private sector. The job of the state was to be a "light-touch regulator".

And so we get all of the familiar neoliberal arguments: "It's not the job of the state to create jobs. Leave it to the private sector." "It's not the role of the state to drive industrialisation." "The state can't pick industrial winners—that's up to the whims of profit-seeking markets". "The public sector" we are constantly told "is bloated"—(Yet, we don't have enough teachers in classrooms! We don't have enough visible policing on the streets! Newly built clinics are not opened for years after completion because there's no budget for health-care workers!)

If it is the job of the state to steer not row, if its job is not actually to do the practical things—then how is the state meant to steer? The answer from the neoliberal chorus is: Through procurement from the private sector. And so, we end up with what the Party has long spoken about—a tenderised state.

Guided by this destructive approach, from the mid-1990s we saw the state increasingly under-resourced both in budget terms and in terms of effective personnel. It was stripped of much of its professional, public service capacity. Engineers, architects, town planners, quantity surveyors were let go. Many set up their own private consultancies, and were then the beneficiaries of procurement often from the very departments they had just left. They earned much more than before providing services the state was no longer capable of doing. What was meant to be a budget saving intervention has, in most cases, ended up costing the public more.

Other professionals were relocated, at much higher salaries, into newly established public agencies which masqueraded as private corporations, each with their own CEOs, CFOs and boards populated with BEE appointees. Other professional public skills were relocated into



regulatory bodies which themselves then played at being private corporations with their own CEOs, CFOs and boards. We even have cases of regulatory bodies venturing into commercial activities, like the South African Maritime Safety Authority purchasing a ship in the name of training sea cadets—all way beyond its mandate.

Increasingly, the only real professional skill that senior management in the public service was supposed to have was in generic financial management. One leading neoliberal advocate Ann Bernstein of the Centre for Development Enterprise once even advised that ANC cadres of the future should have MBAs, presumably to adjudicate on tenders. The professionals that were left behind in much of the public service (and they were often the more junior professionals with less mobility) were no longer involved actively in their actual professional work—at best they were called upon to assist with adjudicating procurement.

But if you strip the public sector of its professional capacities, then you also massively weaken its capacity to effectively adjudicate on procurement from the private sector, or to effectively evaluate and monitor projects. In many national and provincial departments even policy development is contracted out to the private sector. In many municipalities annual Integrated Development Plans (IDPs) which are meant to be the outcome of local participatory processes, are simply cut-and-paste jobs recycled by private consultants who, for obvious reasons, never attempt to help build the capacity within the municipality.

And so the state, which is supposedly steering, gets to be steered by the rowers. The public interest is structurally subverted by a private-profit interest.

Some of the rowers might be honest, concerned citizens, but it is not hard to see how vulnerable the state has now become to undemocratic manipulation and to parasitic state capture on the scale so depressingly exhibited in the hearings of the State Capture commission.

As we analyse the question of state power, then, it is apparent that it is not just a question of winning an election and taking state power. The state has to be TRANSFORMED. Transformation is not an event. It is a process. It is a transformational struggle we must wage immediately and sustain over the long haul. We can't wait first for some hoped-for socialist electoral success before beginning—in fact, without a comprehensive and broad-based struggle, that day will never arrive.

When we call for a powerful, socialist movement of the workers and the poor—we are calling for a movement that engages, amongst other things, with this massive, class struggle task. It is a struggle that must be waged simultaneously from inside of the state and from without.

In the first place it is the struggle against outsourcing. It is a struggle to ensure the effective capacitation and funding of the public sector.

In the second place, it is a struggle to break the top-down, delivery state model in which citizens become supposed clients of a bureaucratic state. We need to build working class and popular agency. We need to assert working class and popular forces as co-producers of change with the state. At the local level how do we assert popular co-governance? How do we transform the many participatory institutions and practices provided for in legislation (community policing forums, local participatory budgeting) into vibrant organs of popular power? How do we help transform a police force that too often acts violently against citizens? How do we strengthen



public sector unions to become key agents for transformation, becoming more than just defensive formations looking after their own members' immediate interests?

How do we use the Party to strengthen the capacity of MPs, and not just our own Party members in parliament, to be able to collectively stand up more coherently against the hegemony of the financial oligarchy transmitted through Treasury?

Thousands of SACP members, thanks in part to something the Party earned over many decades of struggle—namely the right to dual membership—have a presence throughout national and provincial legislatures and municipal councils. How do we better coordinate this presence with the organised power of a powerful socialist movement of the workers and poor?

The electoral question

One of the major contributions of Marxism to our understanding of society, of history, of politics is to grasp the interaction of contradictory elements within a single system. History does not march in a straight line. The working class is not out on its own playing solo. Nor is the Party out on its own playing solo.

The Party needs to develop a clear programme for active class struggle, but this does not mean that such a programme can be locked into our smart phones like a Google Maps direction finder, where we can relax while the voice tells us "At the next intersection Turn Left", "Turn Left". Google will never announce: "You have now arrived at your destination: socialism". History and the class struggle are not like that.

Some are saying that in 2024 the Party should contest elections on its own. After the elections the Party can then form a coalition with the ANC, enabling the ANC to cross the 50 per cent mark, if the ANC fails to do so as many are predicting. Such an approach should certainly not be ruled out as one possibility. But again, you must not think that as the Party we are simply playing a solo in this matter.

In the case of contesting elections outside the ANC-led Alliance electoral platform, the Party's focus would be precisely where the ANC's core electoral constituency is also located. Should the Party robustly contest elections outside the framework we followed since 1994 that would almost certainly provoke a major call for the ending of dual membership (something the Party achieved in struggle over many decades). There are many in the ANC, not least the state capture looters, who have long campaigned to expel communists from the ANC. But if the Party was campaigning, as it should, against neoliberal austerity others in the ANC would also want to remove this irritant. We could even accomplish a closing of ranks between major factions within the ANC against us. What would be the impact then on the prospects for ANC renewal? What sort of ANC would emerge from the 2024 elections? Would it be an ANC that would want to form a coalition with the SACP? It might be inclined to fish in other, very dirty waters.

We are not saying any of this to rule out the possibility of the SACP contesting elections independently, but as a working-class Party taking every step with and for the working class and poor. In the same vein, neither are we saying any of the things we say to rule out the possibility of the SACP contesting elections as part of a popular left front movement anchored



in a working-class mandate, even as soon as 2024. The next few years hold many, many uncertainties. What we ARE saying is that our analysis of a dynamic and contradictory reality needs to be grounded in a serious appreciation of Marxism.

A serious Marxism needs to ask: How is an electoral participation by a Communist Party, separate from and independent of a mass political organisation committed to a national democratic revolution, the most direct route to socialism?

What we can say with certainty is that such electoral participation, as it relates to the SACP and the ANC, is likely to radically change the character of our Alliance as we have known it over the past 90 years, and especially since the 1960s. For instance, any decision by the SACP to contest elections independently and separately from the ANC will certainly bring an end to dual membership. What are the consequences of this on both the character of the ANC and the SACP, and indeed our Alliance? To what extent will we take a majority of workers along with us on this path or, for that matter, sections of our own SACP members?

And that is precisely why, as this Congress, we need to analyse the shifting and complex reality of our current conjuncture in ways that unite us. Anger against the ANC, no matter how legitimate, does not necessarily translate to sympathy or even electoral support for the SACP. Any electoral path, strategy and tactics by the SACP must be based on a scientific assessment of the concrete conditions and be buttressed working-class power and mandate.

We should also be clear that we are not talking about communists “taking state power”, as if you just win elections, or gain a certain percentage, and then you have state power. Such a campaign realistically should aim to place more firmly on the public agenda the prospects and necessity to roll back neoliberal austerity, for the possibilities and imperatives of a socialist advance, to bring hope to an alienated youth, or to a disaffected ANC support base, and to use our independent presence in legislatures to act as “people’s tribunes”. This will require that we neither tail behind the general mood and aspirations of the great majority of the workers and the poor, nor that we place ourselves so far ahead with left-sounding rhetoric that we reduce ourselves to a small clique.

In short, it is important that we continue to discuss the matter of electoral participation by the SACP. This has constituted an important part of our work and activism since 1994. But electoral participation must not be approached and elevated into a separate organisational and political activity, divorced from the overall party programmes, challenges and tasks of the SACP, and as if we have not been actively contesting elections, albeit through the Alliance.

We have two resolutions on SACP electoral path that mutually reinforce each other, which we make fully available as addendums to this Political Report. The main resolution is that adopted by our 14th National Congress in July 2017, which, amongst others, calls for strategic consistency, tactical flexibility and analytical alertness at all times. The resolution refers to the struggle to reconfigure the Alliance and forge a popular left front movement to move the national democratic revolution into a second, more radical phase, and to deepen and defend the revolution, as well as to improve our electoral considerations and options, guided by what Lenin described as the capacity to provide a “concrete analysis of the concrete situation”. In articulating this position, the resolution noted that “we cannot place all of our



hopes and expectations solely on a favourable outcome in a reconfigured Alliance”, which is itself a contested terrain, and therefore concluded that “the modality through which we contest elections may, or may not be, within the umbrella of a re-configured Alliance”.

To give direction, and taking its cue from Lenin, the 14th National Congress cautioned, through the resolution, “...that a “‘Victory cannot be won with a vanguard alone’ is relevant to our own reality, and that throwing ‘the vanguard into the decisive battle’ before the ‘entire class, the broad masses’ are ready would be a grave mistake.” Related to this, in its way forward through the resolution the 14th National Congress stressed the importance of “A programme active engagements with our Alliance partners, and with a wide range of working class and progressive forces to share and to test the SACP’s perspectives. Particular, but not exclusive, attention must be paid to COSATU and its affiliates. These engagements must be at all levels, national, provincial and local.”

The 4th Special National Congress held in December 2019 reaffirmed the strategic correctness of the resolutions adopted by the 14th National Congress. While endorsing the thrust of the common Alliance Reconfiguration Paper developed by the Alliance Political Council, the 4th Special National Congress resolved that the paper “must be further discussed and find resonance at all levels of the organisation of the Alliance, including at the sub-national levels; namely in provinces, districts/regions and locals”. Beyond this point, the resolution adopted by the Special National Congress “emphasised the importance of

the SACP unifying the working class and building working class coherence, unity, hegemony and power, and intensifying class struggle, including re-building our movement, advancing and deepening the national democratic revolution and the course of socialism.”

On this same matter, through its declaration, the Special National Congress resolved “that what the Party seeks to achieve is democratic working-class hegemony over the state and society.” To not leave the matter open ended, however, the Special National Congress gave direction in resolving that “...the SACP will not support corrupt candidates or candidates emerging from processes that were not Alliance-inclusive, candidates imposed by factions or not supported by the community.” To give practical effect to this, the Special National Congress resolved “mandated lower structures of the SACP to submit reports, with recommendations, to the Central Committee if... letter and spirit of the reconfiguration of the Alliance are being undermined.” “The options available to the Central Committee” resolved the Special National Congress, “include allowing electoral contestation in the affected areas within the framework of the 14th SACP National Congress resolution on the Party and State and Popular Power”.

The question that arises is whether the 14th National Congress and the 4th Special National Congress resolutions are sufficient for purposes of understanding our key challenges on this front, especially in the lead up to the next general election to be held in 2024. As we conclude our Congress, we would have entered into a very challenging and complicated period leading up to 2024, preceded by the important Congresses of our alliance now in July, September and December 2024. In order to properly map out our role as the SACP over the next two years, it is going to be important that, at this Congress, we thoroughly analyse the totality of the challenges facing the national democratic revolution and come out clearly on what is to be done, including on the electoral terrain!



Once more we come back to the key theme of this political report—in all of our struggles, whether they are in the workplace, or in our communities, whether they are sectoral or about the modalities for electoral participation by the SACP, we need to fundamentally transform the balance of class forces. And this requires the building of a powerful, socialist movement of the workers and poor.

The State Capture Commission and the persistent threats of counter-revolution

The SACP has welcomed the handing over of the report of the Commission of Inquiry into State Capture by Chief Justice Raymond Zondo to President Ramaphosa. The recent handover of the last parts of the commission's report to the President marked the conclusion of its work. We were the first as the SACP and the only political organisation to call for the establishment of the commission into what we called the corporate capture of the state (corporate state capture) in South Africa. The SACP needs to give itself sufficient time to properly analyse what the implications of the entire text of the commission's report are, not from a mere legalistic perspective but from a broader political perspective and a comprehensive strategic response. To this end we have made a commitment to develop a leadership role.

The report of the commission provides a very rich and solid foundation upon which to reflect on the state of our revolution and produce a proper analysis of how it came about for our revolution to traverse such a shameful and problematic period. Fundamentally, we need to properly undertake a further and deeper class analysis of the corporate capture of the state, as well as of the structures of our movement and other mass organisations. This should also give us further insights and proper tools of analysis so that the working class is able to wage a sustained struggle against this malaise, including any fightback campaign. Such an analysis must enable us to detect and fight any other form of state capture (the "fraudulent alienation of the state") that may rear its ugly head again.

In the lead up to this Congress, we publicly released the SACP's submission to the commission. Our submission sought to provide a materialist analysis of the conditions that led to the emergence of the "fraudulent alienation of the state" that threatened to turn our country into a mafia state. It is this document that this Congress and all our structures beyond Congress must study closely and engage in developing the way forward.

It is also clear that some of the key findings of the commission point to serious counter-revolutionary activities that sought to repurpose the state and some of its institutions in order to kill the capacity to carry forward the national democratic revolution. For instance, attempts to destroy the capacity of the South African Revenue Service (SARS) to collect taxes and deal with, inter alia, tax dodgers; the repurposing of many of our state-owned entities for theft and corruption; as well as the restructuring and manipulation of state security agencies, especially the intelligence services to serve the agenda of capture, all constitute counter-revolutionary activity that had the potential to derail and permanently defeat the national democratic revolution.

The July 2021 counter-revolutionary activities were not unrelated to state capture networks, at the core of it. The counter-revolutionary offensive sought to undermine the capacity of the state to hold to account those who were involved or complicit in the acts of the state capture corruption.



However, this counter-revolutionary offensive did not only seek to find fertile ground in the poverty and unemployment levels affecting our people, but also sought to find a means inside our own movement, by capturing its structures, for counter-revolutionary ends.

Not unrelated, whilst as the SACP we fully welcome the commitment by President Cyril Ramaphosa to co-operate with law enforcement authorities in investigating the full circumstances of the robbery that allegedly took place in his farm, we are acutely aware that the manner in which this matter was raised had other motives and agendas that had nothing to do with a commitment to fight crime and corruption. It is clear that some individuals, others from within the ranks of our own movement, have gotten into the habit of using their state positions, past or present, for purposes of pursuing factionalist motives. The timing and manner in which this matter was raised has all the hallmarks of pursuing a counter-revolutionary and divisive intentions aimed at weakening the ANC and its leadership of the government, while at the same time seeking to influence who must be elected at the next national conference of the ANC.

It is for these reasons that, starting with ourselves as the SACP, we must forge maximum possible unity to strengthen our genuine fight against crime and corruption and simultaneously intensify our struggle to fight such agendas to the finish. We need to unite the Alliance and all progressive forces to defend the gains made by our revolution and provide principled leadership to confront the challenges facing the revolution.

Our answer to all this remains...

Together, building a powerful, socialist movement of the workers and poor

What do we mean by a socialist movement of the workers and poor?

- The key objective of such a movement is to (re-) build the broad class of the proletarianised, the working class, including, therefore, the millions of marginalised (what we might call “the poor”, or the “precariat”) as the key motive force for an ongoing radical national democratic revolution.
- In other, words, the key objective is, in struggle, to actively transform the unfavourable balance of class forces brought about by two decades of intensified neoliberal assault on our post-apartheid democracy.
- It is a movement that must be built organically on the basis of the currently dispersed, often unorganised, struggles of workers in their workplaces and in their communities.
- A key role for the Party is to help to forge a non-sectarian unity in these many struggles, overcoming sectoral divisions of all kinds, connecting diverse local issues ultimately to the deprivations of capitalism in general, and to neoliberal financialisation in particular.
- In this sense the movement is socialist without taking the line that capitalism has to be



totally defeated before advances can be made. In other words, the SACP's slogan is relevant (Socialism is the Future—Build it Now!) - meaning that socialism can and must be built progressively, in the present through building popular capacity for, momentum towards and elements of socialism, here and now.

- The SACP should advance, discuss and seek to enrich our perspective on building a powerful socialist movement of the workers and the poor with a wide range of formations. These would include our own formal Alliance partners, as well as other progressive trade union formations, social movements, and key sectors (youth, women, civics, environmental networks). However, while such engagements are important, this is a movement that should not start out with head-office agreements.
- This broad socialist movement may well not have an institutionalised, formal existence—certainly not in any short term. It could have a central pole of gravity based around the struggle against neoliberal austerity with many tributaries of a sectoral kind (the workplace, communities, the financial sector, land reform, etc.).
- The movement should neither tail behind nor should it be anti-ANC—but it should certainly be outspoken against corrupt parasitism AND against the neoliberal hegemony that prevails within the ANC/ANC-led government. Broad mass-based participants within such a movement are likely to be both ANC members and supporters as well as those that are either indifferent to the ANC or who have become openly hostile.
- For the Party this socialist movement of the workers and poor will create the possibility for decisively impacting on the interlinked challenges of an effective renewal of the ANC and the reconfiguration of the Alliance by contributing to changing the balance of class forces in the ANC.
- However, for the Party the key objective of building a powerful socialist movement of the workers and the poor is not to rescue the ANC simply for its own sake, not to cultivate a false unity regardless of its programmatic character. Our objective is to rescue the national democratic revolution by placing it on a socialist-oriented path.

Five tributaries of the socialist movement of the workers and poor

Based on the analysis we just presented—we propose five tributaries of activism for a militant socialist movement of the workers and poor:

The First Tributary: Let us re-build a powerful trade union movement

- Let us reaffirm democratic worker control over unions and guard against the factional impact of business unionism and the anti-worker abuse of union funds
- Let us build unity in action across unions and across federations—our divisions and fragmentation play into the hands of the capitalist exploiters



- Let us build worker power at the workplace to take back the monopoly of management over the character of work
- Let us call for the adequate resourcing of an effective labour inspectorate so that our hard-won legislative victories do not exist only on paper—our workplace and organising rights need to be enforced jointly by union vigilance and state capacity
- §Let us fight against outsourcing in the public and corporate sectors
- Let us end exploitative labour-brokering
- Let us organise the unorganised and build unity between the formal and the informal sectors.
- Let us struggle for the effective empowerment of the millions of workers in the informal sector—putting an end to harassment from authorities, from protection rackets, and from xenophobic thuggery.

The Second Tributary: Building working class and popular power in our proletarian communities

These historic sites of militant class struggle have been ravaged by capitalist neoliberal austerity over the past three decades. A working class that has to battle daily for basic survival is not a working class that is capable of leading and sustaining a radical national democratic revolution. For this reason:

- Let us struggle for a Universal-Basic Income Grant that lifts working-class households out of absolute poverty—that enables the broad working class to become collective agents of change.
- Let us struggle for the Right to Work for all—beginning with the massive expansion of public employment programmes:
 - where the work is not just temporary, but ongoing;
 - where we care for infrastructure that makes our communities cleaner and safer places to live;
 - where collective work re-builds social cohesion and overcomes the huge despair and sense of alienation amongst millions of unemployed youth;
 - where public employment work addresses the crises of social reproduction which particularly have a crushing impact on women.
- Let us massively expand public employment in the caring economy, in early childhood learning, in the provision of collective food gardens and food kitchens, in sustaining places of safety for women and children.



- Let us strengthen networks of community-based cooperatives
- Let us ensure active working-class involvement in the many institutions of participatory democracy—community policing forums, neighbourhood watches, street committees
- Let us rebuild trade union locals in our communities as key points of focus from which to help coordinate popular activism and rebuild work-place-community unity
- Let us support government efforts directed at the Township Economy and at the District Development Model—ensuring that these programmes impact on the lives of the working class and poor, and not just on a new emerging local elite.

The Third Tributary: Land reform for urban and rural transformation

Several years have now been wasted in Parliament chasing after an empty populist slogan, seeking, needlessly to change the Constitution. Populist slogans are like that—radical sounding hot air and empty of substance. There is absolutely nothing in the Constitution and Bill of Rights that prevents the state from expropriating in the public interest. The market value of the expropriated property is only one, and not the most important factor, to be weighed in deciding compensation. In many well-defined cases, compensation can quite legitimately be nil (zero).

It is not the Constitution but timidity in the face of the capitalist class that has held us back. For several years after the passing of our historical Constitution in 1996, leading members of the ANC, perhaps suffering from ideological dyslexia, claimed that the Constitution called for a 'willing-seller, willing-buyer' approach—there is no such thing in the Constitution.

We need radical land reform for urban transformation (where 70 per cent of South Africans now live) and for rural transformation.

Let us radically transform the persisting apartheid era spatial patterns of our cities and towns.

The working class and poor remain largely confined in peripheral townships and informal settlements that were designed as dormitory locations for the reproduction of cheap, daily migrating black labour. Apartheid legislation has been removed, but now the financialised property market acts with equal brutality in forcing the majority of workers and poor to live on the margins, in poverty traps far away from resources, amenities, and recreational facilities.

While we seek, therefore, to transform the reality within these townships and informal settlements we must equally transform the overall spatial design of our towns and cities.

Let us campaign for state-led land reform that undercuts the urban property market and drives the development of well-located, medium-density, mixed-income human settlements, including socially owned rental stock.

Let us campaign for a different countryside

Land reform in our rural areas must be guided by the Freedom Charter's call for land to be shared among those who work it.

The priority of rural land reform must be directed to the one-third of South Africa's population still living in the former bantustans. Overwhelmingly they are women eking out a desperate subsistence, often as marginalised subjects of patriarchal chieftaincies, and not as full South African citizens in their own right.

Let us campaign for land reform that includes providing infrastructure, water rights, agricultural extension officers and veterinary services to the most marginalised.

Let us campaign for security of tenure for small and subsistence farmers, giving full recognition to a variety of tenure forms, including communal land tenure rights.

Let us halt the ongoing and illegal eviction of farmworkers and their families from farms.

Let us especially halt the continued eviction of labour tenants and their families from farms on which they have lived and worked over many generations. These evictions are nothing less than an ongoing colonial expropriation. We say: EXPROPRIATE THE EXPROPRIATORS...and without compensation! Return the former labour tenants as rightful owners to what are, in reality, their OWN farms.

The Fourth Tributary: We need a radical transformation of the Financial Sector

One of the SACP's most successful mass campaigns in the post-1994 period was our Red October Campaign, especially the Financial Sector Campaign. We launched it in 2000 and successfully mobilised over 50 other formations. The campaign culminated in a Financial Sector Summit convened by government. The most important advances that we achieved were those related to consumer issues—issues that immediately impacted on the working class and precarious middle strata—much better transparency and regulation of black-listing by credit bureaux, access to banking facilities, the regulations of loan sharks (mashonisas) and the highlighting of the reckless and unregulated repossession of homes by banks. We also succeeded in driving the passing of legislation on Cooperatives through this campaign.

The Party's own ability to sustain pressure and momentum to use these partial breakthroughs to drive more thoroughgoing transformation has been uneven. Scandalous home repossessions still continue. The major banks have used our success in ensuring access of the poor to banking facilities for their own agendas.

There is now the strong likelihood of stagnation and inflation (stagflation) in many developed capitalist economies. As we have stated, the world is already in the midst of an unfolding



global cost of living crisis which is impacting the workers and poor. Central banks in the US, Europe and the UK are raising their interest rates. The South African Reserve Bank is mindlessly following them. In a country like our own, with already high levels of debt distress, there will now be worse to come for workers, the poor, and a wide array of middle strata and small and medium-sized businesses as the central bank uncritically increases interest rates.

The time has come to massively revitalise the Financial Sector Campaign.

But this time, while mobilising on the basis of financial consumer issues (debt relief, against repossessions, against the high transactional costs charged by the banking oligopoly), we must also more militantly address the larger structural issues.

- Let us campaign to halt the massive legal and illegal outflows of capital from South Africa – the South African Revenue Services, the South African Reserve Bank and others must up their game. The continued erosion of exchange controls must be reversed.
- Let us campaign for the enforcement of prescribed asset requirements on the banks and financial institutions. A significant proportion of their investments must go into economic and social infrastructure—and not into speculative assets.
- Let us campaign for the consolidation of strong, developmental public banking and financial institutions and for the South African Reserve Bank to actively support them.
- Let us campaign for a vibrant co-operative banking network.
- Let us struggle to achieve the Freedom Charter’s vision of the state banking sector, the common property of all.

The Fifth Tributary: Workers of the World Unite for Peace and Development

In the international arena it has become crucial for the Party, together with its allies on the left, to develop a correct understanding of the current contradictions and realignments taking place within the global political and economic order. The roots of the current NATO-Ukraine-Russia crisis can be traced back to 1997, to the vacuum left by the disintegration of the Soviet Union in the years before, after which the US and its western allies began with several efforts to impose a new so-called ‘rules-based order’ to protect and advance its imperialist interests. In its economic form, western hegemonic interests were pursued through the imposition of neoliberal global trade and finance policies which began in the late 1970s, then accelerated by the US through the WTO, IMF and World Bank in the following decades. In its politico-military form, western imperialist interests were pursued by the US directly and via NATO, through several major wars of aggression in Iraq, Syria, Yemen and currently, via a proxy war in Ukraine, whilst rapidly expanding its military alliance, NATO to contain, isolate, weaken and destroy any perceived rivals.



However, these efforts by western imperialism to shore up its global hegemony have been taking place in the context of a global capitalist system in long-term decline marked by cyclical crises since the early 1970s. Different ruling elites have been experimenting with different strategies to offset falling rates of profits, including efforts to contain risky levels of social instability in the US and Europe for years now—without success. Although these fractions of capital and their political backers have serious tactical and strategic differences over how to protect their common and competing interests, they all seek to maintain various versions of US and more broadly western imperialism. They all agree on a common goal to contain and suppress any perceived rivals, including China, Russia and the developing world.

Fundamentally, the new geopolitical struggles mask a deeper set of contradictions within capitalism driven by incessant efforts of different national and supra-national fractions of capital to find new sources of surplus value, new regimes of accumulation, new ways of exploiting and displacing labour - at the risk of completely imploding entire social structures and collapsing the planet's climate and ecological systems. In short, dear comrades, at the roots of the current geopolitical crisis is a struggle for hegemony in the world-economy, politics, military and other international affairs.

The seeds of the current war between NATO and Ukraine on the one hand and Russia on the other hand had been planted in 2008 at NATO's Bucharest Summit when the US prompted NATO to target Ukraine (as well as Georgia) for membership of an essentially offensive military alliance with the specific objective of hosting missile bases directly aimed at Russia. It is then when the destabilisation process began which led to the NATO-sponsored coup in Ukraine in February 2014, resulting in Russia reclaiming Crimea in March 2014, outbreak of hostilities between and attacks by the Ukrainian armed forces on Russian-speaking regions in eastern Ukraine, and start of what Russia called a special operation in defence of these regions in February 2022. We should state it upfront that the Left cannot condone the military response by Russia in Ukraine by any measure. We should also state that the Putin's agenda is neither a socialist one nor is he an ally of the Russian working class. But we should also state categorically that the crisis in eastern Europe today was directly fomented by the US and its NATO and EU allies and cannot be properly understood outside a Marxist theory of imperialism.

It is clear to us that the current geopolitical rivalry between NATO and Russia is not between capitalism and socialism, but between western imperialism and Russian nationalism. To us it seems vital to assert that whilst it is in the interests of the Russian working class to reject western imperialist foreign policy by building solidarity with progressive forces across the world, it is not in its objective interests to be sucked into the politics of authoritarian nationalism. It is also equally important for progressive forces in western countries to pivot mass-based anti-war campaigns to stop the flow of arms and soldiers to foreign countries (like during the Vietnam war) and placing on its campaign agenda the issues of the global South, particularly that of the working classes and poor. If we are to push back both western imperialism and authoritarian nationalisms, the Left will have to build new global solidarity alliances combining (where available) State power (at local, regional and national levels) with street and factory-floor power on a scaled and sustainable basis.

The western imperialist reaction to Russia's military response in Ukraine against NATO's eastward expansion has clearly revealed the nature and depth of US control over a powerful



network of the international financial, economic and regulatory institutions which it has crudely used as weapons of war—notably, removing Russia from the supposedly neutral SWIFT payments system (by the way, SWIFT is supposedly a co-operative society) , freezing its assets and forcing private foreign banks to deny it capital facilities. The western imperialist reaction to Russia has also exposed the level of control the US exerts over a vast army of corporate media networks—from television, radio, newspapers to social media—and its relentless use as a source of ideological power.

Yet, the current crisis is also signalling the limits of western imperial hegemony. Firstly, it is highly unlikely that sanctions or demonisation will collapse the Russian state—its economy is significantly fortified, its resource-base is not solely pivoted to the EU, its military and technological capabilities are resilient, and although it may emerge weaker from the crisis if it engages in a protracted war, it will most likely remain a significant geopolitical power. Secondly, the western imperialist powers have thus far been unable to force the vast majority of the world’s nation states behind their sanctions and condemnatory campaigns—as many have pointed to the glaring double standards and utter hypocrisy over their refusal to call for any such actions against US and NATO wars of aggression in Iraq, Yemen, Syria, Libya and Kosovo, yet demand moral outrage in the case of Ukraine. Thirdly, and significantly, the current crisis has also stimulated pressures to develop new international economic and political institutions reflecting new norms and values of internationalism and centres of geopolitical and economic power, including Eurasia (China, India and central Asia), Latin America and Africa.

It seems patently obvious to even the most naïve observers that the major Bretton Woods institutions (World Bank and IMF) and post-Bretton Woods agencies such as SWIFT and western ratings agencies together with powerful western-based private banks are instruments of US hegemony to be exercised when it believes its interests are threatened. The long history of these institutions in the deliberate subjugation of African and Latin American economies throughout the 1970s is well documented as is the use of ratings agencies to ensure compliance with neoliberal economic doctrine. There must be concerted efforts to build the scope and impact of a new set of institutional orders—including but not only the BRICS bank - reflecting a new set of global norms based on social justice, equality and true democracy. It must include a new neutral international payments system to replace SWIFT and de-dollarisation of trade flows within Eurasia, Latin America and the global South to ensure equity in global currency systems.

Two facts stand clearly today. The first, is that although the US and Europe will remain powerful forces in the world, they cannot sustain a unipolar system. Secondly, it is an objective fact that new centres of power have already emerged and cannot be undone -although its precise character is still to unfolding. This begs several questions to the Left:

- What should be the strategic form (political and economic) of such new alliances and how we make sure they do not simply substitute western imperialism with other forms of imperialism?
- How do we ideologically shape its dominant interests and concerns to reflect the strategic goals of the socialist project around issues of workers’ rights, universal basic income, redistribution of wealth and so on?

- And how do we position South Africa, as part of the wider African continent, into these emerging spaces with a distinctly progressive socialist agenda?

The above challenges call for a three-dimensional internationalist struggle:

- To rebuild an international peace movement, seeking to unite the widest possible sections of humanity to roll back imperialist military aggression in all parts of the globe
- To intensify the struggle for climate justice and environmental protection, driven by mass struggles and mobilisation across the globe
- More importantly for us as part of the developing world, the necessity to struggle for a global developmental trajectory aimed at addressing the needs of the workers and the poor

These three dimensions of an internationalist struggle are deeply interlinked and interconnected. Whilst all progressive forces should seek to unite the widest possible components of society, for the left this must be anchored on deepening the anti-capitalist struggles.

In our South African context, it means fighting internationalist struggles within our immediate terrain must include an understanding, as outlined in our draft programme, that labour migration is part of a world-wide global phenomenon. This is underpinned by uneven development and includes the massive migration from rural and poorer regions of the world into spaces that are seen to have better opportunities for sustainable livelihoods. What we are faced with is a massive crisis of underdevelopment across our region.

While we certainly need much improved border controls, better documentation, and better labour inspectorate, we need to focus our attention on ensure it integrated reconstruction and development across our region. It is clear that there is going to be continued massive flows of economic, military conflict and climate refugees into our country, with huge impact on already poor communities in our country.

Integrated regional development must also mean rolling back neoliberalism across our region. The AFCFTA Agreement must be transformed from a typical neoliberal free trade agreement in which South African monopoly used to expand its dominance throughout the region, into a platform for complementary industrialisation, developmental logistic interconnections.

Especially in the wake of the conflict in the Ukraine, it is crucial that we use this as a platform to fight against all wars and conflicts in the world, most of which are instigated by imperialism. The lives of the children in the Ukraine are no less or more important than the children in Yemen, Iraq, Syria or Libya.

The SACP therefore re-affirms its solidarity with the just struggle of the Cuban people to pursue and economic path of their choice free from the decades of an illegal blockade by the United States. We commit to do all in our power as the SACP, acting together with other progressive forces in the world, to intensify solidarity with the Cuban revolution until the Cuban people



achieve full freedom to pursue their socialist goal!

The SACP further welcomes advances that are being made by the progressive forces in Latin and South America, including solidarity with the peoples of Venezuela and Nicaragua. We welcome the victory of the progressive forces in Colombia and wish it all the success in facing the narco-bourgeoisie inside that country, and what is likely to be enhanced imperialist offensive against the progressive forces.

As President Nelson Mandela said, our own freedom and liberation will never be complete until and unless the Palestinian people are free and liberated from Israeli apartheid in order to attain their own self-determination. That is why we strongly condemn a unilateral decision by elements within the African Union to give Israel an observer status in the AU. The presence of the repressive apartheid Israeli regime in the ranks of the countries in the African continent is a serious affront to the dignity and sacrifices made by the African people to free themselves from the shackles of slavery and colonialism.

We pledge our full solidarity with the people of Saharawi, in their legitimate struggle for freedom and self-determination from Moroccan occupation. Western Sahara remains the last colony on our continent which has to be strongly supported in its struggle to shackle itself from the chains of colonialism by another African country.

The SACP further commits itself to supporting the legitimate struggles for democracy in Swaziland, and calls upon SADC to accelerate the processes towards convening inclusive discussions and processes towards establishing a legitimate democratic state in Swaziland.

Let us build the SACP as a vanguard party of the working-class for socialism

For the SACP to play a vanguard role in this extremely challenging national and global context, the Party needs to develop a much clearer independent voice, it needs to build an organisation capable of playing an active role in working-class and popular communities, it needs to consolidate a revolutionary cadre capable of carrying forward these tasks at all levels of our formation, and it needs to be able to resource these activities materially.

For the SACP to play its vanguard role, let us, as its members and cadres, place the SACP first. Let us not take our other personalised and factional battles in the ANC or the trade union movement into becoming battles inside of the SACP! Let us not take disagreements and fights in our sites of deployment and turn them into SACP issues, seek to divide the Party and reduce it to fight personalised and careerist battles! Let us place the SACP first! Let us fight all regressive tendencies inside the Party - whether it is populism, opportunism, careerism, reformism and tribalism! These backward and regressive tendencies must be firmly outed and be dealt with, so as to cement the unity of the Party as a vanguard party of the working class!

None of us from within the ranks of our Party have a right to constitute themselves into a faction separate from the main body of the SACP, that abrogates to itself the right to determine who must lead the SACP from this Congress and beyond. This is factionalism of the worst kind.



Such a tendency and behaviour have one of two objectives. Either such a faction wants to use the SACP to pursue its narrow factionalist and careerist interests or to lay a foundation for the liquidation of our Party. This Congress must seek to fight and defeat such behaviour and tendency. The unity that the SACP has built over decades, as we are just finishing our centenary year, especially the unity that we have built over the last 20 years, must be defended and protected at all costs. We have managed to build this political organ of the working class for what it is precisely because of this unity. Let us defend it and place the SACP first!

These are the tasks that this Congress must help to carry forward. These are the perspectives with which we must engage, not just among ourselves—they are perspectives that we must popularise amongst the widest range of workers and poor, amongst progressive comrades and formations throughout our country and beyond.

Together, let us build a powerful, socialist movement of the workers and poor!



**3rd Floor, Cosatu House
110 Jorissen Street
Cnr Simmonds, Braamfontein
Johannesburg, 2000**