



# African Communist

First Quarter 2024

Issue 208



## 2024 ELECTIONS

# 29 MAY VOTE



### LET'S DO MORE, TOGETHER

The African Communist is published quarterly  
by the South African Communist Party as a forum  
for Marxist-Leninist thought.



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- 4 Editorial Notes – Why an ANC election victory is critical
- 8 Defeat the offensive against the working class – both globally and locally  
*Central Committee Political Report*
- 36 A strategic approach to private capital  
*David Masondo*
- 50 Seismic geographical change – the African case for equitable multipolarity  
*Dr Zamani Saul*
- 66 SOEs must fulfill their true potential  
*Masonwabe Sokoyi*
- 78 Now more than ever: Solidarity with Palestine – a South African perspective  
*Jeremy Cronin*

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## EDITORIAL NOTES

# Why an ANC election victory is critical

It is now less than three months before the most challenging general election to have faced our ANC-Alliance in the three decades since the 1994 democratic breakthrough. While we should be cautious about opinion polls, it is significant that all available polls have the ANC's national vote coming in under 50 per cent for the first time. Some polls even suggest the ANC's vote could be in the low 40 per cents. It should immediately be noted that in all these polls the ANC remains, by a significant margin, the largest political party – so much for the commercial media's continued chorus that “the ANC is going to lose these elections”. Which is not to deny that there has been a steady decline in support for the ANC.

The reasons for the decline are well-known and openly acknowledged from within our Alliance. These include, most obviously, persisting crisis levels of unemployment, frustration with load-shedding, the cost of living, the drastic decline in municipal services, including water, and personal insecurity with rampant levels of crime, including gender-based violence, in many working-class communities. Despite some progress, there is also disappointment that during Ramaphosa's presidency the criminal justice system has been largely ineffective in dealing with the state capture networks. Above all, there is a general sense that there remain many bad apples in government and the ANC. The ANC's commitment to renewal still has a long way to travel.

We should not be in denial of these and other major challenges. But,

at the same time, we must not fall into the trap of demoralisation and demobilisation. Over the past three decades, our opponents have constantly sought to write off the ANC. They wishfully invoke a supposed “iron law of history” that incumbent liberation movements “always” lose power after “thirty years”. (A decade and a half ago we were told “twenty years”). As the massive popular turn-out at the ANC’s eThek-wini manifesto launch testified, the organisational and mobilising capacity of the ANC and its Alliance should never be under-rated.

The shock at this turnout was brazenly evident, by the way, in News24’s *City Press* front page the following day. The other mainstream commercial newspapers, no fans of the ANC, like the *Sunday Times*, at least had front-page photos and stories that gave a sense of the size of the attendance while providing a reasonable reflection of the main points of the manifesto. The *City Press* front-page story by contrast was, scandalously, a non-story, quoting extensively from an obscure MK Party official, playing the old Zumaist victimhood game, about the MK Party allegedly being attacked by the ANC and others.

While the ANC Alliance has seldom enjoyed balanced treatment from the mainstream commercial media, News24 outlets are now out-doing themselves in their anti-ANC (and anti-Ramaphosa) zealotry. In a replay of how the commercial media once flirted with the militarised proto-fascism of the EFF in the Zuma years (taking the dangerous “the enemy of my enemy is my friend” shortcut), the *City Press* is now flirting with the gangsterism of the ethno-nationalist MK Party. Opportunism and electoral desperation know no bounds.

### **The ANC-Alliance election manifesto**

The priority areas clearly outlined in the manifesto reflect a significant impact that the SACP and the Alliance left more generally have had on the development of the document. This impact has not been achieved

simply through backroom lobbying and policy debates in bilaterals. It has also been achieved through active campaigning and through building alliances with trade unions, progressive policy institutions, economists and NGOs in line with the SACP's commitment to building a broad left progressive front.

Among key issues to be highlighted in the manifesto are its commitment to sustaining a major public employment programme involving 2,5 million work opportunities, advancing industrialisation, and using, in its words, "the Social Relief of Distress (SRD) grants as a mechanism towards phasing in a basic income grant."

Additionally, and importantly, there is the manifesto's commitment to: "Align monetary, fiscal and trade policy, along with the transformation of the financial sector, to meet basic needs and support job creation and industrialisation." But this is precisely where we hit a major bump in the road. Put simply, instead of alignment we have a yawning non-alignment between most of the manifesto's key commitments and Treasury's February budget. The budget continues to lock us into punitive austerity with cuts to health, education, public employment programmes and much more. It's all very well to promise that there will be a phasing of SRD grants towards a basic income grant, when, in practice the budget allocation to the SRD grants has been reduced and there are fewer and fewer beneficiaries. The manifesto is travelling one way; the budget and national treasury are going in the opposite direction.

What does this all mean in practice? Why should the SACP even support the ANC in these elections? Is the ANC manifesto simply a list of progressive but empty promises? We must answer these questions as activists, not as academic observers. We need to treat the manifesto's key commitments and, indeed, the ANC and the present and future state as sites of important working class and popular struggles. The fact, for

instance, that the commitment to move towards a basic income grant (BIG) is even in the manifesto is because there is widespread support for it from within the ANC, from key government ministries and from within the presidency. This provides a relatively favourable terrain on which working class and popular struggles can and must exert continued pressure.

And, indeed, this is precisely why as the SACP and broad left in South Africa, we need to ensure a major ANC elections victory on 29 May. The more a future ANC-led national government is forced into compromising coalition arrangements with centre-right political parties, the less favourable, in principle, will this terrain become for the left.

As part of an electoral campaign for the ANC, and, indeed, after the elections, we need to mobilise and organise to ensure the BIG manifesto commitment, for instance, is not kicked endlessly down the road. We must not allow a timid implementation to be funded through cuts in other critical areas of social spending. We must not allow capitalist neoliberal think-tanks or National Treasury, or coalition partners (if there are to be) to make a BIG roll-out trickle-down dependant on private sector “growth first” (growth that never comes).

The redistributive impact of a universal BIG, coupled with major public employment programmes and public sector investment in social and economic infrastructure and re-industrialisation, are not subtractions from sustainable and equitable growth. In fact, they are the essential pillars for sustainable, equitable economic growth that overcomes the grave structural constraints of our political economy.

**Let us ensure a powerful ANC-Alliance election outcome on May 29!  
Let us ensure the full implementation of the ANC's election manifesto commitments!**

**Let us continue to build a left popular front within and beyond our Alliance!**



CENTRAL COMMITTEE

# Defeat the offensive against the working class, both locally and globally

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The SACP held a Central Committee meeting from 1 to 3 December 2023, at which the following political report was presented\*

**L**et's dedicate this political report to the memory of Professor Tom Lodge, a towering intellectual who had the courage to celebrate our centenary without being urged to write a momentous book on the history of the SACP from outside the SACP. Though at times critical, he did a good research job, even highlighting some uncomfortable things in our Party's history. May his writing spirit inspire more cadres to do research.

## **International context: challenges facing the world working class and the brutality of belligerence imperialist offensive**

*"There must be something rotten in the very core of a social system which increases its wealth without diminishing its misery" Karl Marx*

## **The emergence of the new world order and the disintegration of the neoliberal project**

The world is entering an era of disintegration of the neoliberal economic system in the world as a precursor to an inevitable multi-polar – multi-

societal – new international order, more democratic than the unipolar world system being imposed by imperialist forces across the world.

But this disintegration is taking place at the midpoint of the deflection point of this new order, which is characterised by the heightened capitalist manoeuvres for relevance, propped up by corporatist states—mainly the G7 group, boldly led astray by the US, supported by its European allies, and followed by the dog-loyal colonies of the South, countries that are afraid to reject the colonial shackles that entangle them.

The reality is also that those countries that seek to assert their independence are being literally coerced by the soft power of diplomatic intimidation, threats of withdrawal of investment and collapse of their economies, and if they resist they are openly bullied, subjected to unilateral US and EU sanctions that are implemented as world sanctions, and finally destroyed by imperialist forces through a policy of regime change, sometimes by ‘democratic means’, and if this also fails, they simply create chaos and install their stooges, such as Juan Gerardo Guaido Marquez in Venezuela and Zelensky in Ukraine, and finally invade.

Fortifying this imperialist aggressiveness is the Pentagon, which has for some time been pursuing a military strategy to sustain US global power and interests based on a three-legged permanent strategy to maintain “**decisive military operations in three theatres simultaneously**”, that is, by creating a “favourable balance of power in Europe, the Middle East and East Asia” as Dan Blumenthal writes in the National Interest Journal. Pentagon hawks believe that the US has lagged behind in this strategy and is capable of sustaining only one war rather than the three envisaged.

This strategy, while developed as a military hegemonic approach, has been implemented through the various avenues of economic re-industrialisation, anchored in the green revolution, not so much to save the world from climate catastrophe, but rather to sustain (US) na-

tional power interests. Hence, it is imperative to heed the call by Kevin Waddington that “An equal danger to [human] survival is posed by the destruction of our environment by a science in bondage to the needs of capital.”<sup>1</sup>

### **On the brink of world war and even nuclear war**

At the same time, the world powers have entered into a new arms race, the most concerning of which is the nuclear race, with even more possibilities for launching nuclear weapons from almost anywhere. So, the world remains on the brink of a possible world war, even a nuclear war – we sometimes avoid war by the steely nerves of the fighter pilots of various countries who have come so close to one another in the air without launching attacks – the kamikaze adrenaline sometimes used as a provocative military tactic.

Whilst there are reassurances from various leaders to avoid this eventuality, the deep divisions, tensions building up and even outright provocations are raising world security to the highest level of precariousness: to emphasise this point, one may perhaps mention some recently worrying trends.

- NATO’s imperialist war in Ukraine is deepening with no prospect of ending soon, with talk of a dual strategy and the intention of dragging the war on until 2035 to weaken and exhaust Russia while provoking the People’s Republic of China in East Asia and the South China Sea.
- The US has sent its warships to the Middle East
- It has recently upgraded and replenished its nuclear arsenal with new B61-12 bombs, with the capacity to install them on B-2 Spirit strategic bombers, which can fly at high altitudes, undetectable by radar, to accurately attack their targets, dropping from 0.3 to 50 kilotons of nuclear bombs on unsuspecting countries or their enemies.

- Russia has withdrawn from the 1996 Comprehensive Nuclear Test Ban Treaty – commonly known as the CTBT – which prohibits all live nuclear test explosions. Although Russia remains a formal signatory to the treaty and has committed to observe the treaty’s obligations, it is no longer bound by it.
- Disappointingly, Russia has lowered its level of commitment to that of the US. The two do not have the same social and political value in the world today. The moral leadership of the US is declining daily in world affairs, while that of Russia is rising. Again, in the raging apartheid Israeli bombardment of the Palestinian territory of Gaza, genocidally, indiscriminately killing civilians, women, babies and children, the elderly and the sick in hospitals, medical personnel, journalists and even UN staff – Israel has even threatened to use a nuclear weapon to annihilate Hamas and the Palestinian resistance movement. This threat, coming directly from the Zionist Israeli heritage minister Amichai Eliyahu, was widely condemned even from inside the terrorist state of Israel.
- All this reflects an unsafe world with the possibility of sheer Armageddon based on unequal world power relations.
- The DPRK – North Korea – has announced the successful launch of a military spy satellite and has boasted that it can easily observe the Pentagon and even the White House and recently tested another nuclear weapon, which it described as advanced. These developments create tangible tensions so easy to ignite for a full-scale world war. Everything should be done to avoid such an eventuality.

### **Development of Advanced Chip Technologies and the digitalisation of production**

The development of new technologies and the digitalisation of production have multiplied productive capacity and productive forces and in-

creased the wealth in society, especially among the super-rich – propelling them to higher levels of wealth – through the rapid transformation of the workplace, fundamentally disrupting the old way of production and reorganising the workplace, thus creating new challenges for workers and the working class in general.

### **Overhaul of Economic Production**

The overhaul of economic production and the development of independent new sources of production competing with labour, such as artificial intelligence and its applications, such as ChatGP and similar regenerative artificial intelligence, are certainly fundamentally changing production and production systems and production relations.

These developments, coupled with geostrategic configurations, alignments and the race for new minerals for lower carbon emissions, new technological products, especially those highly needed for precision warfare systems, are the primary causes of tensions and wars in the world today. Now, war is even drifting into outer space.

Western imperialist forces have also adapted their coercive tools for soft compliance, such as deepening the socio-economic crisis and calling for democratic changes by funding their like-minded parties and cronies.

So, liberation movements and progressive governments across the world, notwithstanding their weaknesses, are being removed from political office by so-called democratic means. This is the fate that awaits South Africa's liberation forces that have squandered their greatest chance to lead South Africa differently by treating the people with unjustifiable contempt. We have become an affront to the notion of being revolutionary.

Corporations like Amazon have a huge global reach without production, merely assembling and distributing goods and services instantly

to almost all parts of the world.

Coupled with the ease of shifting production centres from one country to another, capital has used this agility to coerce developing countries to serve its interests in the name of investment. For instance, most Western corporations accepted to leave Russia at huge losses to comply with the US and EU sanctions on Russia. Yet in South Africa we are still concerned with being the good boys of capital, still chasing the medicine of neoliberalism and its poison of austerity as a sure way of guaranteeing monopoly capital's continued control over our economy and denigration of public economy.

At this turning point, the world is grappling with the impact of the new productive forces that are generating the possibility of a new and developing economy that is not fully ripe in the context of both the world supply chain and systems and yet it has reared its head and is moving ahead leaving the working class behind. Karl Marx himself alluded to such developments in his preface to *A Contribution to the Critique of Political Economy*: “No social order ever perishes before all the productive forces for which there is room in it have developed; and new, higher relations of productions never appear before the material conditions of their existence have matured in the womb of the old society itself.”

### **Contemporary global challenges, their implications for us and tasks facing the working class and the SACP**

Our state has entered into strategic alliances with the capital without any form of discussion or even warning – for instance, about the logistics and transport crisis, which we agree needs to be sorted out – which, by the way, was created by the prescriptions of capital – now handed over to the state as a crisis. The issue is whether we are naïve or consciously ignoring realities for fear of facing them.

Certainly, there is more rapport between the state and capital than

between the state and the people, with the latter having a more adversarial relationship. The bottom line is that the interests of capital and of the masses do not coincide.

Globally, we are witnessing the collapse of liberal ideas and the free market economic system – yet imperialism continues to rejuvenate itself, replicating more aggressively domestically.

We are also witnessing the moral decline of the so-called free world, led by the US and Europe, and yet the historical West continues to consolidate its world domination, albeit with intensified contradictions.

Yet we are in an interregnum of world politics where the new international order has not emerged, nor has its leadership – the BRICS countries have half-heartedly raised their hand, though with national dynamics, sometimes of a regressive nature, and intrastate contradictions.

Similarly, we are seeing an awakening of social consciousness in the former colonies – and even among the oppressed in the liberal world – who reject their subjugation of societies and other countries by imperialist states.

### **Manipulation of the rand-dollar pair trading**

One of our immediate tasks is to campaign and assert our unwavering call for the prosecution of the banks, other financial institutions, and traders who manipulate our currency exchange rates.

We need to assert our unwavering call more strongly for the prosecution of the banks and other financial institutions and traders who manipulate our currency exchange rate.

Its consequences cause severe and long-lasting economic damage, resulting in massive losses, mainly through currency devaluation. Besides financial losses, including those affecting our national revenue, and other economic impacts, currency exchange rate manipulation impacts politics. It can result in attacks on the government, a decline in

electoral support and even a change of government. In this sense, it is also political conduct, a form of engagement in politics.

That said, it is important to underline that while the Competition Commission's court order to demonstrate the direct and immediate impact of the banks' financial conduct on South African consumers and the economy is crucial and must be supported, it is more likely to exclude the political impact. As we support it to reveal the details of the currency manipulation cartel and its effects on South Africa, we need to draw attention to the political impact as well and we should further elaborate on this.

The well-deserved prosecution of banks, other financial institutions, and traders for manipulating the exchange rate of our currency must therefore go beyond the mere financial penalties that have recently returned this matter to our national discourse.

Let us recall. Back in 2015, the Competition Commission initiated an investigation into 28 banks for manipulating the rand between 2007 and 2013. The Commission recommended fines equivalent to 10 per cent of the banks' annual turnover.

Among the implicated banks were both local and foreign-controlled multinational banks. They included Barclays Plc, Macquarie Group Ltd., Nomura Holdings Inc., Standard Bank Group Ltd., Bank of America Corp., JPMorgan Chase & Co., HSBC Holdings Plc, Credit Suisse Group AG, Commerzbank AG, BNP Paribas SA, Investec Ltd., and Australia & New Zealand Banking Group Ltd.

Recent developments, including the Competition Appeal Court ruling and the subsequent filing of a new charge sheet in 2020 by the Competition Commission against the 28 banks, underscore the urgency and importance of holding currency manipulators accountable for their corrupt actions, criminal conduct and economic sabotage. The new referral expands the scope of financial conduct prosecutions to

include additional banks, namely the Nedbank Group, Rand Merchant Bank, and Standard Americas.

We should acknowledge the recent settlement agreement reached by the Competition Commission and Standard Chartered Bank, a British-controlled multinational, where the bank has admitted liability for manipulating the dollar-rand currency pair and agreed to pay an administrative penalty of approximately R43 million. In 2017, Citibank, an American-controlled multinational, paid a fine of R70 million. Compared to the damage caused, the fines could be a pittance.

Therefore, beyond the fines, we should stress the importance of a comprehensive and robust prosecution of corruption, criminal and economic sabotage to ensure that justice is served. This must also apply to other manipulators of our currency exchange rate but may require legislative changes to give practical effect to it. To that extent, the SACP should take the lead in campaigning for the legislative changes in taking forward the Financial Sector Campaign.

Moreover, the ultimate impact of currency manipulation on the value of the South African rand underscores the need for stringent measures, including regulatory and monetary policy measures, to address such corruption, crime and economic sabotage. In the end, it is the workers and poor who suffer the most, including through currency devaluation, which increases our sovereign debt servicing costs and deprives our national fiscus of the associated revenue losses.

### **Let's build working class unity and power to fight for a true just energy transition**

We need to continue to unequivocally continue to distance ourselves from the ongoing appetite for foreign currency-denominated debt accumulation. The accumulation of foreign currency-denominated debt is evident in the National Treasury's recent loan agreements, totalling

R33.5 billion, with institutions including the World Bank and Germany's KfW Bank.

We are told that the foreign currency-denominated debt accumulation path is meant to support what is called a “Just Energy Transition Investment Plan” (JET-IP). Meanwhile, the transition approach being followed is not just. This is an indictment on the use of the term “just” in the “JET-IP”. We have seen the injustice in the decommissioning of the Komati Power Station. The Minister of Electricity, Kgosisentsho Ramokgopa, even complained that the decommissioning of the Komati Power Station was unjust. This unjust approach poses severe risks to our nation's economic sovereignty and democratic policymaking.

The emerging path of overwhelming dependency on foreign currency-denominated loans, especially in the context of electricity sector reforms that favour going the private way, meaning a turn to increasing electricity procurement from profit-driven private power producers, aligns with a neoliberal agenda, contrary to the public pathway that South Africa needs for a truly just transition. This contradicts the ANC's own 2019 election manifesto, drafted in consultation with its allies.

The current approach neglects support for Eskom and public investment in new clean energy generation capacity. Instead of prioritising public investment or recapitalisation of Eskom to enhance new clean electricity generation capacity as an energy producer, the approach focuses mainly on supporting Eskom in electricity transmission and distribution, keeping it as a source of private sector development, funding and accumulation on the public sector platform.

The foreign currency-denominated debt accumulation path leads to a future where clean energy generation is a profit-driven power producers' collective monopoly affair. Eskom power generation is unlikely to be part of that future, especially without investment in carbon capture technology and storage facilities. The neoliberal energy policy

commodifies and converts new electricity generation into a field of private capital accumulation.

We have emphasised the inherent long-term impact and dangers of foreign currency-denominated debt. Exchange rate fluctuations pose a serious threat, including as a result of currency manipulation. This can lead to financial instability and compromise our ability to shape independent economic strategies based on the principles of national-revolutionary democratic transformation and development.

We have stressed our preference for rand-denominated National Treasury bonds to ensure greater control over economic policies. Relying on domestic currency bonds promotes autonomy, safeguarding our nation from external and often undue pressures and influences that could undermine our democratic policy sovereignty and mortgage our country to the highest financialised capital.

We must not forget the historical repercussions of loans from imperialist-controlled institutions, the IMF and the World Bank, and their notorious Structural Adjustment Programmes. Their conduct has perpetuated the hierarchy of global economic inequality and exerted influence over less powerful nations, replacing democratic policy sovereignty with external conditionalities. Going the private route versus the public pathway underpins the accumulation of foreign currency-denominated debt and loans as an intention. This must be defeated and ultimately reversed

We need alternative financing models that prioritise sustainability and local development inclusive of our own developed models using our economy, not within the mortgaged bourgeoisie economic framework.

### **The African Development Bank**

We need to build a framework to view the African Development Bank

differently from the IMF and the World Bank. We must keep it in check as its shareholders, besides African states, also include imperialist states, such as the US.

The African Development Bank was created by the Organisation of African Unity. It must be rooted in the culture of the struggle to dismantle the legacy of colonial and imperialist domination and oppression of African countries, including in the financial sector. We need a sovereign African continental currency solution and payment system. To this end, the African Development Bank cannot remain aloof. It also cannot remain aloof from the overall imperative to search for alternative solutions and support the struggle to complete African independence.

If the African Development Bank is not embedded in emancipatory policy content, we are afraid it will be nothing but an African manifestation of the imperialist-controlled IMFs and World Banks of the world, not only in its financing but also in its economic policy thinking. This will intensify our collision with them. Certainly, its funding models have to change and be guided by the material conditions on the continent.

### **Neoliberalism and its policy of austerity**

The SACP has staunchly rejected the neoliberal agenda, including austerity, with the contempt it deserves. Austerity, disguised as “fiscal consolidation” or “fiscal discipline,” imposes draconian measures that affect development, transformation, and truly inclusive growth. Given everything that we have said and done, what else must be done, taking it that comrades are more familiar with the content we have advanced both in and outside the Alliance, including through our open public statements?

### **Anchoring our recent visit to Venezuela in our Red October campaign theme to put people first and tackle the cost-of-living crisis and in solidarity with the people of Venezuela**

Our delegation visited Venezuela. The government should prioritise the people's economic well-being by sourcing affordable oil from Venezuela, home to the world's largest oil reserves. This will also strengthen our bilateral and economic relations at a time when Venezuela is facing more unilateral imperialist sanctions, having surpassed Cuba, Iran and the DPRK as the most sanctioned country, only to be surpassed by the Russian Federation in this honourable act of imperialist reaction against independence that provokes such an unprovoked, egregious response.

We also need to intensify our solidarity with the government and people of Venezuela against imperialist aggression and unilateral sanctions by the US imperialist regime and some of its European allies, all because Venezuela dared to act independently.

### **Solidarity with the Cuban government and people**

In the same vein, we should intensify our solidarity with the Cuban government and people. Our government, whether or not it intends to appeal the recent high court judgment, must immediately design a more enhanced humanitarian aid package for Cuba. A properly constituted committee, as opposed to the one criticised by the court as improperly constituted (should the government not appeal the judgment), must consider and pass a stronger humanitarian package for Cuba urgently.

### **Solidarity with the Palestinian people**

We welcome the parliamentary vote for the closure of the apartheid Israeli embassy in South Africa and the expulsion of the Israeli am-

bassador, together with his staff, back to Israel. The Israeli genocide of Palestinian people must stop immediately. The terrorist state of Israel must end its occupation of Palestinian territories. The apartheid Israeli regime must be held accountable for its atrocities, especially in Gaza, which has been disproportionately attacked and incessantly bombed, committing genocide against a people, killing tens of thousands of babies, children, women, civilians and the elderly, and maiming tens of thousands more, with many more still unaccounted for, possibly decomposing in the rubble.

The South African government has referred this genocidal Israeli regime to the ICJ, an institution which we have an aversion to because of its practices which leave much to be desired, but which it is appropriate, despite its toothlessness, to morally oppose and call for a ceasefire. The ICJ and the ICC, as several international bodies, are generally abused by the imperialist regimes of Western Europe, which follow the despised foreign policy of the US. It is in this context that it has issued arrest warrants in conflict situations against those who stand against the imperialist forces of Western Europe and the US. It is in this context that the ICC has issued an arrest warrant against Russian President Vladimir Putin, preventing him from attending the annual BRICS summit in South Africa in 2023. The jury is out on whether it will issue an arrest warrant for the genocidal terrorist leaders of the Israeli regime led by the notorious Benjamin Netanyahu.

Uncritical media in South Africa, disappointingly including the SABC's foreign news, take their cue from the imperialist media. They call the apartheid Israeli genocide against Palestinian people an "Israeli-Hamas war". Meanwhile, Israel has systematically been exterminating the Palestinian people for 75 years since it was established by the imperialist regimes of Western Europe and the US in Palestine in 1948, expropriating Palestinian land. This is also how the apartheid

Israeli settler state has expanded in Palestine and erected the apartheid checkpoints that the FF-plus leader uncritically said Israel would use to block South African leaders from visiting Palestine.

Let's recall. When the apartheid Israeli settler state was established, virtually the whole of Africa was under the control of European colonial powers. It was in the same year that the racist white minority supremacists in South Africa deepened the oppression of black people, started by the Dutch and British, by establishing the apartheid regime.

To this day, parties with white leaders, like the DA and the FF-plus, reflect the persisting legacy of apartheid – in a country whose overwhelming majority, 92.3 per cent, is black, comprising 81.4 per cent black African, 8.2 per cent coloured, and 2.7 per cent Indian/Asian. These parties of white leaders backed by white capitalists, the beneficiaries of apartheid proceeds, have proven to be nothing but the transmission belts of the ideas of European and American racial domination and capitalist and political exploitation of black people. Their support for Israel against Palestine is still the same tradition going back to the relationship between the racist apartheid South Africa and the Israeli settler state.

### **Struggles for gender equality and against gender-based violence and femicide**

As we mark the 16 Days of Activism against Gender-Based Violence campaign for 2023, its underlying theme is “Unite to end violence against women”. The theme for 2023 is “Invest to Prevent Violence Against Women and Girls”. We should use this opportunity to deepen the struggle for gender equality and the campaign against gender-based violence now, during and beyond the 16 Days. We should take the lead in challenging and ultimately defeating patriarchy and its creations, especially unequal power relations between men and women,

and work tirelessly towards a non-sexist, equal, democratic and prosperous society.

### **Halting the erosion of our industrial heritage, defending workers' livelihoods**

In 1989, the privatisation of Iscor marked the beginning of a distressing journey that has seen our nation's industrial prowess succumb to foreign control and profit-driven interests. The subsequent full takeover of the Saldanha Steel Mill, developed through a joint venture with the public entity Industrial Development Corporation, paved the way for a Luxembourg-based multinational corporation, ArcelorMittal, to determine the future of our industrial landscape in what was nationally controlled domestic steel manufacturing.

What was once a state-owned Iscor, since 1928, has now been converted into ArcelorMittal through privatisation and foreign acquisitions and mergers. The consequences have been dire, including the negative impacts of import parity pricing and a trend destined for substituting domestic steel manufacturing with imports. ArcelorMittal says it intends to close the New Castle plant, which produces long steel products with different steel grades used in sectors such as mines and construction and high-quality speciality grades used in automotive manufacturing. It is a stark reminder of deindustrialisation and the human cost of profit-driven restructuring.

While other domestic steel producers, such as Scaw Metals, can supply lower-grade long steel used in sectors such as mining and construction, if the state allows ArcelorMittal to close the plant, South Africa will lose productive capacity for high-grade speciality steel used in advanced sectors like automotive manufacturing. The SACP should, as always, be deeply worried by retrenchments that, without decisive state intervention, will affect an estimated 3,500 workers.

ArcelorMittal points to rail transport and port inefficiencies, along with load shedding, as factors contributing to its latest decision. However, privatisation, of which ArcelorMittal is a beneficiary, was enforced as part and parcel of the neoliberal macroeconomic paradigm that impacted State-Owned Enterprises, including Transnet and Eskom, and their performance negatively. Coupled with the corporatisation of SOEs, this failed policy paradigm encompassed austerity measures, including, as a fiscal policy stance, curtailing capital expenditure in SOEs, ultimately labelled “bailouts”.

The powers that be adopted additional neoliberal policy reforms to deepen and widen the liberalisation or opening up of state-controlled infrastructure networks in order to convert them into new fields of profit-driven capital accumulation. In this, they have embraced another form of privatisation for profit-driven interests to compete in the exploitation of targeted state-owned infrastructure networks, such as railways, ports, electricity and water.

Other sections of capital, established and emerging, have been pushing this neoliberal paradigm to benefit from it, as ArcelorMittal benefitted from Iscor’s privatisation. Neoliberal restructuring will go down in history as one of the factors that engendered state capture, which worsened what neoliberalism had started. Without decisive state intervention, the repercussions of ArcelorMittal’s decision will not start and end with ArcelorMittal and will extend far beyond the steel industry. It will affect other sectors that rely on locally produced steel. Notably, the potential impact on automotive-grade manufacturing steel poses additional strategic risks to our industrial landscape.

In response to this crisis, the SACP should vehemently call for decisive government intervention to prevent the closure and salvage the employment of the workers facing an uncertain future. In the here and now, the immediate state intervention must deal decisively with the

under-capacity crisis in our rail, ports and electricity generation infrastructure networks based on a thriving public pathway.

State intervention must involve a meaningful engagement with the trade unions representing the affected workers. The SACP is committed to seeking a bilateral meeting with the National Union of Metalworkers of South Africa, as well as other trade unions that represent the workers at risk, as well as trade federations.

Together, we should seek to forge a united working-class front based on a common programme of action, to staunchly defend the rights and livelihoods of the working class, to fight for a living wage, for safer and healthier working conditions and against the capitalist unilateral restructuring of the workplace and casualisation of labour, to campaign against de-industrialisation in favour of industrialisation. Industrialisation requires changes in macroeconomic policies, including adequate budgetary support for wider economic and industrial development. But also to fight to replace the capitalist system that perpetuates their oppression and to build a socialist society and economy. In other words, to organise the working class to the point where the ruling class can truly transform society.

State intervention should include the possible takeover of the plant that ArcelorMittal wants to close down as its productive activity should not depend on its ownership by the company.

### **Hold the capitalist mine bosses accountable for casualties and injuries endured by workers**

It is with heavy hearts and profound sorrow that we address the Central Committee today as we express our deepest condolences to the families and comrades of the mineworkers who lost their lives in the tragic incident at the Impala Platinum Mine on Monday, 27 November. At least 11 of our fellow workers have been taken from us, and over 75

more now bear the physical and emotional scars of a disaster that could have been prevented.

The SACP should stand united in grief and outrage as we condemn the profit-driven prioritisation of profits over the lives and well-being of the workers. The failure of the winding rope connected to a cage-style lift, resulting in the failure of the entire lift system, is not merely an accident but a direct consequence of a profit-seeking mentality that consistently subordinates health and safety standards, as well as thorough preventative maintenance, to the pursuit of profit maximisation.

This tragedy marks yet another grim chapter in the ongoing saga of corporate negligence and exploitation within our mining industry. Since the beginning of this year alone, we have mourned the loss of at least 55 mineworkers, each death an avoidable consequence of a system that values profit above human life.

In the face of such profound injustice, the SACP should call for a deep investigation to hold the directors of Impala Platinum accountable for their role in this preventable catastrophe. We must demand that those responsible for compromising the safety and lives of our comrades be held to the highest standards of justice. The blood of the fallen calls for accountability, and we must not rest until justice is served in this and other cases of negligence resulting from capitalist bosses putting profits before workers.

In this moment of grief, let us reaffirm our commitment to the struggle for workers' rights and safety. Our solidarity must extend beyond mere words, and we must channel our collective strength to ensure that no more workers needlessly lose their lives due to the insatiable pursuit of profit. We must forge wider trade union unity in the mining and other sectors. This will include seeking consensus among trade unions to forge a democratic and peaceful organising environment for all, also considering what recently happened in a mine in Ekurhuleni,

which reportedly involved a hostage drama.

Let us mourn the death of workers killed by the capitalist profiteering syndrome but let us also organise and demand change. The legacy of our fallen comrades demands nothing less.

### **National Health Insurance, a crucial step towards universal healthcare in South Africa**

As the SACP, we must unequivocally denounce the profit-driven private healthcare sector manoeuvres to stop or further delay the adoption of the National Health Insurance Bill. Their aim is to water the Bill down so that by the time of its implementation, it will not even be a shadow of what it should have been. It is because of the profit-driven manoeuvres that the National Council of Provinces' sitting that was scheduled to adopt the Bill was postponed to 6 December.

The SACP, alongside our steadfast allies, reaffirms our unwavering support for the NHI Bill, a stride towards achieving quality healthcare for all South Africans. The finalisation of this crucial legislation on 6 December should represent a significant milestone rather than a watered-down version. Only if it is a significant milestone will the NHI Bill help dismantle the current healthcare system, which perpetuates inequality in healthcare and the neglect of too many people's health needs.

The final NHI Bill must encompass key principles that align with the principles of equality. It must establish a National Health Insurance Fund, guaranteeing comprehensive healthcare coverage for all citizens and providing free access to essential healthcare services. Private medical aid, under the NHI, will only cover additional services beyond what is already included in the NHI Fund. The financing of NHI should be rooted in the principle of social solidarity, with a commitment to ensuring redistribution of more from the surplus that the wealthy appropriate from our economy to facilitate healthcare for all, among other social

development imperatives.

A pivotal aspect of NHI is its emphasis on the development of primary healthcare, a move aimed at unifying the health system. The current healthcare landscape in South Africa is marred by disparities, with the profitable private sector concentrating the majority of health funding, catering to a privileged minority. Conversely, the underfunded public health sector serves the majority, resulting in stark health inequalities. It is overloaded, with many patients waiting in long queues because it is underfunded and under-resourced – and others even end up dying without treatment. This must end.

The NHI Bill, if it is not watered down, serves as a sustainable solution to these challenges, seeking to transform the healthcare system and allocate resources to benefit all citizens, not just a select few. The core principles of the NHI, including treating healthcare as a constitutional right, universality of healthcare, social solidarity, and a publicly administered NHI fund, resonate with the SACP's longstanding advocacy for equal treatment of all in healthcare.

While the SACP acknowledges the extensive public consultations and hearings that have demonstrated overwhelming popular support for the NHI Bill, we emphasise the urgency of its implementation. We reject the notion by profit-seeking interests that consultation on the NHI Bill was insufficient. After more than 15 years since NHI first entered the national agenda, there is no time for delay but rather a need to move forward promptly.

The SACP should unite with the people in demanding a healthcare system that prioritises their needs over profit-driven motives. We firmly reject proposals that reinforce the dominance of medical schemes and perpetuate a profit-driven healthcare system.

Indeed, there are many people who have medical aid coverage that becomes useless as soon as the medical aid financial administration

companies declare their benefits exhausted. In most cases, by mid-year, many medical aid benefits are declared exhausted. As a result, those who have medical aid coverage find themselves continuing to pay exorbitant premiums without being covered by those exhausted benefits. This is because medical aid schemes have been financialised, with medical aid financial administration companies raking in profits from workers' contributions. This must stop.

The public sector should be the backbone of NHI, well-funded and equipped to provide quality care.

To those who doubt the affordability of NHI, we affirm that South Africa can and should afford it. Studies indicate that the cost of the NHI will be lower than the current fragmented and inefficient healthcare spending. By pooling resources into a single NHI fund, we can redistribute healthcare resources equitably and provide quality healthcare for everyone.

Over the years, forces seeking to profit from South Africans' health needs have attempted to undermine the introduction of NHI. These anti-NHI forces have failed to present credible proposals for ending health inequalities and providing universal healthcare while making threats to the state. We must collectively defeat them and ensure that NHI becomes a reality, regardless of their opposition.

### **Rejuvenating the Communist Party and strengthening its political commitment to the working class and the poor**

The need to go for a deep analysis of the strength of the Party is very important. For such a historical view, we can safely say that the Central Committee and its sub-national leaders rarely talked about the Party's political building in real essence; we usually talked about peripheral issues related to it from perspectives of political lines. We adopted the Framework of Organisational Renewal, which is gathering dust, and

now we are even tailing the broad nationalist movement even on basic discipline. We are devouring the Party of the working class, and this must end. We need self-introspection of all members on their conduct and its impact on the life of the Party.

However, in the process of Party building, the Party always regards political building as a basic principle and an important part of Party building. A Marxist-Leninist Party must put Party political building first and be able to take a clear political stand because that is a fundamental requirement to meet.

There are many political compromises and sacrifices that the SACP has made along the way of advancing our revolution and some of them have left the working class vulnerable. *“The working class cannot play its world revolutionary role unless it wages a ruthless struggle against this renegacy, spinelessness, subservience to opportunism and unexamined vulgarisation of the theories of Marxism” (Lenin, Socialism and War, 1915)*<sup>1</sup>. We must ask ourselves whether we are a spineless or subservient Party whose leaders always think of their personal interests rather than those of the class. All of us must make Party political building an overarching guiding principle.

This will be an important tool as we seek to provide direction. It means that Party political building holds a central, primary, fundamental, and overarching position in Party building. To lead the Party’s organisational building with its political building is to adhere to the principle of the Party supervising its elected leadership, emphasises the political performance of each of them and commits them to honesty, self-discipline and willingness to assume responsibility.

### **The pandemic of political incumbency and its self-serving suave elegance**

The addictive pandemic of political incumbency afflicting the ‘political

class' has blinded our analysis and turned us into conformists', bureaucrats, and justifiers of procedure even when it doesn't work.

These realities have contributed significantly to the moral decline of the liberation forces, while at the same time we are witnessing the collapse of liberal ideas and the free market economic system at an international level that we fail to take advantage of.

The quest for consideration for the possibility of deployment possibility into positions of power afflicts all of us in the movement. This has become a new contestation. This we must overcome as it contributes towards blunting our socialist outlook.

In the context of these considerations and their contestation, primary consideration is assured to the ANC leaders and then components of the Alliance, even based on factional allegiances. It is during this period that our mettle is being tested.

### **The offensive against the working class and its leadership, including the Party.**

In the midst of these challenges, the difficulty of providing a clear programme of working class direction, we need to be fully aware of the ongoing offensive against the Party and its leading cadres emanating from both inside and outside the movement.

Inside the movement, this is coming from both the victorious dominant faction in the ANC and the defeated faction from the recent ANC conference.

The Party's positions are questioned by all factions, for example, that we have no basis for criticising the Ramaphosa administration and that, when we do, the Ramaphosa faction believes we are strengthening the other faction. They expect us to celebrate austerity measures and cuts in social expenditure on public infrastructure and the HIV/AIDS and TB support programmes. We will be foolhardy to

be naïve if we ignore these realities.

### **Moral laggards and the need to catch up and lead**

If the truth be told, we also have a revolutionary moral catch-up to do, unfortunately even with the national liberation movement – the ANC. Our collective morality is weaker than that of many nationalists, and we need to work on this urgently.

Recently, we have been in the news for the wrong reasons with corruption allegations levelled against our comrades who are our leading cadres in government.

The SACP should rid itself of many terrible tendencies that have spilt over from the broader movement and even some home-grown tendencies that have developed over time, as we have lost our focus on discipline, and some have even generated the worst forms of anti-Party tendencies from inside the organisation.

Without giving any feedback per se, we have received reports from the two office-bearers and referred these to the Deployment and Accountability Commission of the Party. Also, comrade National Chairperson has sued the fellow making these allegations. The Deputy National Chairperson held a press conference in this regard and gave us a report. Comrade Tseletsele also made a public apology, and his matter is being handled by the province. What is worrying, though, is that the province in question does not think it did anything wrong by defending the indefensible.

We are found wanting and lagging behind on the moral leadership question without being moralists per se. We have a lot to do in the field of moral leadership in society by enhancing the discipline, behaviour and conduct of our cadres, especially at the leadership level. The vibe is not good across society with our general postures, people believe we have been silenced by the ANC as we beg during the list nominations process.

Sometimes, this is true; even though we say that no one is entitled to these positions, we qualify for them, and it is not a favour when we participate through the ANC for nominations.

### **Urgent and short to medium-term tasks facing the Party**

The Party should embark on a comprehensive renewal idea and programmes and innovate local interventions, mass mobilisation, and technological use in solving the social problems of the poor masses.

We should rebuild the organisation almost anew and indeed fundamentally alter the current redundant almost moribund and ineffective organisational form. The current organisational form appears real while it is not and appeases without making lasting impactful interventions. So, it enters the illusions of the bourgeois political system and politics by exhausting the masses with illusions of elaborated and unfulfilled promises.

We should fundamentally get rid of the party's embedded patronage legacies across the levels of our organisation.

In the immediate short term, we should fully launch and drive three major campaigns, amongst others for food security, water provision, and fighting crime, as some of the most immediate tasks, and rebuild the organisation along the non-racial, non-sexist campaigns and platforms.

At the same time, we should urgently raise the critical issue of the property question – the land question – as a fundamental issue of society and free it from the infertile liberal discourse that has continued to plunge the working people into deeper poverty.

While the issue of the reconfiguration of the Alliance has eluded us temporarily due to entanglement and subjective questions in the entire Party system, **we should rather focus on rebuilding a new relationship with the masses of our people and reconfigure the**

**political trajectory alongside the new developmental trajectory of our society** not controlled by the organised bourgeois political system.

This posture should gravitate us towards what the Political Bureau called the need for a deeper debate about what is wrong with our society and what we should do to make a decisive break with the oppressive present situation of the working class.

In this regard, we should embark on the critical evaluation of the leadership question in the Party. We are weakening in ordinary organisational work, sometimes appearing untrustworthy and unreliable.

We should reverse this by our unflinching selfless commitment to the working class and our practical actions in communities should be our new language, serve the working class or perish with capitalist barbarism – it has just come to that!

In recent years, we seem to have deviated from Party political discipline and preservation of our communist character. For instance, there is a growing tendency of federalism and liberalism within Party structures, something that cannot be tolerated if we are to build a vanguard Party of the working class and poor. This requires Party members and leading cadres to always put the people above all else, carry forward the Party's fine conduct, and forever preserve the political character of communists. Party political building is interlinked with organisational building, and our character should bear witness to this.

The programme on the village development model is one of the ways to reconnect with our people and put them first, unlike those who think we are creating a peasant Party. The Red October campaign on fighting the high cost of living crisis should assist us to see the need to build a close bond with our people and take up their struggles. Lenin further guides us in his speech on the Agrarian Question in November 1917 when he said, "A party is the vanguard of a class, and its duty is

to lead the masses and not merely to reflect the average political level of the masses” .<sup>2</sup> 

***\*The February CC Political Report will be carried in the next issue of AC***

## **Endnotes**

1. In Outlines of Marxist Philosophy, Lawrence & Wishart, 1974
2. Speech on the Agrarian Question, 14 November 1917

## DEVELOPMENTAL STATE

# A strategic approach to private capital

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**David Masondo** examines <sup>1</sup> whether the South African state can work with capital to produce developmental outcomes

Over the past two decades, the SACP has been grappling with how it should enter the legislative and executive arms of the state to represent the working class more effectively. Missing from this discussion has been how the working class, including its political representative, the SACP, should approach capital or business for economic growth and development in this conjuncture and foreseeable future. A full discussion on the relationship between the SACP and state power cannot be delinked from how a left party in the state relates to capital and labour.

The key argument in this brief position paper is that, even if the SACP were to overwhelmingly win the elections in the current period, this would not constitute a rupture with capitalism. There would still be a role for capitalists or businesses in South Africa's growth and development. The question is how will the state led by the SACP representatives set the conditions for the developmental role of private capital? This would require not only a levelling of the playing field for business investment but also for the state to subsidise and discipline capital – more or less similar to the 20th century developmental states to produce better developmental outcomes more favourable to the working class in particular.

A sensible left strategy in the current period and immediate future should therefore include building a working-class-led movement to pressure the state and capital. This should include both political entry into the state through electoral politics and mobilisation politics outside the state to reduce the structural power of private capital in development associated with higher levels of industrialisation, employment, and so on.

### **Starting Points**

The strategic conclusion above is borne out of four observations. The first is that, given the current balance of class forces, capital will not be overthrown any time soon. There is no prospect of a rupture with capitalism in most parts of the world, including South Africa. An approach that ignores this objective reality would be very rich in enthusiastic spirit but poor in analytical and strategic grounding and could lead to voluntaristic calls for the immediate overthrow of capital.

Secondly, economic resources in the form of capital are concentrated in the hands of capitalists. More than 60 per cent of investment in South Africa is undertaken by the private sector. This, in turn, makes both labour and the state dependent on the investment decisions of private capital to generate employment, as well as state revenue (tax and debt).

Without business investment, the state cannot generate revenue from taxing the profits and wages of the employed working class. Therefore, states under capitalism, including in South Africa, are forced to establish conducive environments for businesses to invest. The task of the developmental state is to create business investment conditions that would produce transformative developmental outcomes that include high levels of industrialisation, employment, and so on. This can only be realised if the working class exerts its structural and organisa-

tional power within the state and society.

Under capitalism, the state, like a worker, structurally depends on business to generate revenue. There are a few instances where capital depends more on state support than on enforcement of laws and contracts. It is in exceptional circumstances, such as war, international competition in the domestic market and natural disasters (such as Covid-19), and where there are high levels of working-class organisation and mobilisation, that private capital accepts state discipline because it is where business is weaker than the state. It is in these exceptional circumstances that nation states have more relative autonomy from capital or more power over private capital. In these exceptional circumstances, private capital readily accepts state discipline.

Thirdly, what seems feasible in the current period is capitalist economic growth and development which could be facilitated through industrialisation in the context of changes within capitalism. These inner-capitalist systemic changes include anthropogenic climate change and rapid technological changes known as the Fourth Industrial Revolution.

The fourth motivation for building developmental capitalism in our lifetime is that certain forms of capitalism play a key role in the development of productive forces, which is a precondition for socialism. The promise has been that socialism will be efficient and democratic. But the experiments of socialism in developing countries have been economically inefficient and undemocratic. This validates Marx's view that revolutionaries must encourage capitalist growth to set the material basis for socialism. However, this must be accompanied by measures to mitigate the worst effects of capitalist growth, including the imperative of limiting the scope of the market in areas such as healthcare and education. In these areas, markets should not be the final arbiter of the people's well-being. Therefore, the markets need to be constrained to de-commodify these public goods.

### **Marxists and capitalism as a strategy for economic development**

South African Marxists will not be the first to adopt capitalism as a mode of production for economic growth and development. The Bolsheviks adopted the New Economic Policy (NEP) in 1921. As Lenin put it the NEP installed “...freedom to trade and the development of capitalism”.<sup>2</sup> He further said, ‘We should not be sorry to give a foreign capitalist 2000% profit as long as it improves the position of workers and peasants.’<sup>3</sup> Unfortunately, the NEP was not accompanied by political democracy, which could have allowed freedom of speech and strengthened the organisation of workers to resist political degeneration and bureaucratisation under the leadership of Stalin. The NEP, which was adopted as a temporary detour, and lasted seven years, was intended to address the vicissitudes of economic stagnation associated with War Communism.

From 1978, China, under Deng Xiaoping, generated economic development through the opening up of the economy to private capital and the capitalist market. The state-owned companies operated within the market’s profit logic.

The market economic reforms under Deng Xiaoping in China have been in force for more than four decades. During this period, China introduced the private sector which has since significantly grown the economy to the extent that private capital contributes 60 per cent of GDP and 80% of urban employment.<sup>4</sup> However, China still has the largest state-owned companies in the world, some of which are listed on the stock exchanges.

Lastly, the Communist Party of Vietnam is building an economy operating within the laws of motion of capitalism, that is market competition and profitability.

### **The developmental state and private capital**

The overwhelming consensus within the ANC-led movement on the

need to build a developmental state provides a useful starting point for thinking about working with private capital in the current phase of our revolution.

State intervention in economic development is not a defining feature of a developmental state. It is not all types of state intervention that make a state a developmental state. After all, states, including the neoliberal state, intervene in the economy. Rather it is the scope, quality, and instruments of such intervention that define a developmental state.

These have varied over the centuries. To illustrate, the role of the state in facilitating the transition from feudal agriculture to agrarian capitalism and industrial capitalism started in the 1500s in Britain, followed by late developers such as the US and Germany. In the 19th century, the scope of intervention was limited to setting structural conditions (including land reform and public infrastructure) to enable economic agents to pursue their interests. The main policy instruments used were tariffs and the provision of subsidies to reduce input costs (such as electricity and cheap land) to provide cheap credit (the Land Bank), and so on. Here the final investment decisions (where, how much, and how to invest) were in the private hands of business owners.

One of the key features of a developmental state is its ability to discipline business to produce certain developmental outcomes associated with the level of industrialisation. The developmental state is not a socialist state; it accepts that the economic resources will be in private hands. A developmental state carries out the task of economic development through subsidisation and disciplining of businesses as a social class to industrialise. In other words, discipline and subsidies go hand-in-hand. The subsidy is in exchange for businesses performing developmental tasks. Discipline means that capitalists interested in state support would have to lose some freedom over decisions regard-

ing where, when, and how much to invest.

To discipline business, the state needs to have certain organisational capacities, namely extractive capacity (including revenue collection services such as SARS) to extract revenue to subsidise production costs. Secondly, it also requires an uncaptured, rational, and competent bureaucracy and political leadership to channel subsidies to foster economic transformation via incentives and disincentives to encourage businesses to invest in industrial growth projects.

Internal capacity refers to the internal cohesion needed to design, implement and avoid conflicting policies. This includes nodal agencies for internal institutional coordination (for example the Economic Planning Board in Korea and the Ministry of International Trade and Industry in Japan). The Economic Planning Board in Korea, for instance, had supreme control over annual budgetary processes and outcomes.

This also requires embedded autonomy. This is a structured and effective interaction between state managers and businesses to facilitate information on investment plans, as well as performance standards required to obtain state support. Korea had institutionalised channels of communication with private firms, not only to obtain their input but also to clarify the state's objectives and consequences of non-compliance. There were monthly export report-back meetings to ensure effective communication and accountability between capital and the state. These were goal-oriented meetings where firms reported on the progress of their work.

### **South Africa and the developmental state**

The South African government is committed to building a developmental state. However, the government's policy practice has been contrary to what developmental states do. The post-apartheid state has been trying to retain and attract investment by providing supply-side

measures such as water, electricity, telecommunications, and a general macroeconomic policy environment without seeking to cajole where, when, and how private capital should be invested. This has been accompanied by very light institutional interaction between the state and private capital – not the structured institutional interaction characteristic of real developmental states. These lightweight institutional arrangements include the International Business Council set up by former President Mbeki, the powerless National Planning Commission and recent annual investment conferences instituted under the fifth and sixth administrations.

The post-1994 South African policy practice had been the implementation of too hastily and un-strategically liberalising the markets. These included but were not limited to the liberalisation of trade and investment. Undoubtedly, international competition through trade liberalisation can be used to discipline private capital.

Let us consider how various developmental states have disciplined business to shape developmental outcomes.

After the Second World War, Swedish society agreed that the state should actively intervene in society to help make the economy more efficient and competitive. The Swedish Social Democratic Party reignited the country's economy by opening it up to international competition, lowering tariffs and keeping low wages in large firms in manufacturing and mining, increasing wages in less profitable sectors as a mechanism to drive them out of business, and transferring their resources through market mechanisms to more cost-effective firms. The government actively placed the displaced workers in new jobs and successful industries in high-cost industries and firms.

The Social Democrats, through the labour movement, had an agreement with business whereby the government would build a welfare state without taxing businesses heavily, whilst business improved their

international competitiveness. The larger source of tax revenue was generated from employed workers who, in turn, financed the welfare state. Social investment in health and education provided workers with skills and better training for new jobs.

Sweden's labour market policy made Swedish labour a higher value commodity through investment in education. So both labour and capital's productivity increased. And, as a result, Sweden became a highly modernised and internationally competitive economy that produced high profits, a growing standard of living, and a more equal society in the West.

Developmental states such as South Korea strategically maintained some level of trade protectionism and promoted exports which enabled domestic firms to earn foreign exchange, which in turn enabled them to buy machinery, technology licenses and technical consultancy. To promote exports, these countries devalued their currencies to make it cheaper for the rest of the world to buy their domestically produced goods. Not only that. These developmental states promoted exports by providing cheap loans for exporting firms and allowing them to import inputs duty-free or pay less import tax and provided exporting firms with global market information. When the investment rates were higher, the East Asian countries tolerated higher rates of inflation.

The developmental states also adopted competition policies oriented towards the economics of scale and eliminated 'excessive and wasteful competition' through coordinated state-initiated mergers to create monopolies and oligopolies to compete internationally (chaebols). Samsung, Gold Star, and Daewoo were forced to specialise in different products.

The developmental states adopted macroeconomic investment policies that ensured that investable surpluses were invested in produc-

tive consumption (such as buying machinery and equipment) instead of luxury consumption (such as foreign tourism). Furthermore, state-owned companies in oil, gas, steel, and electricity were used to boost industrialisation.

### **South Africa's state-owned companies**

The state-owned companies played a key role in driving the processes of industrialisation in developed Europe and East Asian developmental states. Pohang Iron and Steel Company in South Korea was one of the most successful steel companies that drove its industrialisation. Similarly, here in South Africa, the pre-1989 ISCOR (Iron and Steel Corporation) was one of the successful state-owned enterprises (SOEs) that supported industrialisation. In countries like China, SOEs account for almost 45% of the industrial output.

South Africa has almost 715 SOEs, which can be classified in terms of those that provide cross-cutting services (Eskom), industry-specific services (Transnet), national security services (Denel, Armscor, ATNS), finance (DBSA, IDC), and investment promotion services at different levels of the state. Many of these SOEs, including Eskom and Transnet are not able to provide the goods and services required for economic growth on a sustainable basis. Do we need all 715 SOEs and why? If not, what are the criteria by which we decide to keep them, and under what conditions?

Today many of the South African SOEs have unsustainable debt, thus disabling them from contributing constructively to the economy. The story of Eskom's debt levels and its failure to provide electricity to households and businesses is well known.

Transnet has operational problems associated with poor investment in its infrastructure and maintenance. It has a debt of R130 billion, which has increased its debt service costs. In addition to this, Transnet requires

R50 billion to finance its freight rail infrastructure. The state fiscus cannot afford to finance the debt and the operating infrastructure.

As a result of the liberalisation of the energy market, there are significant megawatts being generated by private producers, but electricity cannot be added to the grid because there is no related transmission infrastructure. Investment in this infrastructure through the newly established Eskom transmission company requires almost R400 billion to finance about 14000 kilometres transmission infrastructure.

What do we do when the state does not have sufficient money to invest in the development of the country's productive forces, including infrastructure, particularly state-owned network infrastructure (such as energy, freight logistics, water, and telecommunications)? There is an argument within left political circles that bringing the private capital or workers' collective savings (such as pension funds or shares sold to ordinary citizens ) into the state-owned network industries facilitated either through liberalisation of the state-owned sector or offering concessions such as Build-Operate and-Transfer (BOT)), is inherently reactionary.

This is a wrong and dogmatic approach because it ignores how South Africa's SOEs have been a burden not only on the fiscus and the working class but also on economic growth and development. Between 2008 and 2022, the government spent R500 billion bailing out fifteen SOEs, and only three (namely DBSA, ACSA, and SASRIA) were turned around. Furthermore, this ignores how erstwhile statist socialist countries such as China and Vietnam, when faced with the reality of economic stagnation, liberalised and brought private capital into their state owned network industries such as energy. The policy positions of China, Vietnam, and Cuba point towards a greater opening to private capital and a growing role for private capitalist enterprises in their respective economies.

In its Sixth Congress in April 2011, the Cuban Communist Party liberalised the economic sectors, which were a monopoly preserve of SOEs. State enterprises were not only open to market competition from the private sector, but the government stopped capitalising or bailing out bankrupt state-owned companies. This meant no more state subsidies for state enterprises. This marked a departure from when enterprises were bailed out to keep them going. Bankrupt state firms were transferred to the private sector. Secondly, it abandoned the centralised planning system to a price system (market system). This meant that prices were not determined by the central plan but by the market, which opened competition between state firms, as well as between state firms and private companies.

Faced with insufficient sources of electricity and a weak grid due to insufficient power plants and limited fiscal capacity, the Chinese state invited foreign private capital to either co-invest with the state or invest alone in the construction of power plants. Private loans, through banks, were used to finance the private sector's construction of power plants. In 1984, Yunnan Lubuge Power Station and the World Bank signed a loan agreement to construct a power engineering project. In short, China liberalised energy generation to allow the private sector to generate power.<sup>5</sup>

The South African SOEs operating in the network industries need to be subjected to market competition to ensure their efficiencies. Put differently, there has to be liberalisation of the sectors in these network industries in which SOEs have monopolised. However, the liberalisation of the industries should not necessarily be accompanied by price liberalisation. For instance, in the electricity sector, NERSA should continue to regulate prices at which electricity can be sold in the interest of industrialisation and meeting the basic needs of the poor.

## **Explaining the rise of the developmental state**

Developmental states do not fall from the sky. Instead, they are human-made. However, it was not the Cold War between the USSR and the USA that led to the rise of the developmental states in Southeast Asia, as some may argue. Otherwise, Mobutu Sese Seko, the former President of Zaire, would have had a developmental state, given that both South Korea and Zaire operated under the same conditions of the Cold War and were both supported by the US. State capacity is a necessary but not a sufficient condition for the emergence of a developmental state. Otherwise, India would have had a developmental state since both it and South Korea had strong planning institutions. State capacity matters, but it is not sufficient.

It is largely the class orientation of both business and labour that produces a developmental state.<sup>6</sup> Under Nehru, the Indian business class was mainly interested in the domestic market with local industries protected through high tariffs under the import substitution industrialisation. So there was no structural compulsion to innovate or to cut production costs to be globally competitive. South Korea, on the other hand, accepted the construction of a developmental state because it was interested in the US market. It therefore accepted the subsidy because it was interested in international markets such as the US.

The verdict is that business accepts state discipline if it is in its self-interest, either due to interests in the international markets (South Korea), if it is still weakened or threatened by a war (Taiwan), the strength of the labour movement (Sweden); and when business is threatened by international competition. The response to international competition can be either protectionist or offensive in meeting the international competition, or both, but it must be properly sequenced and executed.

## **Conclusion**

The burden of this paper has been to argue that in the absence of an immediate rupture with capitalism, the democratic state needs to subsidise capital in exchange for better developmental outcomes. Government subsidies coupled with the government's capacity to monitor business performance on productivity and exports, have been the hallmark of the success of developmental states.

The consensus within the movement around the developmental state, as a strategic task, provides a good programmatic basis for the Alliance's economic program. The key question is: does South Africa have a labour movement, state, business class, and political and bureaucratic leadership capable of carrying out the agenda of the developmental state in the 21<sup>st</sup> century? If not, how do we build a labour movement and state capable of disciplining private capital to produce developmental outcomes within capitalism? ●

***Cde Masondo is the SACP Second Deputy General Secretary and Deputy Finance Minister. The views expressed here are his personal views***

## **Endnotes**

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## GEOPOLITICS AND AFRICA

# Seismic geopolitical changes – the African case for equitable multipolarity

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The rise of China and the decline of US hegemony open up great potential for repositioning Africa within a restructured global order, writes **Dr Zamani Saul**

**M**y ardent interest in US-China rivalry was cultivated in 2009 when reading the book *What Does China Think?* by Mark Leonard. It is a fascinating account of how Chinese intellectuals and policy-makers see the world. The interest in the book was largely generated by two discussions on international affairs that took place during the 2002 and 2007 ANC National Conferences. At the 2002 Stellenbosch Conference the notion that the world was on the cusp of multipolarity was rejected, with the understanding that there was a pre-eminent and unrivalled superpower. During the 2007 Polokwane Conference, there was a loose appreciation of the shift in the world order. At its last conference, in 2022, the ANC recognised the extraordinary shifts in the world order and reflected on the implications for developing countries and Africa.

In his book Leonard helps the reader to appreciate the scale of the shift in geopolitics and the possible outcomes thereof. In his opening paragraph, Leonard observes:

Very few things that happened during my lifetime will be remem-

bered after I am dead. Even 9/11 or the War in Iraq – events that transfixed us, took innocent lives and decided elections – will gradually fade until they become mere footnotes in the history books. But China’s rise is different: it is a big story of our age and its after-effects could echo down generations to come.

This assertion was boldly amplified by China’s President Xi Jinping during the closing dinner of the 15 BRICS Business Council, hosted by South Africa from 22 to 24 September 2023. He said: “There is no mountain that can stop the mighty flow of a river”. This mighty flow of the river to which Xi referred is the rise of China.

Our generation is witnessing a watershed moment in geopolitics, what David Rennie, the Economist Beijing Bureau Chief, calls the “gigantic unprecedented rivalry” between the US and China. Synopsised, the world will no longer be the same. Geopolitics is about the global balance of power, which is shaped by wars or competition between countries and regions. The competition amongst countries and regions is for global and regional leadership, influence and control. This competition tends to have many patterns and hues. The end of the Second World War in 1945 brought about the dominance of the rich global North over the mainly poor global South. The beginning of the 21<sup>st</sup> century marked the gradual resurgence of the global South in a manner that challenges the post-Second World War global order.

During the 15th BRICS Summit there was generally a strong sense of optimism from political and business leaders of the global South about the unfolding shift in the global balance of power. This optimism also shapes the attitude of most African leaders, taking cognisance of the more than five centuries of humiliation of Africa by the global North. Generally, there is a sense of global fatigue with regard to the dominance of the global North in world affairs. Key to global dominance by

the North is the US, which served as one of the superpowers since the Second World War. In the complex configuration of the global balance of power, Africa was always considered a third-class continent whose interests were secondary to those of the global powers. What does this gradual shift therefore mean for Africa? What is the agenda of the African continent?

The unusual happenings after the Second World War provide contours and context to better understand the significance of the 15th BRICS Summit. The two largest victorious powers after the Second World War were the US and the Soviet Union. This was the period of the Cold War commonly referred to as a bipolar world order. During the Cold War period the US and the Soviet Union faced each other across a line that ran through the middle of Europe and divided Germany, known as the “Iron Curtain”. At the heart of the Cold War conflict, that existed for almost half a century, was the opposing worldviews of the US as a liberal capitalist democracy and the Soviet Union which espoused communism. In essence, therefore, the Cold War was largely an ideological confrontation, which triggered a nuclear arms race, proxy wars, as well as economic and technology competition.

During this period both these nuclear-armed superpowers avoided any form of direct conflict with each other as this could have led to mutual annihilation. Despite the US “containment strategy” and the relatively stable relations between the US and the Soviet Union, crises and proxy wars did flare up, and there were times when the world lurched close to nuclear war, as happened with the Cuban missile crisis in 1962. But it is important to note that there was relative stability which was underpinned by three factors:

1. Both sides were deterred from attacking the other because any use of nuclear weapons would cause their common annihilation;

this came to be known as mutually assured destruction (MAD).

2. Stability also rested on economic success which saw substantial gains in income at home and the growth of trade abroad. There was a great expansion of exports as a share of the global economy between 1950 and 1975.
3. The stability of the Cold War period was helped by a network of international institutions such as the United Nations, military alliances such as the North Atlantic Treaty Organisation (NATO) and the now defunct Warsaw Pact, the Nuclear Non-Proliferation Treaty, the World Bank and the International Monetary Fund (IMF).

The end of the Cold War period was marked by the dramatic collapse of the Soviet Union in 1991. There are diverse views on what could have triggered the collapse of the “mighty” Soviet Union. Generally, there is some semblance of consensus that wrong policy choices (perestroika and glasnost), economic stagnation and technological backwardness could have largely contributed to the collapse. This ushered in a unipolar world, with the US as an unrivalled super hegemon. This strength of the US was augmented by the support of its principal Western allies and some in the Asian Pacific.

The unipolar world order was an unprecedented period in geopolitics, which was marked by extraordinary decisions and actions by the US. At the same time the Chinese economy was recording double digit growth year-on-year, exploiting the strength of capitalism, with its own home-brewed economic programme of building a socialism with Chinese characteristics.

China rapidly overtook both Germany and Japan to become the

world's second largest economy and in 2013 it became the world's largest economy in terms of Gross Domestic Product (Purchasing Power Parity) overtaking the US. This unprecedented growth of the Chinese economy was accompanied by a rapid increase in military spending, financing and development of new technologies coupled with heightened global reach through the ambitious Belt-and-Road Initiative (BRI). All these developments in China's economy, military, technology and diplomacy rendered China a "gigantic unprecedented rival" to the dominance of the US.

Through the BRI, China's massive infrastructure rollout programme is now penetrating all corners of Africa. Africa is the most underdeveloped continent but also potentially the richest continent in mineral endowment, containing all the critical and strategic minerals needed for the modern economy, and is one of the fastest growing regional economies in the world. During the Cold War, Africa was a playground of the superpowers, and it was during this time that the extraction of Africa's raw materials into the global supply chain was accelerated. Without a clearly articulated strategic intent by Africa in the current changing world order, the continent will continue to be used as a proxy and an appendage of the emerging powers, and this will perpetuate the political and socio-economic injustices that Africa is subjected to.

The US-China strategic rivalry is unlike the US/Soviet Union rivalry which was anchored in different worldviews. For now China does not show any intention to export their system to other countries, and this was emphasised by Xi at the recent BRICS Summit "that China builds harmony, but not similarities". The currency of this geopolitical rivalry is the economy, the military and technology. Both countries, including the regions that seemingly support them, have considerable advantages and disadvantages against each other. This article examines this complex unfolding geopolitical landscape by reflecting on the peak of

US dominance, the decline of the US dominance foregrounded by the rise of China, and the implications for Africa.

### **The heyday of US dominance**

In the past 100 years, the US had the world's largest economy and served as the engine for the world's growth. On many measures the US is as dominant as ever, and its share of the world economy is almost as large as in 1990. Americans are 30% richer than Western Europeans whereas in 1990 they were just 24% richer and the gap with Japan has grown even wider. The US was 17% richer than Japan in 1990, and by 2022 this had increased to 57%. The working age population increased by almost 50 million between 1990 and 2022 which is by about 38%. The US has the highest net wealth and largest consumer market. Its stock market and Nasdaq remains the world's largest stock exchange by trading volume and market capitalisation and the world's largest 500 companies have their headquarters in the US.

The US has largely created the global economic system and is currently at the centre of it. On the back of the global economic system is a multilateral system, a network of alliances that it has helped to set up. The multilateral system is marked by treaties covering everything from mutual defence, arms-control agreements, economic cooperation, civil rights and other matters that underline the US's global influence. The multilateral system was designed to establish a system of global governance that mainly benefited the global North.

The US dollar is the world's reserve currency, meaning other central banks hold US dollars as part of their foreign reserves. This is significant as half of cross-border trade globally is invoiced in dollars, more than the US share of the world trade, despite the new round of efforts to dislodge the dollar from its position of pre-eminence. In addition, the US holds extensive military power and technological expertise.

Great powers use a mixture of incentives and force to impose order on others, and it is true that the US used its powers to overthrow governments it disliked, such as Guatemala in 1954, Chile in 1973 and the Philippines in 1986. It has also used force to instal friendly governments, for example in South Korea. It is important to note that the willingness of the US to resort to force became more common after the collapse of the Soviet Union and from 1989 to 2010, it intervened abroad more than at any time in its history.

The zenith of US dominance marked a period of unprecedented economic growth in the global North, which then accounted for more than 70% of the global GDP. Companies from the global North prospered in a global economic system that reflected their interests and values. Strategic economic benefits reinforced one another and gave rise to globalisation which is underpinned by US security guarantees. Rising incomes in the global North accompanied rising trade; ironically, the largest beneficiary being China. With the evolving world order the US remains a significant pillar of global influence since its decline is not absolute but relative.

### **China's rise and the decline of US dominance**

Driving the relative decline in the global influence of the US is China's mighty rise. With the death of Mao Zedong in 1976, the Communist Party of China (CPC) experienced a catastrophic loss of its legitimacy due to years of anarchy caused by the Cultural Revolution as well as widespread starvation caused by the economic programme known as the Great Leap Forward. Deng Xiaoping had to restore the shattered legitimacy of the party by growing the economy and extricating people from poverty.

Looking at his neighbours in East Asia, such as South Korea, Singapore and Taiwan, Deng realised that export-led manufacturing was the optimal way to promote growth. China opened up foreign trade and encouraged investment by Western companies. Deng cultivated good relations

with the West which even survived the bombing by the US of the Chinese embassy in Belgrade in 1999 during the Bosnian war. Deng's leadership set the foundation and spurred China's growth in three critical dimensions; namely economically, technologically and militarily. These three are the main currencies of the current US/China strategic rivalry.

### **China's economic growth miracle**

Deng's policy was really one of focusing primarily on building a strong relationship with the US post the Cold War era. As long as that relationship remained stable, Deng was essentially satisfied, and this policy approach became known as "to bide and to hide". In other words, China should bide its time and hide its capabilities. This meant China appearing to form a much stronger relationship with the US while not trying to give an impression to the world that it was rising or emerging as a threat to anyone. Rebuilding the country was Deng's top priority.

Deng's timing was perfect. In 1980 China's share of total world output was just 2% but by 2019 it was almost 20%, and by some measures China is now the world's largest economy. By 2019 it became the world's largest exporter and its total trade was larger than that of the US. Chinese national income per person rose from about \$200 in 1980 to above \$10,000 in 2019. China's economic growth under Deng's successors was unprecedented, realising two and a half decades of double-digit growth with an extraordinary 14% seen in 2007.

The nominal GDP increased from just less than \$1 trillion in 1980 to about \$20 trillion in 2022. China is already the world's biggest economy based on PPP indicators and the second largest by nominal GDP. These achievements in all economic indicators, which include extricating more than 600 million Chinese out of extreme poverty and the massive rollout of socio-economic infrastructure has rendered China a significant and unprecedented economic rival to the US.

## **China's development of new technologies**

Technology has become one of the major challenges in the US/China rivalry. China has become the first country to challenge the US in the technology ecosystem across the board and the technology rivalry between the two countries is accelerating and likely to continue. During the Cold War, the Soviet Union provided competition in military and space technologies but not in the economic sphere. China's technology industry is state-led, whereas in the US it is market-led. In the state-led technology industry markets also play a significant role. As part of "Made in China 2025" China aims to become the "world's leading power" in ten high-tech fields, including Artificial Intelligence (AI), aerospace, and robotics, most of which is presently dominated by the US.

In China the government lays down national targets for technology development, it identifies strategic industries, chooses projects and ensures that money is channelled to them. The State's ability to focus attention on goals it deems vital to national security is clear. In 2022 more than one third of the domestic venture-capital investment went into artificial intelligence, biotech, green energy and semiconductors compared to about only a quarter in the US and less than a fifth in Europe.

In most manufactured goods, China's firms have moved beyond assembling foreign-made components to producing their own cutting-edge technologies. Today China's technology firms account for more than 25% of iPhone's value-added costs which is an increase from 4% in 2007. China can no longer be considered a "factory floor" that offers cheap labour but a "hotbed of innovation". China presently enjoys dominance in renewable power equipment and is at the forefront of emerging technologies such as AI and quantum computing. It is also the world's third-largest generator of nuclear power and is exporting its power plant technology. The country has by far the largest high speed rail network in the world, two thirds of the global total, and is exporting its trains.

China's government pays for digital infrastructure and has achieved supremacy in quantum computing, which is one of the most contested fields of technology. It also has an edge in fifth-generation mobile communication. Through a state-led system of technology, China has arrived as a major technological power, with Chinese firms making rapid progress in many other technologies and gaining ground against European and Japanese counterparts.

China competes with the US in a number of industries and is a world leader in many of them, but nonetheless remains some years behind US industries. In the past the US encountered serious competition in the technology space from the Soviet Union on military and space technologies and from Japan which created world-beating semiconductors and consumer electronics industries. However, China's achievements render it a "gigantic unprecedented technology rival" to the US.

### **China's military**

China's spending on the military has grown nearly fivefold over the past two decades, jumping from \$62 billion in 2002 to \$298 billion in 2022. This spending is around one quarter of US spending with the 2023 US defence budget of \$858 billion. This nonetheless has a significant impact on the balance of military power globally and especially in China's neighbourhood.

The spending increase outpaces the targeted economic growth of around 5%. China is concerned about challenges on many fronts ranging from Chinese claimed Taiwan to American naval and air missions in the disputed South China Sea near Chinese occupied islands. China's leaders are clearly intensifying efforts to prepare the country militarily to meet all potential security challenges, including unexpected situations. China has the world's largest military in terms of personnel and is adding new hardware, including aircraft carriers and stealth fighters.

There seems, for now, to be no intention on the part of China to go to war with the US but rather to render US intervention in domestic and regional matters riskier.

All these developments on the economic, technology and military fronts reflect that China is now “near to the US” if not a peer and worth being taken seriously at all levels. The Chinese are capable of inventing the future on their own terms. This has profound implications for the world, for China and its rivalry with the US. This contributes to a changing structure of power relations between the US and China. Underpinning that is the shifting balance of power, and as a matter of strategic logic causes greater assertiveness by China. This is the point that generates the strategic rivalry with the US as the remaining superpower.

The US is redefining itself and mobilising other countries for the retention of the status quo while China is actively mobilising the disillusioned global South for change. Despite the recent slowdown in China’s economic growth, the cumulative trends indicate that China is a major disruptive force to the post Cold World era and that this is “China’s century”. This development catapults the world into a loose multipolarity, with the US and China as dominant pillars of influence that will build and mobilise regional alliances such as ASEAN, the European Union, Africa, and BRICS, amongst other formations. The multipolarity of the world order will then be derived from the role that these regional blocks will play as subordinate pillars of influence.

### **Implications for Africa**

There is no doubt that the world is in the throes of tremendous change. With the post-1945 world order slowly but surely declining, African countries have an opportunity to redefine their role in the world order. The Pew Research Centre surveyed 18 countries and revealed that many emerging markets, including Africa, welcomed economic ties

with China and saw growing benefits to engagements with China's economy. Many countries in the Asian Pacific and Europe have little confidence in Xi. Conversely, all African countries surveyed gave Xi a positive rating. The African countries surveyed also considered China's economic influence as a positive development; from the people interviewed only one in five described it negatively.

From the Pew Research Centre survey, one can cautiously conclude that there is an overwhelmingly positive perception of China's influence in Africa. On the contrary, there is a wide and growing trust deficit between African countries and the West. The mistrust of the West drives Africa to increasingly look to emerging and re-emerging powers in the East for partnerships. But as the continent does, it must ensure that it does not move from one unjust and inequitable order to another.

Africa is confronted by many headwinds that can weaken the continent's engagement with the changing world order, such as the fact that Africa is still not a single market. Although accounting for 18% of the total world population it only accounts for 3% of the world's GDP in nominal terms and it is the second smallest continental economy after Oceania. Furthermore, despite the African Continental Free Trade Area (AfCFTA), intra-Africa trade stands at just 14.4% of total African exports. This is the lowest regional trade of all continents, weakening the prospects of achieving the African Union's Agenda 2063. The general economic and political state of the continent might weaken the collective agency of African countries to engage with the changing world order.

For most of the last 500 years, the world order was explicitly designed to exploit Africa. With the transatlantic slave trade, millions of Africans were kidnapped and shipped to the Americas and their slave labour was used to build wealth. This was followed by European colonialism, which was about territorial expansion into Africa and other

parts of the world to extract wealth, under-develop and impoverish the colonies. Today's world order, which is dominated by the global North, still treats Africa inequitably. The shift in the world order must generate prospects for the dawn of a more equitable new world order. If the emerging new world order is not equitable, Africa and other poor regions elsewhere will be used as proxies of the emerging powers, perpetuating their under-development and impoverishment. Based on the African Union's Agenda 2063, Africa must achieve an equitable multipolar world order with four principal attributes.

First, the equitable multipolarity must be premised on what President Cyril Ramaphosa calls "shared growth and prosperity of all nations and regions". But the most important question is whether Africa has the agency to vigorously pursue such shared growth and prosperity. In the global supply chain, whether with countries in the West or East, Africa remains the supplier of bulk commodities. Africa remains the underdeveloped periphery used for the extraction and supply of raw materials to the developed world. For an equitable multipolarity to be realised, this configuration of trade must change. The equitable global system must be accompanied by real efforts to industrialise Africa, to introduce development approaches that close the digital divide between rich and poor countries and address the deepening social disparities.

Secondly, an equitable multipolarity must be accompanied by the reform of global governance institutions to make them fully inclusive in their decision-making processes and structures. The current political and economic landscape of global governance is undemocratic both in form and content. The current oppressive world order is bolstered by an undemocratic and uneven post-war multilateral system, which includes the United Nations Security Council and the Bretton Woods institutions. The continuous calls by African leaders for reform of these institutions have fallen on deaf ears.

Thirdly, the equitable multipolar order must recognise each country or region's strategic autonomy to choose its own partners, shape its own relations and to define its own development path. The George Bush post- 9/11 doctrine "You are either with us, or with the terrorists" will not work, as it was pure blackmail. The participation of Africa in BRICS and its recent expansion to include two more African countries, Egypt and Ethiopia, is a welcome development as BRICS serves as a counter-balance to the post-1945 world order. China is largely a centre of gravity in BRICS, and Africa must find ways to mitigate the impact of a Sino-centric world order in which the continent is used as a proxy. Without being coerced, Africa and African countries must choose their own development path and partners. The assertion by Xi during the recent BRICS Summit that "hegemonism is not in the DNA of the Chinese" was timely, as the Russia/Ukraine conflict reveals that there is a growing number of countries that are becoming non-aligned and would detest any dictatorial approach on their strategic choices.

Lastly, the equitable multipolar dispensation must encompass a deliberate agenda to reduce global inequality between rich and poor countries or regions. The heyday of unipolarity marked a period of significant increase in levels of global inequality between countries of the mainly poor global South and the rich global North. The countries of the global North experienced a significant increase in their GDP per capita, household incomes and life expectancy, and a reduction of within-country inequality. On the other hand, most countries of the global South, African countries in particular, experienced an increase in poverty as 34% of households in Africa are considered extremely poor. The world has become more unequal, and there are stark differences in opportunities that are informed by a person's country and location of birth. Many political philosophers are of the firm view that in an interdependent world, large differences in life opportunities be-

tween nations should not be accepted lightly.

### **Towards equitable multipolarity**

The relative decline of the global influence of the US and its principal allies and the rise of China is one of the most interesting developments in geopolitics. I argue in this article that the strategic rivalry between the US and China is unlike the Cold War tensions between the US and the Soviet Union, which was mainly about different worldviews, namely liberal capitalist democracy versus communism. The US-China strategic rivalry concerns dominance over the economy, technology and the military. What makes this rivalry interesting is that China is a country from the global South and a developing economy and does not share the same worldview as the US.

The scale of growth of the China's economy from the 1990s, the massive state-led investment in technology and the fivefold increase in its military budget render China a gigantic unprecedented rival to the US. This contributes to tensions in the world order that accelerate and intensify the rivalry. This rivalry places the world on the cusp of loose multipolarity with the US and China as dominant pillars of influence that would fiercely compete in certain areas such as technology, but will also cooperate on selected matters such as world trade because the two economies are so interdependent. This period will see both China and the US redoubling their efforts to lead the international system, looking for allies to magnify their influence. This will fragment the world order and encourage regions and countries to choose sides. Some of these regions and countries will exert major influences as subordinate pillars of influence based on their sheer economic strength, and this will give birth to a loose multipolar world.

What this article further interrogates is the future of Africa in this new multipolar configuration of the global balance of power. Africa is

a contested continent by both the West and East, and this is mainly because of its market of about 1.4 billion people and its significant endowment of natural resources. The shift in the world order and the tussle for greater influence by the great powers give Africa an unrivalled opportunity to deploy its collective agency for a global order that is not exploitative and unjust but for equitable multipolarity. Equitable multipolarity will be characterised, first, by fair and equitable trade between regions and countries; secondly, will ensure reform of global governance; thirdly, will affirm the strategic autonomy of countries, particularly the poor countries; and lastly, will ensure the reduction of global inequality between countries and regions, particularly Africa. ●

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## STATE OWNERSHIP

# SOEs must fulfil their true potential

Improving the performance of SA's state-owned enterprises (SOEs) would give a massive boost to the economy, argues **Masonwabe Sokoyi**

SOEs are an important tool for governments to drive economic and skills development. At present, SOEs are not seen as contributing to economic growth and social transformation, do not demonstrate a progressive system of governance driven by a liberation force in South Africa, lack transparency and have poor financial performance. These are just a few of the obstacles that SOEs need to overcome to contribute to sustainable and equitable development. Their success will surely depend on the macroeconomic policies that are in place and their ideological intentions. In South Africa, however, the government adopted neoliberal macroeconomic policies after the democratic breakthrough from the oppressive apartheid system in 1994.

In the recent Medium Term Budget Policy Statement (MTBPS), the National Treasury has put the final nail in the coffin, confirming the government's intention to liquidate SOEs. "We propose a strategy of targeted spending adjustments based on policy priorities and a re-configuration and rationalisation of the state, which includes closing or merging ineffective entities and programmes and enhancing the complementarity of its functions" (MTBPS 23). This statement by the

Minister of Finance indicates that the government is not committed to responding urgently to some of the challenges that are facing the SOEs. Of course, due to the rent-seeking activities in many of our SOEs, it sounds good to many that the government should not invest in SOEs but allow them to die a natural death. Certainly, the death of SOEs is not in the interest of our country, particularly when it still defines itself as a developmental state. Moreover, it understands what the role of SOEs is and what it is not.

Some SOEs serve the market's interests, and some within our movement declare that SOEs are useless and should, therefore, be privatised. But in the context of privatisation, some form empty private consortia to acquire such SOEs for themselves, which is usually referred to as "throwing the javelin". In the context of post-1994 South Africa, in response to the structural adjustment programme under Growth, Employment, and Redistribution (Gear) as a macroeconomic policy, the government developed a document through the Department of Public Enterprise in the late 1990s and early 2000s titled "An accelerated agenda towards the restructuring of state-owned enterprises". Gear and this document paved the way for the mayhem and chaos that has unfolded in our SOEs to date.

In response to this, in 2013 the government issued a presidential report to respond to the chaos in our SOEs. To date, not much has been done, but the privatisation route for our SOEs was not an option. So, when the Zondo Commission looked at some of the malpractices that have taken place and what needs to be done, privatisation was not one of its recommendations, although, of course, it was not within its remit to do so. It is only in the snippets of the World Bank reports, International Monetary Fund (IMF) reports, and Organisation for Economic Cooperation and Development (OECD) reports that privatisation is posited through reforms that use the defunding of SOEs as a mecha-

nism for their collapse. However, the World Bank (2018) found that SOEs are critical to the country's economic growth, especially in infrastructure and basic services. SOEs play an important role in the South African economy. "Since 1994, SOEs have been a significant vehicle for achieving economic growth and poverty reduction. They are especially important vehicles for addressing market failure and for delivering key infrastructure services such as energy, transport, and water that allow the economy to grow while ensuring equity through access and quality of social services to all citizens. (World Bank, 2018).

### **What is the role of SOEs?**

State-owned enterprises play a very important role in any economy, including South Africa's. The African National Congress (ANC) has been South Africa's democratic government since 1994. The new government's main goal was to reverse the inequalities that had arisen under apartheid by making South Africa a better place to live for everyone. After the democratic breakthrough and having inherited the state from a racial minority rule, the new democratic government set about redefining the role of the state. After 1994, South Africa shifted its focus to economic growth and social welfare, transforming the country into a developmental state (Gumede, 2019). As a result, the government has relied heavily on SOEs for decades to boost the economy. This highlights the vital role that SOEs play in the economies of many emerging countries.

The World Bank found that SOEs play a significant role in the economies of many developing nations. According to the paper's findings, SOEs have a significant presence in many sectors of the economy, including energy, telecommunications, transport and finance. The impact of SOEs on economic growth, job creation, and poverty reduction is substantial as they are often the primary providers of such services

and infrastructure. In addition to highlighting the potential contribution of SOEs to sustainable and inclusive development, the study highlights the issues these organisations confront, including poor governance, lack of transparency and unsatisfactory financial performance. SOEs have an important role to play in helping the government, either directly or indirectly, and have an impact on several sectors of a country, including the economy, infrastructure, growth, and development (DOT, 2017).

For example, the aviation industry is estimated to have contributed one trillion dollars to the global GDP by 2020 (OECD, 2020). However, in developing countries such as South Africa, where SOEs have been experiencing financial difficulties for years, questions have been raised about their future and role.

The usefulness of SOEs in fostering economic growth and social welfare has been questioned. In South Africa, our macroeconomic policy framework and the National Treasury's fiscal policy analysis offer no solution other than to throw the baby out with the bathwater.

The negative stance of the South African government, particularly Treasury, is nothing more than a neoliberal policy direction as promoted by the IMF, the World Bank, and the IMF. Almost every time the IMF and the World Bank analyse the South African economy and its barriers to growth and suggest reforms, such reforms are nothing but cuts in budgetary expenditure on social spending (austerity) and privatisation of public goods like the SOEs and other critical sectors of the economy. These include water and sanitation; electricity generation, distribution, and transmission; the telecommunications industry; and transport, both passenger and logistics.

In the case of South Africa, as a developmental state among its tenants, the state must, by definition, directly participate in the economy through SOEs, among others, and further drive its development

through a developmental economic framework rather than a free market economic framework. That's why a developmental state worth its salt cannot be passive in economic development. Singh (2019) argues that for SOEs to play a significant role in driving economic development, the government must meaningfully support them. In addition, Faguet and Sanchez (2020) suggest that SOEs can be powerful growth catalysts, but only if they are closely managed and monitored closely to ensure that they are accountable to the government and the public. Moreover, corruption, mismanagement, and financial instability have all been cited as problems faced by South African SOEs.

Therefore, SOEs' contribution to economic growth can be better understood within the context of the developmental state theory. According to this school of thought, government involvement in the market and promoting specific sectors are major contributors to economic expansion. Johnson further argues that government intervention is crucial for economic progress and its inclusiveness in the context of a developmental state (Johnson, 1982).

South Africa's history and the democratic state's role in transformation make SOEs the rallying point for such a developmental goal. SOEs need to generate cash for the government, but the goal of the developmental state is to improve the lives of oppressed citizens. (PRC, 2013).

The NDP Vision 2030 requires SOEs to empower the unemployed by creating skills development programmes, graduate programmes to give graduates experience, and capacity development for employed people to use their skills in the economy (SA, 2012).

### **SOEs pre-1994 and post-1994**

SOEs in South Africa have existed since the early 1900s, when the country was still fighting for independence from Britain and President Paul Kruger was in power (Clark, 1994). Increasing taxes on imported

goods was one reason for establishing SOEs in South Africa. The SOE programme fostered monopoly power and helped domestic businesses to prosper. In addition, the SOEs that were formed engaged in racial discrimination by employing white Afrikaners even though they lacked the bare minimum of qualifications (Clark, 1994).

The Presidential Review Commission (2012) claims that the apartheid administration relied on SOEs to withstand economic sanctions in the years leading up to the democratic breakthrough in 1994. The SOEs were created to further the racial apartheid government's policy goals for the benefit of the white population. After independence, however, the non-racial government changed course on the role of SOEs, removing privileges for the few and transforming SOEs into a vehicle for broader social and economic change. As a result, a new policy framework was developed to deracialise economic participation and advance social justice by employing SOEs as a transformative vehicle.

The new government put into effect the Reconstruction and Development Programme (RDP) in the early 1990s. To construct a more equitable society, the structural inequalities of the apartheid regime were the primary focus of the RDP's efforts to bring about a unified and complete social transformation in South Africa (Fourie, 2001). The core idea of the RDP concerning SOEs was that they would make a significant contribution to the economy; therefore improving their efficiency is an ongoing task for government, and that better use of SOEs to provide services at lower cost to the people was crucial.

Only two years after the RDP was established as the basis for the democratic government's programme, the new Gear policy was introduced, unveiled by the government in 1996. By redistributing wealth and providing new employment opportunities, the policy hoped to boost economic growth and lessen poverty.

This happened while the ANC (1994) argued that SOEs should be

prioritised because of their dual role as training and development institutions and platforms for government economic involvement. Consequently, many shifts occurred in the SOE sector as a direct result of the government's policy shift from the RDP to Gear. These include the management of SOEs and their function in implementing government policy, both of which have contributed significantly to the South African government's transformation agenda.

South Africa has a comprehensive Presidential Commission Report on SOEs, led by Riah Phiyega. The report made recommendations on the future of SOEs, including the history of South Africa and the role of the democratic state in transformation, to make SOEs the rallying point for such a development goal. SOEs must create cash for the government, but the developmental state's goal is to improve the lives of oppressed citizens (PRC, 2013).

The NDP Vision 2030 requires SOEs to empower the unemployed by creating skills development programmes, graduate programmes, experiential learning to give graduates experience, and capacity development for employed people to use their skills in the economy (SA NDP, 2012).

### **Lessons from China's SOEs**

China has a long history of using public-private partnerships (PPPs) to manage SOEs (Peng, 2016). These partnerships involve the government partnering with private investors to share the risks and rewards of running an SOE. PPPs have successfully improved the governance and financial sustainability of SOEs by bringing in private sector expertise and resources (Xiao & Cooke, 2020).

China's experience with SOEs is noteworthy, as their utilisation has contributed to its overall economic growth. China has involved SOEs in strategic investments, including infrastructure development and manufacturing. Infrastructure development has been one of the main

areas of focus for SOEs in China, where they have played a crucial role in developing the country's transport, energy, and telecommunications infrastructure (Lin et al., 2020). SOEs have also invested heavily in manufacturing, which has led to the creation of many jobs and the development of a diversified manufacturing industry (Liu 2020).

The use of SOEs for affordable housing and healthcare has also contributed to social development. SOEs have been at the forefront of providing affordable housing for low-income families in urban areas in China. They have developed various housing schemes, including rental, low-cost, and public housing, which have helped to improve the living conditions of millions of low-income households in China (Chen and Tillmann 2019).

Moreover, SOEs have played a significant role in providing affordable healthcare in China. They have been involved in building and operating hospitals, medical institutions, and healthcare facilities, particularly in the rural areas of China. This provision of healthcare facilities by SOEs has helped to improve the overall health of millions of people, particularly those living in underserved communities (Liu, 2020).

In addition, SOEs have contributed significantly to China's environmental protection initiatives. They have been involved in sustainable development projects, which have focused on energy-saving and reducing greenhouse gas emissions, as well as on promoting renewable energy sources (Yuan et al., 2020). As a result, China's SOEs have contributed to reducing the country's carbon footprint and promoting sustainable development.

China's experience with SOEs and public-private partnerships (PPPs) could provide valuable lessons for the South African government in promoting economic development. However, the South African government must tackle corruption, political interference, and a lack of transparency to overcome them.

### **What is to be done?**

The government must respond to and implement the Presidential Commission report of 2012, use the NDP proposals on the SOEs and their future, and respond to the Zondo Commission report and its findings on some of the SOEs where corruption has been pervasive. There is a need to identify potential solutions and opportunities to address the challenges facing SOEs and use them to harness their full potential for economic growth and development in the South African context.

An improved regulatory framework that promotes good governance and accountability in the public and private sectors is required. This includes establishing independent regulatory bodies with governance structures that promote transparency and accountability in public and private sector decision-making. With the right regulatory framework in place, SOEs will be better equipped to operate in a highly competitive aviation market and can attract investors whose trust in the country's aviation sector is restored.

The government must play its role by reinforcing the policy objective to be implemented by the relevant government department and by collaborating with trade unions as workers' representatives to guard against some of the macroeconomic framework policy decisions that may negatively work against the importance of the SOEs. This includes engaging in constructive dialogue, developing partnerships and alliances, and advocating for policy direction that promotes economic growth and development in the industry and helps the country drive industrialisation.

Finally, improving employee training and development will improve staff morale and the quality of service provided by SOEs. This will increase productivity, boost competitiveness, and ensure that SOEs are well-equipped to compete in a highly competitive aviation market.

As such, the recommendation is that South African SOEs in all sec-

tors can benefit from comprehensive restructuring plans, recapitalisation, improved regulatory frameworks, stakeholder collaboration, and improved employee training and development. By adopting these measures, operational deficiencies can be addressed, and the contribution of SOEs to economic growth and development in all sectors is strengthened.

We must do everything possible to improve the efficiency of SOEs through a comprehensive plan to address the challenges of governance and management. Improving accountability and transparency and ensuring a sustainable ownership and management structure are necessary to leverage the full potential of SOEs for economic growth and development in the South African context. ●

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PALESTINE

## Now more than ever: solidarity with Palestine – a South African perspective

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The worldwide tide against the genocidal project of Zionist Israel must be sustained and boosted – the heroic people of Palestine deserve nothing less, writes **Jeremy Cronin\***

**T**he ICJ's finding that Israel's horrendous onslaught on the people of Gaza constitutes a plausible case of genocide is a landmark moment. The ruling thwarted Israel's attempt to block what will now become a substantive judicial enquiry into Israel's perpetration of this crime of crimes. The ICJ's ruling is a significant contribution to puncturing the global impunity with which Zionist Israel has acted over decades.

Despite the best efforts of political elites in Washington and London, despite powerful Zionist lobby groups, despite the likes of the BBC and New York Times, there is a loss of control over the dominant Western narrative on Israel. Even before the ICJ ruling, an Economist/YouGov poll found that more than one-third of Americans believed Israel was committing genocide with a further 29 percent undecided.

In early February 800 serving officials in the US, EU and 11 European countries warned “there is a plausible risk our governments’ policies are contributing to grave violations of international law, war crimes and even ethnic cleansing or genocide”. They note that not only are

their governments failing to prevent these grave violations, they are actively complicit in them through the continued arming and funding of Israel. Everywhere, cracks are opening in the edifice of empire.

In the front line of puncturing the pro-Zionist narrative are the courageous journalists reporting from inside Gaza (at the time of writing over 122 had been killed since October 7), as well as numerous Gazan citizens reaching millions globally in real-time through social media, filming on their cell-phones the sheer horror of the genocide being inflicted upon them.

Unsurprisingly, the Israeli government has brazenly defied the preliminary measures ordered by the ICJ to refrain from acts that could be genocidal and to urgently address the humanitarian crisis in the enclave. It is important to remember these preliminary orders are not just binding on Israel. They are binding on all signatory governments to the 1948 Genocide Convention including the US, UK, Germany and Canada.

The ICJ ordered Israel to report back to the court (and to South Africa) within one month. Exposing the Israeli government to ongoing public accountability to the people of the world through the ICJ should become a continued catalyst for all-round mobilisation and solidarity.

South Africa, like several other countries, is also actively engaging the International Criminal Court (which investigates individuals, rather than governments, for war crimes). The ICC has a poor record of bias. South Africa's foreign minister, Naledi Pandor, recently expressed frustration with the tardiness with which the ICC is proceeding on Israeli. The ICC prosecutor simply "couldn't answer" when she asked him why he was able to quickly issue an arrest warrant for Russian President Vladimir Putin, but none yet for Netanyahu.

It is not just at the international level that pro-Palestinian lawfare is being waged. In California progressive NGO's filed a civil case in a fed-

eral court accusing Biden, secretary of state Blinken and defence secretary Lloyd Austin of complicity in Israel's genocide. Listening to evidence from Palestinians including via video link directly from Gaza and Ramallah, the judge explicitly agreed with the ICJ there was a plausible case of genocide against Israel. He implored the defendants, Biden, Blinken and Austin "to examine the results of their unflagging support of the military siege against Palestinians", while regretting that, owing to a technicality in domestic US law, he did not have the power to stop the US supply of weapons to Israel. Similar genocide complicity cases against national politicians and civil servants in the UK, Canada, Italy, Australia and possibly Germany could well be more successful and should be pursued.

Understanding Zionist Israel's key strategic vulnerability (its existential dependence on external support) underlines the importance of these deepening cleavages opening up in the heart of its Western backers.

Zionist Israel's genocidal destruction of Gaza post-October 7 has burst the bubble on a certain world-weary fatigue that had set in regarding the fate of the Palestinian struggle. Just weeks before October 7, in a largely empty UN General Assembly chamber, Netanyahu infamously held up a map of the "New Middle East" that simply eliminated Gaza, the West Bank, and East Jerusalem. I don't recall any public statement from the South African government on the matter at the time.

The post-apartheid government in South Africa and the ruling ANC and its alliance partners have a long and sincerely held sense of deep solidarity with the Palestinian struggle. As activists in the underground structures of the 1980s, we were greatly inspired by the urban-based Intifada strategies developed by the Palestinians in struggle. Here was a form of struggle better suited to our largely urban social reality than the more characteristic, largely rural-based national liberation struggles of

the second half of the 20th century whether in China, Cuba, Vietnam, or closer to home in Mozambique, Zimbabwe and Angola. I still have copies of underground SACP 1980s pamphlets urging local communities to take up “our own Intifada”.

There were many factors that contributed to the eventual negotiated transition to democracy in South Africa, including international sanctions, boycotts and widespread international anti-apartheid mobilisation. But it was the rolling, mass-based South African factory-floor and township-based Intifada sustained through the 1980s that was the key in eventually bringing about a negotiated transition. South African solidarity with the Palestinian struggle in the present should, therefore, also be grounded in a sense of indebtedness and admiration.

But as the years have stretched on and the seeming implacable Zionist entrenchment of more walls, more illegal settlements, more killings, more prisoners, in short, as a genocidal process of ethnic-cleansing that dates back to 1948, if not before – so a South African sense of solidarity with Palestine, however sincere, risked becoming ritualistic. The post-apartheid government, as should be expected, has always voted consistently on UN resolutions on Palestine. ANC national conferences always pass resolutions on Palestinian solidarity.

But attempts, for instance, by the Boycott Divest Sanction (BDS) movement (deliberately modelled on the anti-apartheid experience, by the way) to get full cooperation from the South African government, or even from the ANC, have met with an uneven and at times lukewarm response in the recent past. Part of the problem has been the way in which the post-apartheid government, with a revisionist reading of our negotiated transition, has been inclined to present itself as a global consultant on and exporter of essentially elite-pacted, negotiated settlements to all and sundry. And this inclination has, in part, been responsible for a certain hesitancy hitherto to take a firmer stance against

Zionist Israel. Strong measures to isolate and sanction Israel were often resisted on the grounds we were positioning ourselves as credible intermediaries between Israel and the Palestinians.

As South Africa's preparedness to take the global lead on charging Israel with genocide at the ICJ underlines, that illusory positioning has been blown away by the sheer scale of what is happening in Gaza. But the genocide of the past months simply concentrates dramatically in time and space the grinding, systematic genocide of the Palestinian people underway since 1948. Nothing short of a comprehensive, just and equitable peace settlement that fully recognises the rights of the Palestinian people will end the spiral of violence and insecurity, including for Israelis.

We should have no illusions about the difficulties that face progressive forces in Palestine and beyond in seeking such an outcome. Nor should we lose sight of the special responsibilities that all of us not living in Gaza, or in the West Bank, or occupied East Jerusalem now bear.

The parallels between apartheid-era South Africa's racial oppression and Zionist Israel's oppression of the Palestinian people are obvious, but for all its horrors South African apartheid never achieved the same genocidal, ethnic cleansing scale we are witnessing in the historic Palestinian lands. A critical difference lies in the much greater dependence of South African capital on black labour. The summary withdrawal of 110,000 work permits for Palestinian labourers post-October 7 has seen the Israeli construction sector temporarily slump. But that contraction is being hurriedly addressed through the importation of Indian labourers with the connivance of Modi's government.

The maximum weapon of the liberation struggle in South Africa was the mass stayaway from work, and consumer boycotts of white owned shops, in other words, active withdrawal into the numerous, racially segregated peri-urban dormitory townships that were the core feature

of apartheid South Africa. There were many brutal massacres inflicted by the regime on these peri-urban ghettos, but for its own survival the apartheid regime could never carry out a Gaza-style ground-leveling destruction of a Soweto, for instance.

Israel is, effectively, an astro-turfed US-European project implanted upon the Middle East. To a much greater extent than De Klerk's South Africa, apartheid Israel can only be kept afloat through the support of external actors. The genocidal arrogance of the Zionist project has been possible because of the sustained military, economic and ideological support emanating from Washington, London and Berlin. The recent outpouring of massive, pro-Palestinian protests on the streets of both the Global North and South has begun to drive a wedge to raise the political and electoral costs for those supporting the genocide. There is a long way to go. Now more than ever, whether in forums like the ICJ and ICC, or in sustained protest, or in re-invigorating the BDS, the tide of anti-Zionist action needs to be sustained and consolidated. The heroic Palestinian people deserve nothing less. ●

*\* This article is reproduced from the Spring 2024 issue of the London-based Left journal, Liberation*

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ISSN 1560-7887: Online

ISSN 0001-9976: Print

Published by the South African Communist Party

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to the South African Communist Party

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