



# Bua Komanisi

Volume 12, No. 1: September 2019

**4<sup>th</sup> SPECIAL NATIONAL CONGRESS EDITION**





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# The Digital Industrial Revolution and nascent Quantum Computing Industrial Development: Post-Crisis Restructuring of Global Capital

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## Introduction

This draft discussion document has been prepared, firstly, as a contribution to the ongoing discussion, both in the SACP and in society at large, on the profound politico-economic and social implications of the transformative digital technological change already underway. In drafting this paper, we have aimed to make it accessible both in content and length. As a draft the paper also has a second purpose. At the end of the internal discussion period, the SACP will produce a position paper based on the considerations of the propositions generated here. This will be tabled as the basis of a potential resolution at the 4<sup>th</sup> Special National Congress of the Party in December 2019. In the intervening period the SACP Central Committee will continue guiding the Party's contribution on policy both in relation to the subject matter and broader issues of economic transformation and development.

The unfolding *deepening* and *widening* digitalisation<sup>1</sup> of production, together with its multiplying digital processes and products, is set to bring about transformation on a sufficient scale to characterise them as ushering in a digital industrial revolution (DIR). One of the still nascent new technologies, quantum computing industrial development (QCID) could alone render many existing digital technologies redundant. It is widely recognised that the impact of what we are styling the DIR and QCID is one of the most pressing economic policy issues. In addition to the technological space, the process is set to profoundly impact the social, physical, health as well as biological spaces of human life – in other words it will profoundly transform not just the sphere of production but also of reproduction and the wider ecology.

<sup>1</sup> The adoption of digital technologies to change, thus transforming, the way production operations or other social activities were carried out before and/or improve the productiveness of the labour process. This includes but is not limited to digitisation and automation – involving digital control or principles of operation. Digital automation encompasses more than mechanisation, which it further improves. It includes but is not limited to robotics, robotic process automation and the development and use of remotely digitally controlled, semi-autonomous to fully autonomous equipment, machinery, vehicles, apparatus, etc., and/or associated processes. This phenomenon is not necessarily new; rather, it is certainly *deepening* and *widening* in terms of both scope and scale.

Furthermore the process has already demonstrated the potential, and is further advancing the capacity, to couple different aspects of, and create convergences across, the above mentioned spheres. With regard to the SACP Programme, the South African Road to Socialism (Sars), likewise, the process affects all the pillars, key sites of struggle and significant centres of power. As communists our specific perspective is to understand that this revolutionisation of the technical conditions of production as well as product development is taking place within the specific context of a globalised capitalist regime emerging from crisis, and is being driven in the quest to restore profitability and maximise profits.

### **1. Changes in the technical conditions of production: a brief historical perspective and our conceptual approach**

The approach we have adopted in this paper is to characterise the process – that is the *deepening* and *widening* DIR and nascent QCID (DIR & QCID) – instead of simply enumerating the new production processes, technologies as well as technological change as a ‘fourth industrial revolution’. This approach takes its cue from the way Marx approached the study of production in *Capital: A Critique of Political Economy (Capital)*. Marx characterised the revolutionisation of the technical conditions of production according to its most defining features. His particular focus was on changes in the social relations of production. His work was guided by class analysis, rooted in the materialist conception of history and dialectics.

Taking our cue from Marx’s approach, our analysis seeks to avoid the narrow ‘technological determinism’<sup>2</sup> by analysing the social implications of technological change not in a one-way approach but dialectically considering technology as a product of human society. Technology is part of the broader category of **total productive forces** and technological change part of the process of their state of development. On the same score, rather than exogenous, technology is developed in particular social conditions reflecting the dominant mode of production – a complex of an array of the social relations of production as well as its processes, not reducible to a single

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2 The reductionist notion assuming that society’s technologies alone determine its social structure and cultural values.

constituent – and the class struggle within it. As Marx and Engels put it eloquently in ‘A Critique of the German Ideology’, written in the fall of 1845 to mid-1846, ‘the whole internal structure of the nation itself depends on the stage of development reached by its production **and** its internal and external intercourse’, as, similarly, the ‘relations of different nations among themselves depend upon the extent to which each has developed its **productive forces, the division of labour and internal intercourse**’ (1968/1932/1845-6, p. 3) (Emphases added).

Further, as Marx underlines in *Capital* (vol. 1), A movement known as the Luddite movement caused enormous destruction of machinery in the English manufacturing districts during the early 18<sup>th</sup> century. ‘It took both time and experience before the workpeople learnt to distinguish between machinery and its employment by capital [See the summary developed from Marx on this question in Section 3 below], and to direct their attacks, not against the material instruments of production, but against the mode in which they are used’ (Marx, *Capital*, Vol. 1: [2015 proof], p. 288). This clearly explains another tendency – regression all the way back to ‘Ludditism’ – that the working class must avoid. The working class struggle, as the way forward pointed out by Marx underlines, is not against technology as well as technological change but against the exploitative system of capitalism and its consequences for society and the ecosystem.

Through his work Marx demonstrated that capitalist production began, both historically and logically, when individual capitalists employed a comparatively large number of workers working simultaneously in one place or in a single field of labour in labour processes carried on under the control of capital<sup>3</sup>, yielding relatively large quantities of the same sort of commodities<sup>4</sup>. Three major changes with social implications had occurred in the technical conditions of capitalist organisation of production by the time Marx published the first volume of *Capital*. These were, handicraft production (15<sup>th</sup> – mid-16<sup>th</sup> century), manufacture (mid-16<sup>th</sup> –

3 A capitalist or capitalists are capital personified.

4. This resulted in what Marx referred to as mass production. ‘It is mass production – cooperation on a large scale, with the employment of machinery – that first subjugates the *forces of nature* on a large scale – wind, water, steam, electricity – to the direct production process, converts them into *agents of social labour*.’ (Marx & Engels *Collected Works*, Vol. 34 [*Economic Works 1861–1864; Economic Manuscript of 1861–1863*], Marx 1861–64 [Lawrence & Wishart, 2010], pp. 31–32)

18th century), and machinery and large scale industry (late 18th – 19th century).

Manufacture replaced handicraft production under circumstances where the latter became a barrier to the accumulation of capital, in other words, where pre-existing social and technical organisation of production had reached its limits as a means of advancing capital accumulation. Manufacture, in turn, gave way to the era of machinery and large scale industry in the 18th century<sup>5</sup>. As Marx aptly put it, ‘...manufacture was unable, either to seize upon the production of society to its full extent, or to revolutionise that production to its very core. It towered up as an economic work of art, on the broad foundation of the town handicrafts, and of the rural domestic industries. At a given stage in its development, the narrow technical basis on which manufacture rested, came into conflict with requirements of production that were created by manufacture itself.’<sup>6</sup>

Machinery and large scale industry became more productive than manufacture, which had in turn been more productive than handicraft production. However, each preceding form of the technical organisation of production laid the basis for its negation and the development of the next form. Machinery and large scale industry, in particular, distinguished itself from its predecessors by deepening the division of labour in production and through the development of automation. As Marx put it, ‘A system of machinery, whether it reposes on the mere co-operation of similar machines... or on a combination of different machines... constitutes in itself a huge automaton, whenever it is driven by a self-acting prime mover.’<sup>7</sup> The organised system of self-acting prime moving machinery made possible the continuity of production, co-ordinated from one machine to the next from raw materials to finished products:

‘Each detail machine supplies raw material to the machine next in order; and since they are all working at the same time, the product is always going through the various stages of its fabrication, and is also constantly in a state of transition,

<sup>5</sup> Marx traced the emergence of the 18th century industrial revolution to the introduction of spinning machine by John Wyatt in 1735. See Marx, *Capital* (Vol. 1 [2015 Proof], p. 261). Moscow: Progress Publishers.

<sup>6</sup> Marx, *Capital* (Vol. 1 [2015 Proof], p. 252). Moscow: Progress Publishers.

<sup>7</sup> Marx, *Capital* (Vol. 1 [2015 Proof], p. 265). Moscow: Progress Publishers.

from one phase to another. Just as in Manufacture, the direct co-operation of the detail labourers establishes a numerical proportion between the special groups, so in an organised system of machinery, where one detail machine is constantly kept employed by another, a fixed relation is established between their numbers, their size, and their speed. The collective machine, now an organised system of various kinds of single machines, and of groups of single machines, becomes more and more perfect, the more the process as a whole becomes a continuous one, i.e., the less the raw material is interrupted in its passage from its first phase to its last; in other words, the more its passage from one phase to another is effected, not by the hand of man, but by the machinery itself. In Manufacture the isolation of each detail process is a condition imposed by the nature of division of labour, but in the fully developed factory the continuity of those processes is, on the contrary, imperative.<sup>8</sup>

Marx showed in his work that the machine, which whenever it took hold of labour processes previously directly performed by workers<sup>9</sup>, was the starting-point of an industrial revolution. Where the workers individually produced with a single tool, the machine operated as a mechanism where a number of tools were set in motion by a single motive power, whatever form that power may assume. At the beginning of the industrial revolution power was mainly obtained by means of converting steam into mechanical power. The steam was itself generated from fossil fuels with coal playing the main role. Approaches based simply on enumerating industrial revolutions style the ‘first industrial revolution’ as synonymous with the steam engine. About the steam engine, and industrial revolution in particular, Marx found that:

‘The steam engine itself, such as it was at its invention, during the manufacturing period at the close of the 17th century, and such as it continued to be down to 1780, did not give rise to any industrial revolution. It was, on the contrary, the

<sup>8</sup> Marx, *Capital* (Vol. 1 [2015 Proof], p. 265). Moscow: Progress Publishers.

<sup>9</sup> In Chapter 25 of *Capital* (Vol. 1) Marx identifies and analyses three major forms of unemployment resulting from capitalist workplace restructuring, namely the latent, floating and stagnant. The latent, arising in agriculture from mechanisation, and the floating, arising in non-agricultural sectors where machinery and automation enter as a factor, are a direct result of retrenchments emanating from capital restructuring the labour process and succeeding in replacing the affected workers with machine production. Those thrown into floating unemployment are at times recalled (or replaced by other unemployed workers), but in constantly decreasing magnitudes. Unemployment in general becomes acute during periods of crisis.



invention of machines that made a revolution in the form of steam-engines necessary.<sup>10</sup>

The ubiquitous substitution of steam with electricity, as well as electricity distribution, in countries like South Africa starting in the late 1800s and linked in no small measure to mining, gave rise to a further advance in industrial revolution. Coal still played a major role, in countries such as South Africa (as it still does to this day), but instead of driving steam power it became the main means of generating electricity. This was the context within which the ‘mineral energy complex’<sup>11</sup> developed in South Africa.

Advances in electrical engineering and electronics, including industrial, communication and digital systems/electronics, rooted in the substitution of steam power with electricity and the conversion of electric power into mechanical power, played a key role in the development of computers, computer-based or computer-driven processes and machines, including a wide range of programming and programmable functions and operations. Mechanisation gained greater progress than before. Automation and robotics advanced in the automotive industry, among others.

Dubbed the ‘industry of industries’<sup>12</sup>, the automotive industry had a major influence on the organisation (and re-organisation) of industrial production generally since the 1900s – first through the development of Fordist mass production and then the Toyota Production System, also known as ‘lean production’, a term coined by John Craftik of the International Motor Vehicle Programme. Lean production employs increasingly automated machines [including production process robotisation] to produce volumes of products in enormous variety, and is referred to as ‘lean’ because it uses less of everything compared with mass production – ‘half’ the direct effort in the factory, manufacturing space, investment in tools, engineering hours to develop a product in ‘half’ the time, as well as keeping ‘far less than half’ the needed inventory on site, and all these based on robustly continual improvement and cost

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10 Marx, *Capital* (Vol. 1 [2015 Proof], p. 261). Moscow: Progress Publishers.

11 See, for example, Fine, Ben (1996) *The Political Economy of South Africa: From minerals-energy complex to industrialisation* for a detailed discussion of the concept ‘mineral energy complex’.

12 See for example Drucker, Peter (1946) *The Concept of the Corporation*; Womack, J.P., Jones, D.T. and Roos, D. (1990) *The Machine that Changes the World: The Story of Lean Production*. .

reduction strategies.<sup>13</sup> Given this point it is important, at this stage, to underline that capital's cost reduction includes a dedicated focus on curtailing *variable capital*<sup>14</sup>.

What those fixated on the numbering of changes in the organisation of production call the 'second' and 'third' industrial revolutions can be discerned from the above. What we have attempted to show is that the approach developed by Marx, only briefly outlined above, goes beyond the level of appearance to analyse critical trends in capital accumulation underlying these processes.

In addition (and as later highlighted), while there are new developments in both process and product development in the latest industrial revolution, the reality is that these are both based on pre-existing technological advances. To try and address this conceptual weakness Klaus Schwab<sup>15</sup>, pioneer of the notion of the 'fourth industrial revolution', suggested that its main distinguishing feature is that its associated mega-trends are becoming exponentially ubiquitous, leading to unprecedented paradigm shifts, and both fuse and interact with each other on the physical, biological and digital domains, all with far reaching systems change impact.

There can be no doubt that the scale of digital technological advances is expanding to sectors and industries where they were neither employed at all nor were they employed on any extensive scale if they were ever employed. This means that the DIR is *deepening* the development of digital technologies, where they are already in use, and *widening* in terms of its scale and cutting edge product development. These developments will have serious implications for the working class, and require a revolutionary response.

## **2. Response to the endemic crisis of capitalism and immanent barriers to capital accumulation**

**As indicated above, the revolutionisation of the technical conditions of production under capitalism arises when pre-existing conditions, including old technologies, become a barrier to capital accumulation. This is not a new phenomenon.**

<sup>13</sup> Womack, J.P., Jones, D.T. and Roos, D. (1990) *The Machine that Changes the World: The Story of Lean Production*. .

<sup>14</sup> See Footnotes 16 and 17 for a definition of *variable capital* as well as *constant capital*.

<sup>15</sup> (2016) *The Fourth Industrial Revolution*. Geneva: World Economic Forum.

Therefore the acceleration in the last decade of the technological revolution in production, inclusive of product development, needs to be recognised not as a phenomenon in isolation but, among other key processes, as a critical element in global capital's continuous efforts to overcome immanent barriers to accumulation and resolve its system's endemic crisis. In this regard the crisis that erupted in 2007/8 caused a major capital accumulation disruption. However, as Marx demonstrates in *Capital* (Vol. III), capital continually seeks to overcome its immanent accumulation barriers, but does so by means which again place inherent impediments in its way, on an ever more formidable scale. Related to this, Marx identified a number of key interrelated trends associated with changes in the composition of capital, including but not limited to the following:

- ◆ changes in the ratio of constant capital to variable capital<sup>16</sup> – that is, the organic composition of capital<sup>17</sup> (see, for example, *Capital* Vol. 1, Chapter 15 and 25, as well as *Capital* Vol. 3, Chapter 13, 14 and 15);
- ◆ as part of the equation, the decrease in variable capital in relation to constant capital, which goes hand in hand with the development of productive forces;
- ◆ the law of the tendency of the rate of profit to fall (see, for example, *Capital* Vol. 3 Chapter 13, 14 and 15); and
- ◆ the endemic crisis of the capitalist mode of production.

In recent decades capital gave rise to, among other key developments, a shift in importance to financial markets and massively increased globalised trade in new financial 'products' – in particular securities and derivatives. Securities became a way in which rights to receive debt repayments could be repackaged

<sup>16</sup> By *constant capital* it is meant the part of capital which does not undergo any quantitative alteration of value in the process of production and is represented by the means of production, by the raw material, auxiliary material and the instruments of labour; while by *variable capital* it is meant the part of capital which, in contrast, does undergo an alteration of value in the process of production and is represented by labour-power. Variable capital reproduces the equivalent of its own value and produces an excess, a surplus-value, which may itself vary, and may be more or less according to circumstances. This part of capital is continually being transformed from a constant into a variable magnitude (Marx, *Capital*. Vol. 1 [2015 Proof], pp. 146–147. Moscow: Progress Publishers).

<sup>17</sup> 'The composition of capital is to be understood in a two-fold sense. On the side of value, it is determined by the proportion in which it is divided into constant capital or value of the means of production, and variable capital or value of labour power, the sum total of wages. On the side of material, as it functions in the process of production, all capital is divided into means of production and living labour power. This latter composition is determined by the relation between the mass of the means of production employed, on the one hand, and the mass of labour necessary for their employment on the other.' (Marx, *Capital*. Vol. 1 [2015 Proof], p. 434. Moscow: Progress Publishers). Marx called the former the *value-composition*, the latter the *technical composition* of capital. Through his investigation he established that there is a strict correlation between the two. To express this relationship, he called the value composition of capital, in so far as it is determined by and mirrors the changes in its technical composition, the *organic composition* of capital.

and sold to investors who then assumed the underlying risk. Derivatives involve the selling of rights to profits and earnings that have not yet materialised. These and the wider process of financialisation took place in a context of 'light touch' regulation by public authorities, persuaded that it was up to 'the market' to get prices right. In an intrinsically anarchic system driven by private profit seeking and maximisation, the result inevitably was the emergence of a major 'bubble', as financial assets expanded way beyond any growth in the real, productive economy.

This bubble eventually burst in 2007/8 first in the epicentre of the capitalist system, the United States (US). Its iconic event was the collapse in September 2008 of Lehman Brothers, then the fourth largest investment bank in the US after Goldman Sachs, Morgan Stanley and Merrill Lynch. This was followed in quick succession by the fall of other erstwhile pillars of the US financial establishment. The crash revealed a situation in which many of the major pillars of the financial establishment, not just in the US but across the world, were awash with 'toxic debt' – debt that had no chance of being repaid. Confronting a very real possibility of a collapse of the entire financial system in other countries, governments of the developed world began jettisoning several but by no means all of the erstwhile pillars of neo-liberalism. Banks deemed 'too big to fail' were not allowed to go bankrupt (even though this was supposed to be the market's self-correcting mechanism, according to the neo-liberal doctrine itself). Instead they were bailed out with huge sums of public money, amid a tacit recognition that markets had actually got prices wrong. The impact of bailouts on budget numbers was also ignored amidst the panic to 'save the financial system'.

Neo-liberal globalisation, driven by imperialist forces, meant that virtually no country was immune from the impact of the crisis. But its effects were uneven, impacting on different countries or groups of countries in different ways and striking in successive waves both in the spheres of circulation and production. What was initially merely referred to as a financial crisis revealed itself in globally plummeting production, severely disrupting accumulation, and became a fiscal crisis for a number of countries, several of which were forced into stark austerity.

The 'commodity super cycle' that had allowed mineral producing countries, such as South Africa, to benefit from higher prices ended after the mid-2000s as demand plummeted due to the outbreak of the global capitalist system crisis in 2007/8. This was followed by a 'global glut of steel' – a classic symptom of still existent over-production of capital. Global growth rates became depressed or, as in the case of countries like South Africa, the stagnation persisted – until now.

In 2007/8 the capitalist world economy entered its worst economic crisis than at any time since the 1930s. The crisis was a direct result of the measures previously adopted by capital, mainly following the crises of the 1970s, 80s and 90s, to resolve those crises and overcome immanent barriers to accumulation. The ideology of neo-liberalism saw extensive tariff liberalisation, accompanied by strong pressures on governments around the world to privatise, deregulate and adopt other neo-liberal policy regime measures.

South Africa's domestic version was the imposition of the 1996 Growth, Employment and Redistribution (GEAR) class project. Neo-liberal globalisation was among others facilitated by, but by no means reducible to, the use of information and communication technology (ICT) and the rise of the internet. This meant that trading in both physical and financial assets could take place across the world literally at the press of a button. Finance capital rose to dominance, as did its accumulation phenomenon of financialisation. The latter attracted various sections of capital in non-financial sectors to diversify into the financial sector in pursuit of accumulation.

The global economic crisis that broke out in 2007/8 demonstrates how, as has been proven by Marx long ago, measures adopted by capital as solutions to its endemic crisis and immanent barriers to accumulation place the barriers in its way on a fresh basis and lead to a new crisis on a more formidable scale. As a result of the crisis, which is not yet resolved, an astronomical value of capital and millions of jobs globally were destroyed. The global south accounts for a larger proportion of global unemployment as a consequence of the crisis, as well as, in many cases and related, persisting colonial features and subordinate relation with the global north especially

the imperialist west. In South Africa approximately 10.3 million workers are at present unemployed, according to the expanded definition of unemployment.<sup>18</sup>

The next section looks at the DIR & QCID in the context of the prevailing mode of capitalist production.

### **3. Key features of the digital industrial revolution and quantum computing industrial development**

As in many cases in the past, capital is now seeking a decisive resolution to the as yet un-resolved global economic crisis through the unfolding technological revolution – as indicated already known variously as the ‘fourth industrial revolution’ (4IR), Industry 4.0, the ‘new machine age’<sup>19</sup>; or what is better described as the deepening and widening DIR and nascent QCID (DIR & QCID).

Through technological advances capital is seeking to raise productivity to the point where it can increase the share of value going to profit, driving real wage levels down without necessarily driving nominal wage levels down. Marx called this increasing relative surplus value.

The technological change associated with DIR & QCID involves, as previously indicated, a widening and deepening of the digitalisation of production with the potential emergence of new innovations on the frontier, including in quantum computing (QC) and the so-called ‘Artificial Intelligence’ (AI) that could become massive ‘game changers’ or significant shift drivers. More particularly, the quantitative change arising from the continuous development of ICT and network technologies of the 1990s, has now reached the point of qualitative advances. More specifically, the development of big data management, mining and application technologies looks set to bring about ‘disruptive changes’ to virtually all sectors of all economies across the world, with information and knowledge increasingly taking the centre stage.

Among the technologies associated with the DIR & QCID are the Internet of Things (IoT), where machines pass on information and instructions to other machines via the internet; additive

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<sup>18</sup> Statistics South Africa (Second Quarter 2019). Labour Force of Survey.

<sup>19</sup> See, for example, the *Harvard Business Review* (2019) *On AI, Analytics, and the New Machine Age*: Boston, Massachusetts.

manufacturing or three-dimensional (3D) printing that could be combined into global networks via the internet; autonomous vehicles, other equipment and multiplying drones; nano-technologies; multiplying digital applications/apps (for example, Uber, Taxify, Airbnb, digital media and other digital communication, connectivity and transactions platforms, including messenger apps, banking apps, etc.)<sup>20</sup>; and the greater application of, and more responsive sensors; as well as more advanced automation and robotics. Most of these technologies and/or their principles of operation, like the internet, digital systems or digital electronics as well as its associated application in mechanical operations, are not necessarily brand new. However, their deepening and widening innovation, research and development process is producing cutting edge production and consumer technologies which were relatively not employed before in many branches of different industries and households respectively.

All of this would further be enabled by the introduction and rollout of the fifth generation, that is, 5G networks – where 5 gigabytes of data will be transmitted per second.

On the frontier is the development of QC, which would re-direct computing from its current binary model into a system based on probability and quantum mechanics that is predicted to be able to process masses of data that take long periods with even the most powerful of existing computers in micro-seconds (and incidentally render every single existing security code unsafe). It is this potential that led us to recognise QC as an industrial mega-trend, while at the same time noting that, as an industrial development, it is still nascent and not yet ubiquitous.

In the abstract, many of the DIR & QCID technologies have the potential to advance productivity, to release humanity from repetitive toil, to raise living standards and improve the quality of life, to reduce the working day and to provide innovative solutions to many service delivery and developmental challenges. But under the capitalist mode of production which is driven by private profit

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<sup>20</sup> These apps and more others, the digital “tasking” platforms, associated with the so-called on-demand economy, or what others refer to as ‘platform capitalism’ (see, e.g. footnote 25), have made it possible for a growing number of services (e.g. transport, delivery, hospitality, transcribing, gardening, plumbing, etc.), and thus different types of work, to be placed on to their respective digital apps where the suppliers or workers who render those services are linked with those who want/need them. In the process wages are also driven down in particular areas, as workers compete to render those services. In certain areas the competition is increasingly taking place not only within borders and boundaries but also on a global scale – in the context characterised by a high rate of global unemployment.

seeking and maximisation and capital accumulation interests, they have the real potential to:

- ◆ Widen inequalities with more ‘winner takes most’ outcomes in which controllers of new technologies and value chains reap ‘super profits’ at the expense of ‘also rans’;
- ◆ Intensify concentration and centralisation of monopoly capital;
- ◆ Reproduce losers as well as winners.

As Marx aptly summarises it in *Capital* (Vol. 1), machinery under capitalist production is by no means necessarily employed to lighten the day’s toil of any human being. To the extent that this occurs, it is an incidental occurrence rather than the primary objective of capital, in any case won by the working class through workplace and broader struggles. Like every other increase in the productiveness of labour, machinery is primarily intended by capital to cheapen commodities – achieved by shortening the portion of the working day in which the labourers work for themselves (produce an equivalent of wages) and lengthening the other portion that they give, without an equivalent, to the capitalist for accumulation. In short, capitalists employ machinery and its advances as the means for producing surplus-value. Marx referred to the surplus-value produced in that way as relative surplus value, and to the one produced by lengthening the working day as absolute surplus value.

Anticipated ‘disruptive changes’ in pursuit of relative surplus value in productive and service sectors include:

- ◆ *Manufacturing:* The combination of additive manufacturing, the IoT and greater use of robotics could lead to the replacement of larger production centres with smaller units combined in global networks. These could lower the barriers to entry for SMMEs in subordinate positions in value chains controlled by data management centres. But they are likely to raise the barriers to entry for workers – with basic levels of digital skills being a requirement for industrial jobs. Potentially, too, production units could relocate closer to major markets, leading to ‘re-shoring’



back to the developed world. In 2018, for example, Adidas relocated some of its production from Asia to Germany, saying that a combination of three-dimensional (3D) printing and robotics had reduced production costs more than the ‘advantage’ of lower wages in Asia.

- ◆ *Primary Sectors:* Terms of trade look set to turn further against primary products as these account for a diminishing part of the final price of finished products. Compliance with ‘traceability’ requirements, requiring the monitoring of production processes using digital technology, is likely to raise barriers to smaller producers.
- ◆ *Service Sectors:* Digital processes will impact on virtually all service sectors (including legal, health, and financial) with only personal services, innovative and creative activities likely to be less vulnerable. Retail trade (currently employing about 2 million people) will be affected by e-commerce (on-line purchases and delivery) with digital and driving skills requirements for entering ‘new’ jobs. 80% of cross border e-commerce is currently controlled by the GAFAM (Google, Amazon, Facebook, Apple and Alibaba). Remaining retail jobs are also likely to be reduced through introduction of digitised check out and stock control processes.

Along with such sectoral changes, the DIR & QCID look set to bring about profound changes in value chains as capital accumulation networks, as well as in power relations between different strata of capital and between capital and labour. Parminder Jeet Singh<sup>21</sup> describes one of the key elements of the unfolding situation as follows:

‘As industrialisation placed machine power at the centre of the economy, digitalisation makes digital intelligence its new fulcrum. The factory as the site of mechanised production was the central economic institution of the Industrial Age. For the Digital Age, it is sectoral platforms that reorganise entire economic activities in any sector based on digital intelligence from data.’

As indicated earlier, capital at the head of sectoral platforms is

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<sup>21</sup> ‘Digital Industrialisation in Developing Countries — A Review of the Business and Policy Landscape.’

both highly concentrated and centralised, and operates globally. Monopoly conduct ranging from locking in users to specific brand products to aggressive tax evasion is well documented. Most companies occupying this space are US based companies. This reflects US dominance in the development of personal computing and the internet.

However, one of the GAFAA is a Chinese company, Alibaba. In addition another Chinese company, Huawei, is a leader not just in the production of smart phones<sup>22</sup>, but also in the roll-out of 5G networks. In this regard it is suggested that Huawei has a two year lead over its US rivals. China developed its capacity, among others, through the adoption of a digital industrial policy behind what some dubbed the ‘great firewall of China’. This meant that China adopted a strategic approach to opening up to foreign digital technology, while investing heavily in the development of local capacity and localisation in key areas.

China’s rise to become a force to be reckoned with in the new technologies of the DIR & QCID is clearly a major factor underlying the ‘trade wars’ between the US and China. Instead of simply accepting the challenge from China (which neo-liberal ideology suggests they should), the dominant US classes (and not just the Trump administration) seem determined to act to constrain China from acquiring a leading edge over its US rivals. This issue will no doubt become a major issue in a likely ‘new cold war’ between the likely declining but still powerful global hegemon and a dynamic upstart.

A final contextual issue relates to the pressure to adopt global trade rules that would enhance the early mover advantage of existing players. Driven initially by the US, the template, which formed the basis of the Digital Chapter of the Trans-Pacific Partnership and other ‘mega-regional’ deals the US was involved in before the Trump administration, is known as the ‘Digital two dozen’. This is around twenty four rules focussing on commitments to adopt only ‘light touch regulation’ or to not impose any regulations at all. The conditions include refraining from imposing any taxes on electronic

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22 Huawei overtook Apple in the second quarter of 2018 to become the world’s second-biggest smart phone dealer after Samsung

transactions; not imposing any localisation requirements on digital investors; and not imposing requirements to divulge source codes. A discussion on these matters has started in the World Trade Organisation's (WTO's) 'pluri-lateral' with a view to refining them into proposals for adoption as binding multi-lateral rules.

#### **4. Urgent Need for a Digital Industrial Strategy**

The probability of confronting increasingly significant 'disruptive changes' from advances in DIR & QCID points to the urgent necessity to develop a Digital Industrial Strategy (DIS). By extension the policy should cover the nascent QCID and be guided by long-range planning. The strategy would need to include at least the following elements:

##### **4.1. Democratic public control of our national broadband spectrum and reduction of the cost of data**

In order to optimally seize the opportunities brought by the digital era, broadband access must be categorised as a basic need and consequently the cost of data reduced. In this regard, it is imperative that the analogue to digital migration process be finalised, most importantly in the interests of especially the working class – the overwhelming majority of our society. In line with our posture against privatisation, it is further recommended that our national broadband spectrum, a strategic public asset, must be leveraged through democratic public control to reduce the cost of data as opposed to privatisation or auctioning off to a few in the name of all.

The SACP, through its campaigns for the transformation of the financial sector and the media, has campaigned for the reduction of the cost of data. This campaign must be intensified on all fronts as part of our key objectives in the sphere of technology and technological change as a key site of struggle and significant centre of power. The Young Communist League of South Africa has a similar campaign. In this regard greater co-ordination and coherence are required in deepening the campaign to achieve a fall in the cost of data.

**It is important to continuously heighten the mobilisation of the entire working class and progressive strata and, within this context, develop a leadership role to forge a broad patriotic front as well as a popular left front.** This must be understood in line with our strategic society-wide democratisation perspective, inclusive of the programmatic task to build democratic majority rule; democratic working class power and hegemony in all key sites of struggle and significant centres of power.

#### **4.2. A big push on digital skills development**

It is widely recognised that the DIR & QCID will place a premium on digital literacy, skills and technician occupations in a number of respects. Indeed, as suggested earlier, the deepening and widening technological revolution underway may create a higher floor of digital competence as the basic requirement for entry into jobs in all sectors. It is also clear that we have a huge deficit in this area in South Africa, although there are many examples of South African workers performing as well as any in advanced production in the world where these capacities have been acquired.

While addressing the digital skills challenge will require a ‘big push’ on many fronts, it is also clear that digital skills development will not be reducible to reforming school curricula or expanding access to vocational education and technical training and tertiary institutions alone. The DIR & QCID is predicted to accelerate the pace of technological change exponentially, meaning that a school or college-based training will not be able to instruct learners in the skills they will need throughout their working life, but will rather need to prepare learners with the skills for ‘how to learn’ in a working life of continuous learning and re-learning.

#### **4.3. Roll out of a public infrastructure programme to support broad based access to digital technologies**

Creating the necessary infrastructure is a clear enabler for broad based participation in the digital economy. This must include the rollout of affordable broadband, fibre, and so on. A key issue underlying such a programme must be recognition that profit seeking entities will ‘under-serve’ low income people living in townships and rural areas. A public rollout of public

infrastructure must therefore be fundamental to a struggle for an inclusive digitalisation programme, as opposed for example to the release of the public spectrum to private accumulation interests. Interventions needed should also include things like providing free WiFi in schools, community centres and public libraries.

#### **4.4. The identification of national capabilities for support, nurturing and development**

A progressive DIS will need to incorporate many of the elements widely recognised generally as Industrial Policy instruments. Local capacity and innovation, including in collectively and publicly owned entities, will need to be identified and decisively supported through appropriate incentive programmes, localisation measures, access to publicly funded research and promotion/defence in international trade arrangements.

#### **4.5. The setting of developmental conditions on firms introducing new technologies**

Given the existing reality of capacity being concentrated in a few global players, a DIS will also have to include a strategy for setting conditions on such firms introducing new technologies into South Africa, and on state procurement to elaborate and give practical effect to manufacturing localisation and support, as already stated, for local innovation, research and development, including in the area of tooling and other means/instruments of production. For example, e-commerce players could be subject to a licence requiring them to include a proportion of South African made products in their offerings, and ensure appropriate localisation of logistics operations. Training, skills development and technology transfer, including innovation, research and development and manufacturing localisation obligations, could creatively also all be built into public procurement requirements.

Concerning skills development, and education and training in general, among others it is going to be important to pay increased attention to the likely shift of focus, as formerly highlighted, with more and more emphasis placed on the categories of workers involved in innovation, research and development, as well as in more technically centred or technically oriented occupations,

trades and professions<sup>23</sup>. The impact on entry-level operative workers and other categories of workers more likely to be affected by changes in the composition of capital and particularly in the rising machine to worker ratio will require serious scrutiny and alternatives development.

Furthermore, it is equally important to pay attention to the rising phenomena of the changing nature of employment and employment relationships, as well as its outright erosion, in particular situations, associated with digitalisation and its rapidly multiplying digital platforms. Below are two examples, which, in addition, require trade unions to constantly study changes in production and work in general, as well as the implications of those changes for trade union organisation and wider social relations. The work should include strategies to address the problem of the increasing category of workers who are – in terms of labour law definitions – neither regarded as ‘employees’ nor so-called ‘independent contractors’.<sup>24</sup>

The first phenomenon involves the substitution of paid labour for new forms of unpaid labour. The internet, digital technologies and ‘platform capitalism’ make it possible, for example, for capital to outsource labour without workers moving physically, and also blur the boundaries between paid and unpaid labour.<sup>25</sup> For instance, Facebook users are considered the largest unpaid workforce in history<sup>26</sup>. Its monthly active users, as of June 2019, were estimated to be over 2.41 billion.<sup>27</sup> Among the unpaid work they perform is journalistic work. Others provide political, economic and a wide range of analyses, while others are engaged in marketing and other forms of concrete, value creating labour. Moreover, their

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23 This point highlights a few examples of what may likely emerge as increasingly more important sectors, as well as what is referred to as ‘future skills’, in view of the potential disruption of work which requires skills that may already have been or might be superseded by the process of industrial revolution. It is important to develop productive capacity in those sectors still, in this instance particularly in the technology innovation, research and development sector, as well as in related engineering maintenance and after-original equipment production services; this as part and parcel of our national production development and employment strategy. While doing so, however, we need to take into account the fact that there exists research suggesting that these sectors or sector segments may not necessarily grow to a point where they become capable of absorbing the unemployment masses. To this end we need to develop a multi-pronged, and therefore comprehensive, strategy.

24 See, for example, footnote 20.

25 See, for example, Guy Standing (2017) *The Corruption of Capitalism: Why Rentiers Thrive and Work does not Pay*. London: Biteback Publishing.

26 See, for example, Guy Standing (2017) *The Corruption of Capitalism: Why Rentiers Thrive and Work does not Pay*. London: Biteback Publishing; and the citation, in Standing, of the analysis, cited in H. Ekbia and B. Nardi, ‘Heteromation and its (dis)contents: The invisible division of labour between humans and machines’, *First Monday*, 19 (6), June 2014.

27 See, for example, *The Top 20 Valuable Facebook Statistics – Updated July 2019*. <https://zephoria.com/top-15-valuable-facebook-statistics/> (Accessed in July 2019).

data is harvested and exploited in various economic and political ways. This subject is, though by no means exhaustively, further discussed below.<sup>28</sup>

The second phenomenon, the opposite of the above, is that the same technological innovations have made it possible to commoditise unpaid work and convert it into paid labour. For example 'If people order shopping and delivery online, rather than do it themselves, the 'work' of shopping [which boosts the rise of delivery as concrete labour and deliveries as a sector] is converted into someone's 'labour' of shopping. The same goes for activities that hardly count as 'work', such as dog walking.'<sup>29</sup>

#### **4.6. Stronger regulation against monopolistic practices and tax avoidance**

Again given the existing reality of high levels of concentration/centralisation, tax avoidance/evasion domestic competition regulators and revenue collectors will need to prepare for highly robust engagements. For instance tax regimes covering internet/digital platforms based transactions need to be asserted and kept technologically and otherwise up-to-date.

#### **4.7. Regulation against abuse of data**

Big data mining has already resulted in many instances of personal data obtained from participation in social media platforms (for example, Facebook) being used or abused in political as well as commercial campaigns of one sort or another. This has given rise to some differences within governments of the developed world over the extent to which there is a need to regulate to protect privacy and against abusive practices with respect to data mining. More particularly, while the US remains a proponent of 'light touch' regulation, the EU is showing signs of a willingness to engage in stronger regulation on such matters as well as on matters of monopoly conduct. Clearly, as time unfolds, it will become increasingly necessary to develop a national approach to such issues.

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<sup>28</sup> See 4.7.

<sup>29</sup> Argues Guy Standing (2017) *The Corruption of Capitalism: Why Rentiers Thrive and Work does not Pay*. London: Biteback Publishing. See, in particular, Ch. 6 section entitled and discussing 'Automation and Heteromation'.

#### **4.8. Claiming our digital sovereignty**

A step further, which is being actively debated in countries like India and Rwanda, is that of approaching the issue of regulation of data mining and harvesting from a developmental perspective through claiming sovereignty over data collected in national territory. The right to assert ‘data sovereignty’ is likely to be one of the most hotly contested issues in debates over digital trade rules. The data sovereignty perspective argues that it is the right of each national state to decide which data obtained from within its territory should remain the exclusive preserve of its own national entities, what could be licensed to foreign operators against developmental conditions, and what should be freely available. South Africans have barely begun to engage on this critical issue.

#### **4.9. Intervention to redistribute bounty from digitisation and to temper and regulate processes that could widen inequality or result in job losses**

The reality of ‘winner takes most’ markets (monopoly or oligopolies) being exacerbated by digitalisation with the attendant widening of inequality, plus the fact that they will produce ‘losers’ in job markets as well as winners, means that inclusivity and job-impact, will need to inform a number of ‘just transition’ interventions that will be needed.

#### **4.10. Resistance against unfair, anti-developmental multi-lateral rules**

Many of the issues that will need to be raised and decided on as we develop a national DIS will be pre-determined in advance if there is a premature adoption of multi-lateral trade rules favouring early movers. As indicated earlier, such an initiative, based initially on the ‘digital two dozen’ but now confronting differences on the regulation for privacy and against data abuse, is currently underway. There is a need for South Africa to approach this from a long-term and developmental perspective. This means we will need to ensure that we do not allow these processes to de-commission policy tools that we may not be applying now but which could be important in the long-term. Inserting a perspective



of multi-lateralism which needs to prioritise issues like the ‘digital divide’ and aim at an equitable and developmental rollout of new technologies will also be important.

## 5. The SACP and technological change

As already stated, technology as well as technological change does not come from outside human society. It is, on the contrary, its direct creation; it comes from within human society. In turn, it impacts human society, positively or negatively. There is no neutrality in our relationship as human society and its individual members with technology as well as technological change – and if negative we do suffer its impact.<sup>30</sup> We therefore must take responsibility for the form it assumes and tackle its effects, including through good governance and ethical as well as environmental campaigns, in the interest of humanity, life on the planet and the ecosystem. As further stated, technology as well as technological change affects other spheres of human (health and safety included) and social life as well as nature. The just struggle to tackle the negatives and accordingly solve them must be combined with the just struggle for socialisation – the struggle against the monopolisation of the proceeds of the positives by the capitalist class through its private accumulation regime.

In relation to the Party programme technology as well as technological change affects not just the workplace and the economy but all the pillars, key sites of struggle and significant centres of power, as already mentioned. Therefore in updating Sars we should integrate an analysis of the unfolding industrial revolution under and in each of them. The analysis might however be confined to its particular theme. In order to address this potential weakness, it is proposed that the SACP should in addition declare technology as well as technological change as a new pillar of our Party programme, key site of struggle and significant centre of power. Accordingly, the position paper to be produced at the end of this discussion should contribute to a comprehensive analysis of key technological trends and their impact, positive and negative, on society broadly and the ecosystem as a whole. This should be consolidated into the Party programme as a new chapter.

<sup>30</sup> See, for example, M. Cecilia and C. Baranauskas (2018). In Kecheng Liu, Keiichi Nakata, Weizi Li and Cecilia Baranauskas (2018) (eds.) *Digitalisation, Innovation and Transformation*. Reading: Springer

## 6. Longer-term issues facing the international working class

Something styled an ‘industrial revolution’ predicted to bring about ‘disruptive change’ raises major issues for the working class – existential, strategic and tactical. During the 18<sup>th</sup> century industrial revolution, that is the rise of machinery and large scale industry, the British working class succeeded in reducing the working day to eight hours. The DIR & QCID is a global scale development in scope, and it is also predicted to result in an overall reduced demand for living labour power, that is, workers – according to some but perhaps conservative estimates, an equivalent to the loss of five million jobs worldwide. Also associated with this point, the conversion of paid into unpaid work has been highlighted.<sup>31</sup>

In addition, greater insecurity with a predicted replacement of long-term employment by shorter-term successive contract type engagement is predicted to grow. The formations of the South African working class will need to contribute to debates and resolute struggles (necessarily having a global as well as national dimension) on issues like reducing the working day and introducing a basic income grant.

Ever expanding capital intensity and the materialisation, deepening and widening of the possible trajectory of production requiring fewer workers at every moment than before (and the substitution of paid labour for unpaid labour), underpinned by the pursuit of private profit maximisation and capital accumulation, is a recipe for a new round of economic crisis with wider social consequences. Inextricably related to this is the law of the tendency of the rate of profit to fall.

Therefore, rather than confine the search for the way forward within the bounds of capitalist production, the working class needs to intensify the struggle for a social revolution; a rupture from capitalist barbarity; an advance to socialism. In this regard the Communist Party has a vanguard leadership role to continuously develop.

The importance of altering the terms under which capitalist

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<sup>31</sup> See 4.5 above.

production advances and employs technological and other scientific solutions cannot be overemphasised. However, the alteration requires, as an ultimate goal, a social revolution directed at capitalism. This is the way forward towards sustainably solving all other problems caused by the system. A solution without intensifying the anti-capitalist struggle may reveal itself more as limiting attention to applying a palliative rather dealing with the underlying cause of the problem that requires a socialist revolution to resolve on a sustainable basis.

Related to the above, the struggle for socialism must move with the times. As formerly stated, personal information/data and knowledge are continuously gaining increased importance and taking the centre stage in capitalist accumulation. At present, the bourgeoisie controls knowledge and its products, among others in the form of ‘intellectual property rights’, associated patents and licences on products, goods and services, as well as on their production and exchange. These are used as part of the levers for the accumulation of the wealth of society on a capitalist basis. As Marx states in *Capital*, capital is not merely a thing but rather a set of social relations and processes in a continuous motion of valorisation. The struggle against capitalist exploitation of labour must therefore increasingly focus – as a property question, a leading question for that matter, as Marx and Engels state in the *Manifesto of the Communist Party* – on who in class terms controls knowledge and its products. This just struggle to return to labour what comes from and thus belongs to labour must be intensified, as must the struggle against the exploitation of personal information/data.

Equally important, and in conclusion, there can be no real solution for society as a whole without simultaneously intensifying the struggle for ecological sustainability, environmental justice, and thus the perpetuity of life on earth. We need to assert the absolute importance of a green production revolution, and to this end, guided by objective working class interests, a just transition from fossil fuels to renewable and cleaner sources of energy or electric power generation. This should encompass the progressive and revolutionary objectives of the struggle for sustainable development and against resource and energy depletion.

# **New possibilities, new challenges, new SACP responsibilities - the socialist struggle in South Africa after the May 2019 elections**

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## **Introduction**

The ANC alliance's 57,5% election victory marks a partial turn-around from the low-point of our performance in the 2016 local government elections. The key role of the “Ramaphosa factor” and the related sense of turning a corner (a New Dawn) were important contributors. This election result also needs to be understood as an integral part of the general consolidation of the anti-state capture momentum (including new appointments at the NPA, ongoing work of the Zondo Commission and the PIC commission, the deepening isolation – and clumsy desperation – of controversial and regressive figures both within the ANC and in key public posts. The new cabinet appointments, etc). The SACP has played an important and ongoing role in the anti-state capture momentum, which is, essentially, a broad defense of our constitutional democracy and in mobilising for defence against elements of counter-revolution.

Of course, it is not just the left within the ANC-alliance that has played a role in the anti-state capture and pro-Ramaphosa momentum. Progressive “centrists” within the ANC and a wide-range of constitutional, media and corporate interests have also been active on this front. In the May 8<sup>th</sup> election, there were relatively significant differences in many cases between the ANC national percentage and provincial ANC percentages - an indication that “minority” middle strata were often splitting their vote, voting for “Ramaphosa” nationally (as the “only credible force” capable of defeating state capture), while voting for other parties (probably often the DA) provincially. In other words, the Peter Bruce line has had a degree of credibility for many.

Generally, this South African anti-state capture momentum (in its diversity) can be understood as a loose (non-formal) version of what the SACP has called a constitutionalist “patriotic front”. We

should not underestimate the importance of this broad front which is quite different from the “anti-corruption” (but virulently right-wing) fronts in Brazil and Venezuela. A key difference is, precisely, the active presence of left formations like the SACP and a sizeable ANC grouping within the anti-corruption struggle.

This broad “popular front” must be sustained and intensified with increased vigilance as desperation sets in with a possibly increasingly violent “fight-back” from those most threatened. As will be noted below, while most advances are being scored within government and the state apparatus, the situation and future of the ANC is much more uncertain.

However, there are real advances. But the struggle within the anti-state capture struggle must also be developed. The SACP needs to understand that the Ramaphosa presidency is (and will be) highly contested by the different forces broadly within the anti-state capture movement. Monopoly capital and its think-tanks and lobby groups, Goldman Sachs among them, are seeking to consolidate a “Ramaphosa platform” centred above all on attracting foreign investment (with all that this implies in terms of macro-economic policy – notably overplaying the threat of a “fiscal cliff”) rather than placing greater emphasis on the productive, developmental mobilisation of domestic resources (including retirement funds). There is a strong push to privatise key SOEs, and to continue and deepen macro-economic austerity measures and the promotion of artificial public debt ceilings as espoused by the current Reserve Bank governor.

The short and medium-term trajectory of the Ramaphosa administration is not a given. As the left we are up against powerful opponents within the wider pro-Ramaphosa camp. However, there are also potentially positive factors which, as the SACP, we have an important responsibility to foster. For instance, a simple, mechanical return to 1996 and the hey-day of neo-liberal ideological triumphalism is objectively (never mind subjectively) impossible.

Since the 2008 global capitalist crisis, neo-liberal ideology (as opposed to still relatively well institutionally-entrenched neo-

liberal practice) has been increasingly challenged including in parts of the global mainstream financial media. A range of heterodox economy currents have re-emerged – neo-Keynesian, post-Keynesian, Modern Monetary Theory, and various socialist, including eco-socialist and Marxian currents. These heterodox approaches (and the debates among them) are beginning to have an important impact on, for instance, Corbyn’s Labour Party think-tanks, Sanders and the Democratic Socialists in the US (notably with the new congress woman, Alexandra Occasio-Cortez). We are not suggesting that all or for that matter any of these different currents of thinking should be uncritically espoused. However, there is an important ferment of progressive thinking which we must exploit.

For the moment, these have a very minimal presence within South Africa debates. The same applies to some of the innovative socialist ideas that, for instance, Hugo Chavez and the left-wing of the Chavistas were seeking to develop around a socialism from the bottom-up. The left in South Africa (including the SACP) has tended to remain fairly insular and disengaged from these attempts to renew socialism in the 21<sup>st</sup> century. But the possibilities for doing this have improved and we must seize them. **If we are to advance the “struggle within the struggle” we need to advance much more convincingly an anti-capitalism socialist platform ... but grounded, in turn, in concrete struggles.**

The Election Campaign has raised the profile of the SACP in communities and in factories, offices and farms where SACP Red Brigades and other SACP activities succeeded in carrying out sustained work. The Central Committee in its June meeting initiated an overall organisational assessment post-elections. As the Party focuses on the preparation for the Special National Congress and decision making on the modalities of actively contesting elections in line with the 14<sup>th</sup> Congress resolution, we need to properly assess the degree to which our machinery was able to work effectively.

Nevertheless, important SACP work WAS undertaken and through this, we have made a promise to the voters that we have canvassed. We have raised expectations of the working class and the urban

and rural poor. The commitment made by the SACP in the Election Leaflet is not time bound. The statement that a vote for the ANC, a vote for Ramaphosa, must never be a blank cheque requires the SACP to sustain and build capacity to mobilise the working class behind a programme of accountability of government and of active popular participation in “delivery”: *#RedCardBlankCheques*. It requires the Party, while we have members participating in government, albeit in a reduced and uneven form, in all three spheres, to ensure that we remain mobilised both as the guardian of working-class interests and as a popular instrument for collective struggle. The over-emphasis on work within government that may have characterised the Party’s focus in the previous period must be corrected with a balance established between work in government and the state, work within the Alliance and its partners, and work within the community and life of the working class and its allies.

### **The SACP as a militant Party in the Vanguard of the Struggle for working class power**

The SACP was formed in the inaugural congress that straddled the end of July and the beginning of August 1921. It was established as the party of and for the interest of the working class. It was established as a platform to wage struggles towards the emancipation of the working class from the bondage of capitalism. Its major intention was to roll back capitalism. This is the system that the SACP was formed to end, and to usher in socialism.

The SACP is conscious that for the above to happen, the working class and popular forces must develop organisational capacity and power. The *South African Road to Socialism* (SARS) locates such power within the Workplace; Ideology; State, Economy, International, Community and in the ability to relate properly with our natural environment and preserve it for the use of future generations. The SACP is also alive to the fact this power is always a subject of contestation, ultimately between the two antagonistic class forces. The SACP as a vehicle of the working-class contestation of this power in this regard requires to be kept at combat ready status at all times. The SACP recognises the assertion by Karl Marx that: “*All history hitherto, is a history of Class struggle*” and that such a struggle takes hidden and overt forms, depending on

the material conditions in space and time. As a party that seeks to play a vanguard socialist role in organising and mobilising the working-class and broader popular forces, the SACP seeks to advance a working-class and socialist hegemony in all sites of class power. Throughout its history, the SACP has actively developed programmatic perspectives on how best to advance working class hegemony. The 14<sup>th</sup> Congress again reminded us that in the analysis of the environment and consideration of options for contestation of power, we need to take into account three guiding principles: *Strategic Consistency; Analytical Awareness; and Tactical Flexibility*. It is this history of contestation for working class power over many years that has enriched the SACP approach to power. To understand that, it is useful once more to briefly reflect on the SACP journey from its formation up to date, taking into account both successes and failures.

## **The 1928 Black Republic Thesis**

In its early years the SACP (then CPSA) believed that the socialist revolution would be won in South Africa through a direct “class on class” struggle, as part of a world-wide socialist revolution ushered in by the Bolshevik Revolution of 1917. In the early 1920s, the pioneering communists in South Africa were not alone in their misplaced belief that a world-wide socialist revolution was just around the corner.

The 1922 armed workers insurrection, the Rand Revolt directed against the Chamber of Mines, appeared briefly to be exactly the beginning of a socialist revolution in South Africa. But it was an uprising of white workers against the Chamber of Mines’ profit-maximising attempt to introduce black mine-workers at lower pay into jobs that had been monopolised by white workers. Black mine-workers were targeted as scabs despite the one-year-old CPSA’s attempts to develop a non-racial working-class solidarity. The lessons of the 1922 Rand Revolt forced the Party to think more closely about a straight class-on-class approach in the South African reality (much as the rise of fascism in Europe in the late 1920s and 1930s compelled communists there to look beyond just a narrow working class struggle to broad popular fronts).



The straight class-on-class approach clearly required re-thinking in the South African context. It was the 1928 Comintern's "Black Republic Thesis" that re-oriented the SACP strategically, characterising the national democratic struggle for the liberation of the African majority as the key path to socialism in the South African reality

The Black Republic Thesis laid a solid ground for the formation of the revolutionary alliance between the ANC and SACP. This fundamental strategic perspective informed key moments in the South African struggle, including the formulation of the Freedom Charter, and the ANC's own 1969 Morogoro "Strategy and Tactics" document which clearly located the ANC's national liberation struggle within the context of the global struggle against imperialism and against any neo-colonial settlement in South Africa.

### **The NDR and the struggle for Socialism**

From 1928 until fairly recently, the SACP tended to think of the NDR as a "first stage" to be followed by a "second" socialist "stage". For as long as our national democratic breakthrough remained relatively distant, this rather un-dialectical stage-ism didn't constitute a major barrier to an effective strategy and tactics. Moreover, in the period late-1960s – mid-1980s, the rapid advances of national liberation movements in which Marxist leaderships emerged as key, and the unstinting solidarity of the Soviet bloc, meant that Marxist ideas were broadly hegemonic within the ANC leadership and key cadre. A fairly smooth transition from national liberation towards socialism appeared assured. This is the gist of the ANC's Political-Military Strategy Commission's 1979 "Green Book" report to the ANC NEC. Following a trip to Vietnam, the Green Book advises against the ANC openly adopting a socialist stance because the rank-and-file and broad masses were not "ready" for this, while noting that the leadership agreed that a rapid transition to socialism would be needed. Of course, this had strong "vanguardist" and "top-down" assumptions about how to advance socialism.

From the mid-1980s, the simultaneous deepening crisis and

eventual collapse of the Soviet bloc AND the growing popularity of socialism within the mass democratic movement here in South Africa had a diverging impact on the SACP leadership. For some (Mbeki was to emerge as the most articulate in this tendency), there was a growing scepticism about the feasibility of socialism. For this tendency, their scepticism meant entrenching the “stageism” that had been assumed from the 1920s. Socialism was, at best, something to be deferred into some very distant future, and the NDR was defined as “completing”, or “normalising” the capitalist revolution in South Africa (basically by promoting a new black “patriotic bourgeoisie”). The GEAR policy and the BEE strategy were natural and inevitable outcomes of this perspective.

However, there was another tendency within the SACP (and ANC), of which Slovo and Hani were (in their different ways) the most outstanding figures. From the late-1980s Slovo, while still distinguishing “two different stages”, was increasingly insisting that there was “no Chinese Wall between the national democratic and socialist struggles”.

In 1995 the SACP formally took this position further by arguing for the deep, dialectical interconnection between the national democratic and socialist struggles. The NDR could not be advanced, deepened and defended without a significant advance towards socialism. This was encapsulated in the slogan “Socialism is the Future...Build it Now!” Programmatically, the Party argued that “build it now” meant building momentum towards, capacity for, and elements of socialism in the present.

However, we have not really succeeded in giving content and campaigning substance to this approach to socialism, with an over emphasis on work within the Executive, Legislature and the administration. This becomes a key strategic task in the current conjuncture if we are to avoid the “Ramaphosa” breakthrough becoming little more than a futile return to 1996.

## **SACP Taking a stance in Defence of the Revolution**

In the early 2000’s, partly in response to the 1996 class project threat to the NDR, the SACP did succeed in establishing a strong,

mass campaigning and independent socialist profile with our early Red October campaigns. The Financial Sector Campaign in its first years was a highlight of this achievement.

However, for several reasons, apart from some notable localised efforts and campaigns, the SACP has not succeeded in sustaining a national mass-based campaigning profile outside of elections. This was partly the result of the 2007 Polokwane advances, which, for a time, created conditions in which the SACP was able to have a much greater (if uneven) impact on government policy (including on the reconfiguration of the state), and on deployments into senior government positions. These advances for the Party carried the risk of over-emphasising government activity (and palace politics within government) at the expense of popular, mass-based campaigning, and even of raising expectations within the Party cadreship that the SACP was a vehicle for personal advancement. This also ran the danger of the SACP following the ANC into a narrow electoralism, and an unbalanced, over-emphasis on list processes and nominations. Winning elections started to be conflated with winning state power, and party-political electoral success started to substitute for the working-class winning state power.

While at the national level, the SACP was able to make important advances from 2007/8, at the provincial, district and local levels, many SACP cadres very often continued to be abused and treated like second-class ANC members. There were dangers of a growing disconnect between the experience and even career opportunities of the SACP national (and to some extent provincial) leaderships (much of it in governmental positions) and the growing mass base of the SACP.

### **14<sup>th</sup> Congress Debate on State and Popular Power**

These dynamics played out robustly at the SACP's 14<sup>th</sup> Congress with a significant number of delegates, almost certainly a majority, believing that the SACP should contest elections independently. Those believing this also often strongly felt that the national leadership was out of touch with their own lived experience of ANC abuse on the ground, and even that the national leadership's

position on elections was motivated by personal opportunism and an incumbency that was being actively denied to them.

These inner party tensions were somewhat “managed” after our 14<sup>th</sup> Congress, partly because from the second half of 2017 the SACP was able to use its incumbency within government to play a critical insider role in the struggle against state capture. In this period, there were moments when the SACP assumed a genuinely vanguard role from WITHIN the ANC alliance and from WITHIN the state in the struggle against state capture. SACP and YCLSA structures, for instance, were absolutely critical in the run-up to the ANC December national conference, in opening up space for the anti-state capture platform centred around Ramaphosa being able to hold public meetings and rallies in localities that were otherwise no-go areas.

But the SACP also played a price for this role with the national party leadership being excluded from the ANC NEC and in the subsequent ANC parliamentary list process large numbers of communists were manipulated out of positions on lists.

**So, as the SACP, we have a seemingly paradoxical reality.** We have played a critical role from within the Alliance and from within government in the growing defeat of the Zuma-linked web of state capture. If we had contested elections independently on a principled anti-corruption and pro-socialist basis on May 8<sup>th</sup>, then it is very probable that we would not have been able to play this role remotely to the same degree, and the result may well have been a Zuma-led ANC plunging below 50% in elections and forming coalitions with the right-wing populists in the EFF (not unlike what has happened in the NMB metro).

At the same time, the relative marginalisation of many SACP cadres from the ANC parliamentary lists, is likely to intensify the call from within for the SACP to contest elections independently, outside of the Alliance in the 2021 local government elections. This may very well be an essential step, with given the model of local government elections, the scope for tactical decisions about where and how to contest, but, once more, the SACP will need to assess not just the likely success or otherwise of such a move, but also the

impact such a step will have on the ANC in the midst of its own major internal battles, on the Alliance and on the possibilities of actively reconfiguring it.

As the SACP reflects on the implications of the 8<sup>th</sup> of May 2019, the events of February 2018 when far more than an electoral outcome were at stake cannot be far from our minds, and nor can the self-critical reflection on the role of the SACP in the Alliance over the past decade.

The SACP support for the ANC was not a reflection of being opportunistically blinded by the Ramaphoria cult motivated by a narrow set of electoral calculations. The Resolution on state and popular power at the 14<sup>th</sup> Congress had widely canvassed the complexity of the conjuncture in 2017 and laid the basis for deep discussion of the changing conjuncture in the Party structures. The decision to campaign for the ANC electoral victory was informed more by an analysis that the support for the ANC was a necessary intervention in the safeguarding of the national democratic revolution.

It is important in this the post-election conjuncture to avoid the kind of mistake that can befall anyone who has a grasp of theory, but is shallow on access to practice and has lost touch with the fact that SACP members are members of the ANC and even active leaders of the various structures of the ANC and were seized with the struggles against capture within the ANC. It was therefore naïve to envisage a situation where SACP leadership would abruptly instruct them to disengage within the ANC and ask them to choose between the SACP and the ANC. Thanks to the SACP who wisely decided to leave that option open until, at least, the ANC December 2017 conference enabling the SACP leadership, the SACP with its 300,000 strong membership to play an active and often the key role within the ANC movement in the struggle against parasitic kleptocracy, in that critical period, in the run-up to the ANC's December conference.

The 14<sup>th</sup> Congress in its wisdom recognised the acute crisis facing the NDR, but at the same time recognised the revolutionary necessity of strategic consistency, analytical alertness and tactical

flexibility in such a period. Moreover, the resolution did not commit the SACP to contest elections on its own, while it did not explicitly exclude this option. Congress lifted three dimensions to be considered in the Special National Congress decision making – active contesting of elections, within or without a reconfigured Alliance, and, for both electoral purposes and for defending the NDR, consolidation of a left popular front of working class and progressive forces. To affirm this, the Congress Resolution on State and Popular Power resolved that:

- a. *The SACP must actively contest elections.*
- b. *That the modality through which we contest elections may, or may not be, within the umbrella of a re-configured Alliance*
- c. *That in principle we remain firmly committed to a revolutionary national democratic Alliance, and a re-configured Alliance that re-affirms, in policy as well as in practice, the ANC's own 2007 National Conference resolutions that "The Alliance is the strategic political centre" (and not the ANC on its own)*
- d. *That the SACP has a leadership role in the struggle to build a re-configured Alliance, while recognising that we cannot place all of our hopes and expectations solely on a favourable outcome in this regard;*
- e. *That both for electoral purposes and for defending, deepening and advancing a radical phase of the NDR, the SACP must play an active and leadership role in the consolidation of a left popular front of working class and progressive forces*

(Article 7 of the Resolutions of the 14<sup>th</sup> Congress of the SACP)

In the critical period, in the run-up to the ANC's December conference, we were not asking our members (most of whom are also ANC members) to choose between the SACP and the ANC

The leadership of the SACP knew very well that the stark choice was not between left and right labelling, nor about a beauty contest of values between the SACP and the ANC, but between the patriotic defence of our country's constitutional democracy and

despotic kleptocracy, as well of a defence of the revolution itself. It is important to neither downplay nor exaggerate the role that has been played by many Communist cadres in their various sites of deployment, including within the ANC, Government and the state in general. This of course has not ended, but continues even now, be it in the elections or in the fight to ensure that the struggle against state capture inside of the ANC movement and inside of government does not persist, in the face of a weakening although not negligible fight-back.

The decision to support the ANC was not naive in the context of the existing challenges of the time and others that could emerge in the future. As we did in 2009, we were well aware of the new tendency that was likely to arise then, given the nature of a number of characters that were involved. Still the choice was whether to choose the COPE route of “instant coffee” opportunistic approach of “I am cleaner than them,” or stay true to who we are: consistent strategies, alert analysts and flexible tacticians, guided by scientific theory of the revolution.

In this case, the domestic and international balance of forces was very critical. In the analysis of the SACP the chances of the democratic movement losing power was high. The potential election results, with low voter turnout in the movement’s traditional support base and high degree of spoilt ballots were matters not to be easily ignored. On the other hand, fragmenting the movement further in the midst of a clear deliberate fight back strategy of establishing a number of splinter parties with an aim of eating into the voting base of the movement, would have been a suicidal move. So would have been retreating from the fight in the midst of an onslaught that was directed at provoking the left axis in the movement to disengage from the contest over the soul of the ANC.

## **Turning support into Votes**

It has been proven in the 2019 elections that it is not the slogans you shout shortly before elections that attract people to associate with you and vote for you. Socialism is a people’s programme that will be ushered by the people themselves, based on their conception of what it means and to what benefit to them. It is not going to

be decreed by self-proclaimed socialists or communists. History is littered by casualties of this phenomenon in our society, the most recent ones being the PAC, the APC, and the new kid on the block, the SRWP.

The worst-case study is that of the SRWP of Irvin Jim. With the capacity of the trade union that is said to have resolved to form a worker's party boasting a membership of above 400 000 members, and notwithstanding the fact its union federation (if propaganda is to be believed) is said to be fast draining membership from COSATU and about to beat its 1.7 million member mark in its federation, SRWP received just around 24 000 votes in the polls. All these prove that the SACP assessment of the situation was correct.

The Central Committee has advised on the need to be wary of any situation that suggests that we may be about to return to the policies of 1996 in a time now when the supposed commodities super-cycle has long since petered out. Yes, be wary of the support for Ramaphosa by the London-based "The Economist", and others in their cover-stories. These institutions in their nature support the return to the commodity boom temporarily disguised, at least for shareholders and beneficiaries, the structural destruction of our political economy that neo-liberal illusions wreaked. We should continue to ask ourselves the questions:

- ◆ Will the new presidential term see whole-sale privatisation of strategic publicly-owned resources and the further erosion of workers' rights?
- ◆ Would Ramaphosa's Presidency favour capital at the expense of the working class?
- ◆ Would the nature and the positioning of "The Economist" and others that are in favour Ramaphosa's Presidency presenting a reason to worry?
- ◆ Or will we have a revamped publicly-owned energy and publicly-owned logistics capacity, supported by macro-economic policy that eschews self-defeating austerity?



- ◆ Will we have the courage to use publicly-owned finance and public debt to leverage domestic investment in economic and social infrastructure development, placing us on to a job-creating and environmentally sustainable trajectory?
- ◆ Would we even be in a position to ask these questions if the wrecking-ball of state capture plunging us into despotic chaos had not been halted from without and, critically, from within the ANC movement itself?

In this way we would be able to find a correct angle of posture towards reconfiguring the Alliance, building the ANC, strengthening our Alliance partners and actively contesting elections that will defend the revolution and therefore save South Africa and its people.

## **What is to be done**

Having traversed this difficult journey up to the ground breaking elections of 2019, where obituaries were already prepared bemoaning the death of the majority rule by the ANC, we need to cast our eyes into the future and conduct a thorough analysis of the balance of forces in all sites of struggle: the workplace, battle of ideas, state, economy, international, in the community, and within the environment we are operating; in order to determine our strength and weaknesses, identify threats and opportunities, as well as evaluating our structural capacity to drive the revolution into the future we want, that is Socialism.

The 2019 general elections campaign provide for a good mirror of the balance of forces. From the perspective of a national democratic revolution, a people driven struggle, it is significant that South Africa has not yet reached 100% registration of those eligible to vote. It is estimated in 2014 that 77% of those eligible to vote were registered. There is little analysis of who the remaining 23% non-registered potential voters are. We know that of the 26,7 million registered voters in 2019, 14,7m (55%) are women and 12,0m (45%) are men, and of the registered voters under the age of 30, young women number 2,98 million, and young men 2,59m are men. Further analysis of the voter registration data, and the

development of a strategy to ensure that South Africa reaches as close as possible to 100% voter registration is an important part of consolidating the democratic breakthrough and our democratic system.

The trend in voter turnout reflects changing attitudes to exercising our democratic power in the ballot box. In 2004 and 2009 elections we had 77% of registered voters exercising their vote; in 2014 this dropped to 73%; and in the 2019 National and Provincial Elections the voter turnout dropped to 65.99%. If we consider all those who could have voted, the ANC won about 37% of the total of registered or eligible voters – in other words the ANC did not win a majority of registered voters. Some would argue that the dropping voter turnout reflects a maturing democracy as South Africa settles towards international voter turnout trends, which would be an acceptable analysis if we were wanting to mature into a bourgeois democracy, but from a left perspective it requires deeper interrogation. Who are the voters who did not make their X? Which constituency/support base do they come from? What are the implications of this trend for a people-driven NDR?

The election results provide an interesting barometer on how voters have responded to political parties with an overtly socialist agenda – the Socialist Revolutionary Workers Party gaining 0,14% of the vote and no seats (compared to the 6,35% and 25 seats that the EFF got in their first national election campaign); AZAPO with an African socialist programme gained 0,07% of the vote, dropping from 0,11% in 2014. **One of the questions that the SACP must pose and answer is to what extent is the working class, the urban and rural poor and their allies ready to attach their vote to an overtly socialist programme, and what the Party must do to deepen this readiness to do so?** Does the love of the SACP because of its historic role in the liberation of this country translate into a readiness to support an overtly socialist programme albeit achieved through the deepening of the national democratic revolution? This can only be answered through a deep analysis of the hegemony of working-class ideology in South Africa.

The election campaign trail, the work of the Red Brigades in both blitzes and in door to door work, and the mass work of Cosatu and

its affiliates, has been a significant consultation process in which the attitude of working-class communities towards the ANC and the SACP in the context of elections has been heard. It is important for each District and each Province to analyse what the working-class communities have reflected to us in this regard. In addition, the work done by COSATU and its affiliates in the industrial areas during the election campaign will also provide some significant input on the attitude of organised and unorganised workers. This feedback from our communities and from workers in industrial areas and on farms is a key input to decision making on the modalities of contesting Local Government Elections.

### **Reconfiguring the Alliance – Critical for defence of the NDR and for Contesting State Power**

The 16 months since Cde Cyril Ramaphosa was elected President of the ANC, the 14 months of his State Presidency, and the Election campaign have been months of significant challenges, gains and unevenness in the reconfiguration of the Alliance. While at national level some gains have been made in the form of engagement and meetings actually being held, even this has not cascaded through the sub-national levels of the Alliance. The list process, carefully analysed in the February and June 2019 Central Committee meetings, has reflected the provincial specificities of dynamics in the alliance, the extent of the fightback groupings, and has also reflected a lack of any sense of a reconfigured Alliance. While the reconfiguring of the alliance is not about a list process, it is one of the times where the real nature of Alliance politics, and in this instance of factionalism, is visible.

In preparation for the modalities of contesting elections going forward, the SACP needs to self-critically assess the manner in which deployment decisions are made within the Party, whether these processes are appropriately transparent within the Party, and whether the decisions are backed by the full weight of our 300,000 members. This is a critical component of any decisions made about modalities of contesting elections, whether within or outside of the Alliance, whether in the form of a left popular front, or on our own. The SACP discussion document *State Power and Front*

*Politics are Inseparable: Towards a New Front for the Victory of the NDR and Socialism* remains a cardinal contribution on this topic.

Outside of the modalities of contesting elections, the reconfiguring of the Alliance is also critical for the SACP, with our allies Cosatu and Sanco and with forces of the progressive left, to give teeth to our slogan #RedCardBlankCheques, and to ensure that the working class, the urban and rural poor and their allies remain fully mobilised and active in the creation of the developmental agenda of this administration. The February 2019 Central Committee has asserted strongly that popular participation in planning decision making from local government budget prioritising, to national roads and dams, to solutions to our energy crisis must be corrected. **The top down approach to planning is an aberration to the national democratic revolution, and the concept of democracy as not just a vote in elections but an active participation in the processes and decisions that affect one must be actively pursued by the SACP.**

We have asserted that the reconfiguration of the Alliance must be a bottom up process. Phrased differently and perhaps less compromisingly, **Alliance will actually be reconfigured through the ability of the Alliance partners to mobilise the masses around a coherent programme, to present an organised and unified posture on the issues of the day** – a struggle driven approach to reconfiguring the Alliance. Reconfiguring the alliance is actually about the relative power of the Alliance partners – ideological power, electoral power, mass power.

Each partner has different forms and strengths in the various aspects of power, and this is reflected in the battle of ideas, the contesting of elections and the functioning of legislatures and councils, in the ability to conscientise and mobilise action not just to wave a flag and support, nor to wave a flag and oppose, but also to roll up our sleeves and fully participate in a national programme of transformation and delivery. The challenge to the Alliance partners is to give revolutionary content and form to the “Thuma Mina” slogan that deepens popular and importantly working-class participation and exercise of power.

## Towards Determining the Modalities of Contesting Elections

The party is building towards a critical Special National Congress that will crystallise the role of the Party in relation to the electoral system going forward, with the next phase in electoral politics the Local Government Election of 2021. We are also building towards our Centenary in July 2021, a critical time for reflection and strategic clarity.

We have updated our Party Programme, *The South African Road to Socialism* (SARS), with the publication of the document entitled “Neo-liberal macro-economics choke transformation – again!” published in the *African Communist* (No 199, 4<sup>th</sup> Quarter 2018). The 14<sup>th</sup> Congress adopted the essence of the organisational renewal discussion document and committed to a renewed approach to active party work amongst the masses and deepened ideological development. The SACP, in deliberations from branch level to the Central Committee, must amongst others engage with the question of whether we have adequately done this in the two years since the 14<sup>th</sup> Congress.

What has been articulated so clearly by the South African people in the 2019 National and Provincial Elections is zero tolerance of corruption and looting of the state resources and deep frustration at the lack of service delivery on basic social needs. While the hope that the Presidency of Cde Cyril Ramaphosa will renew and unite the ANC, will clean up government and State Owned Enterprises has given the ANC a breathing space, it is absolutely clear that the 2021 Local and the 2024 National and Provincial Elections will not give a mandate to the ANC to remain in government unless the service delivery weaknesses and the corruption and looting have not been eradicated and the financial and economic situation of each family has significantly improved. The prospects of achieving this face serious challenges.

Decision making in relation to the modalities of contesting elections must be informed by an accurate analysis of the attitude of the potential voters for a Communist led election campaign – the issue of electoral research is not a thumb suck process, nor is it a test of how people love the organisation. It is **imperative that**

**electoral research is done to inform the Special National Congress deliberations.**

Election victory is not only dependent on the attitude of the voters, it is also informed by **the election manifesto of political parties, fronts or coalitions** - the SACP has yet to engage on what the content of an election manifesto could be.

Perhaps one of the most distinctive dimensions in electoral victory is the **organisational capacity to translate the sympathy of potential voters into actual marked ballot papers** on voting day. The fact that the SACP has been part of elections campaigns since 1994 does not necessarily translate into the ability to sustain electoral campaigns, whether in a reconfigured Alliance, in a left popular front, in formal coalitions, or on our own.

In the context of Local Government Elections, there is **scope for the SACP to adopt different modalities suitable to the specifics of a municipality, or even ward**. In this sense, it is possible to adopt a range of modalities based on the circumstances in a particular municipality and not to have a single approach across the country. The strength of the local SACP VD Branch and the District, its capacity to mobilise its community, is ideological maturity, its ability to contribute to clean government, its ability to form and lead a popular left front, the relationship with Alliance partners, and most importantly the attitude of the potential voters towards the SACP and to other political parties will be critical determinants of whether and how the Party contests in that Voting District and that municipality.

In the process of branches, districts, provinces and the Central Committee discussions leading up to the Special National Congress, these dimensions should be engaged on to shape our decision on whether to contest and how to shape the modalities of LGE contestation. This discussion and decision making must be within a framework for a sober Marxist-Leninist approach to our revolution.

- ◆ What further lessons can be drawn from the 2019 Elections Campaign?

- ◆ What are the strengths and weaknesses of the SACP structures, drawing lessons from the 2019 elections campaign and from our Red Brigades work on the Red October Campaign?
- ◆ What are the threats and opportunities that we observed during the 2019 elections campaign?
- ◆ Are our structures different from those of the ANC? Are they immune from negative tendencies and what are their sense of duty and collective responsibility?
- ◆ To what extent do our structures command power of influence in all sites of struggles as outlined in SARS and to take the class and its allies with them?

There is a vast amount of experience the world over in Communist local government, be it the experiences of Kerala, or the experience of Danial Jadue in Chile (to be published in the next issue of “African Communist”. A significant point that is made in much of this experience is that Communist local government has the potential to transform the manner in which the state functions and indeed to fundamentally transform the local state away from a vehicle for class domination with structures completely impervious to the expectations and needs of its citizenry. **In preparation for the LGE, and distinct from the decision on the modalities of contestation of the LGE, the Party must develop a discussion document on the role of local government in the building of socialism, and hence on the potential contributions of communist led local government and even Communist Councillors within non-Communist led local government.**

Both preparations for the Local Government Elections and for the SACP Centenary Celebration in 2021 require a deepening of our knowledge of our Party history and of our ideological coherence as a vanguard Party, as well as strengthening of the organisational and campaigning capacity of the SACP. Our Red October Campaign 2018-2019 focuses on cleaning up local government and improving local government delivery. As with all SACP Red

October Campaigns, they are not single year events, but open up a continuous and ongoing site of struggle, as evidence by the ongoing Financial Sector Campaign. So the Local Government Red October Campaign must be integrated into a multi-year plan, that leads up to the Local Government Elections and into the exercise of state and popular power in local government post-2021.

## **Know and Act in your Neighbourhood Campaign, and a Commemoration Programme**

Our 14th Congress acknowledged that state power is a central question of any revolution, and subsequent CC discussions have elaborated that conflating state power with electoral victory is misguided, albeit that in a democracy electoral victory provides the governing party with a significant lever of power. Congress also acknowledged that no state can be transformed, nor progressive state power consolidated or defended without active popular and working-class power, organised both within and outside of the state. We concluded that the consolidation of state power and of popular power that are capable of driving the radical second phase of the NDR is a central strategic challenge. We reminded ourselves of Lenin’s warning that **“victory cannot be won by a vanguard alone” and that throwing “the vanguard into the decisive battle” before the “entire class, the broad masses” are ready would be a grave mistake.** As a revolutionary and vanguard party, it is our responsibility to ensure that we create the conditions in which the working-class, the urban and rural poor and their allies, are ready, armed with working class ideology, and asserting their hegemony. This is an essential component of preparing for contesting Local Government Elections in any modality.

In this post-election period, both in preparation for contesting elections and in order to root the Party firmly amongst the working class and urban and rural poor, we must sustain the SACP as a campaigning organisation, rooted in the working-class communities and workplaces. The SACP should integrate door to door work with political and ideological work in memorial events and ideological interventions in an ongoing manner, building on the work of the Election Campaign with the aim of both building



the SACP organisational strength and its hegemony within our communities and within the working class and its allies.

Concretely this needs to be taken forward primarily driven at District level, but with clear guidance, input from and accountability to the Central Committee. SACP Districts should have Red Brigade Weekends once a month, going door to door, having blitzes at ranks, train stations, and engaging with and listening to the working class. CC and PEC deployees should be active in these Red Brigade Weekends and reporting on this participation should be part of the reporting to HQ mechanism

A general pamphlet aimed at introducing the Party, reflecting our posture for the administration/electoral mandate period and the stand on the manifesto issues – in a sense building on the SACP Election Campaign leaflet.

The work of these Red Brigades on the “Know Your Neighbourhood and Act” blitzes should focus on information gathering and interventions on the Housing, Health and Hunger, GBV, People’s Economy, Environment and Waste Management, and accountable and clean Local Government. The Street Sheet used in the Election Campaign has been reworked into a “Know Your Neighbourhood and Act Street Sheet.”

Flowing from this door to door and blitz work, the District must have a monthly engagement with the Mayor and/or Councillor(s) to reflect on the concerns of the people and to engage with how the issues can be addressed. This then becomes the basis for further engagement with the community in the months to come where feedback can be provided. Where the mayor and Councillors are not stepping up to the plate, the Party should lead the community in further forms of engagement with the municipality and the provincial government as part of the #RedCardBlankCheques approach.

SACP Districts must also ensure that each month there is a Party organised intervention to improve the quality of life in the community, preferably in a manner that builds a participatory approach to service delivery, and not the Party doing acts of

charity on behalf of the people. This could take a variety of forms, such as the Gauteng's Election campaign of hiring equipment to fill potholes, organising clean up equipment to remove waste from streets and streams, organising teams to identify and where possible stop water leaks, organising progressive health professionals to do basic health screening in working class communities targeting the elderly, the very young and the ill, in particular with an emphasis on preventative healthcare.

Every month of the year the SACP programme of action should have commemorative activity, focusing on Party history and on the party work and life of a national SACP leader. There will be a national programme and wreath laying ceremony at the gravesite (led by the SACP, and involving COSATU, ANC, SANCO and other organisations, but will not involve government). This should be done on the first weekend of the month so that the leadership of the Party on this commemoration of our own leaders leads the way. This does not mean that the SACP should not also participate in commemoration events organised by the government, but it is critical that the Party commemorates our leaders in a way that is not mediated through government protocol and processes that dilute the political and ideological content of the programme which is aimed to both deepening the ideological understanding of Party cadres and embedding a love of the Party and of socialism in the community.

During the month, the SACP and the relevant Province will also organise a National Memorial Lecture, not necessarily connected to the wreath laying commemoration and not even necessarily in the same location. All Districts will be expected to hold a local memorial seminar or lecture, based on speakers' notes and video clips provided by HQ. These District ideological and political activities should be aimed at targeting a broad left front.

A similar approach should be adopted on commemoration of late leaders from the province or district, led at the appropriate Provincial or District level.

Building on and vastly improving the national coordination and accountability, the HQ Staff must convene a Monthly Know

Your Neighbourhood and Act Teleconference where Provincial Secretaries and Organisers report back on the KYN&A, on Commemoration and Ideological work. This will build on the experiences of the 2019 National and Provincial Elections coordination and ultimately feed into the elections campaign coordination system for the 2021 Local Government elections. In this monthly reporting, there must be a clear reflection on number of people reached, on the content of issues raised, on the nature of the engagement with the Municipality and responses from the Municipality, and on any internal organisational matters that have emerged. Provinces must ensure that this work is driven and coordinated by the Provincial Organisers and that the Provincial Officials and PWC members are key to leading these campaigns in Districts. The participation of Provincial Officials in the monthly Teleconference must be non-negotiable.

It is proposed that a Know Your Neighbourhood and Act Coordinating Team from the CC and the National Organising Department, similar to the National Elections Task Team, should be responsible for driving this work and convening the monthly Teleconference reporting meeting, and for reporting back to the First DGS for inclusion of this work in the Organisational Report to all Central Committee meetings. Moreover, the Convenors of Central Committee deployees for each province should be required to provide an analytical report on the progress in the campaign in their province, for utilisation in the preparation of the Organisational Reports to Central Committees.

While this schedule of possible commemorations is not cast in stone, and can be supplemented in a variety of manners, it is offered to provide Provinces and Districts with a guide to enable immediate actioning of the approach outlined above, so that the capacity of the Party organisationally, ideologically and within the community is strengthened in a manner that will enable effective contesting of elections in the Local Government Elections in the modalities as will be determined through the Special National Congress.

**Table 1: Commemorations**

MONTH	LEADER	LIFE DATES	PROVINCIAL LOCATION OF GRAVE	LOCATION FOR MEMORIAL LECTURE
JUNE	Joyce Mashamba	B 25 September 1950 D 20 June 2018	Limpopo	
	Jeanette Schoon	B 05 May 1949 D 28 June 1984 (Assassinated - letter bomb)	Gauteng	
JULY	Dora Tamana	B 11 November 1901 D 23 July 1983	Gugulethu, WCape	
	<b>SACP Anniversary</b>	<b>28 July 1921</b>	<b>N/A</b>	
AUGUST	Ruth First	B 4 May 1925 D 17 August 1982 (Assassinated - letter bomb)	Gauteng	
SEPTEMBER	Ray Alexander	B 12 January 1914 D 12 September 2004	WCape	
	Yusuf Dadoo	B 5 September 1909 D 19 September 1983	Gauteng (Highgate London)	
OCTOBER	Ahmed Timol	B 3 November 1941 D 27 October 1971 Assassinated - Security Police	Johannesburg, Gauteng	Mpumalanga Province since he was born in Breyten Mpumalanga
	<b>Red October Campaign Launch</b>	<b>First Week of October</b>		
NOVEMBER	Eric Mtshali	B 20 November 1933 D 12 October 2018	Durban	

	<b>Great October Socialist Revolution</b>	<b>7 November 1917</b>		
<b>DECEMBER</b>	Crosby Moni	B 18 July 1954 D 23 December 2103		Born in Cofimvaba
<b>JANUARY</b>	Joe Slovo	B 23 May 1926 D 6 January 1995	Gauteng	
<b>FEBRUARY</b>	Mzala Nxumalo	B 20 October 1958 D 22 February 1992	Moses Mabhida	UJ with Mzala Centre or an SACP one in KZN
<b>MARCH</b>	Neumisa Kondlo	B 27 March 1958 D 24 March 2008 Deputy National Chair	ECape	
	Moses Mabhida	B 11 October 1923 D 8 March 1986	KZN	
	<b>International Women's Day</b>	<b>8 March 1910</b>		
<b>APRIL</b>	Chris Hani	B 26 June 1940 D 10 April 1993 Assassinated - gun	Ekurhuleni, Gauteng	Fort Hare University, ECape as he studied there
<b>MAY</b>	Moses Kotane	B 09 August 1905 B 19 May 1978	NWest	UJ, Johannesburg

# The Vanguard Role of the Party in the fight against the Crisis of Capitalist Social Reproduction

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## Introduction<sup>1</sup>

Social reproduction is a complex set of relations and activities that create conditions that enable a society to sustain itself and its social relations. Human beings, in order to meet their material needs, are compelled to engage in some form of material production that requires certain forms of cooperation between them. The sum total of these relations of production constitutes the economic structure of society and is a base for the social, political and intellectual superstructure of society. The relations between human beings within the context of the mode of production are usually exploitative, whereby the owners of the means of production create a whole network of non-productive relations to protect and reproduce their privileged position. Social reproduction therefore incorporates the reciprocal and dialectical interfaces between the base and the superstructure, as well as how this interplay is shaped by objective and subjective material conditions.

In a class stratified society, social reproduction is a substantive part of what sustains and reproduces the class relations. Preparation and consumption of food; provision, use and washing clothes and household linen; cleaning and maintenance of the household and living environment; life skills, training and education; play, sport and recreation; health and fitness; and culture, tradition and ideology are key dimensions of social reproduction. All these facets of social reproduction constitute sites of contradiction between class forces as to how working-class labour power, capitalist owned surplus value and government revenue are utilised.

Analysis of areas of and changes in reproduction of capitalist social relations is as central to an anti-capitalist struggle as is the

<sup>1</sup> This paper is dedicated to the late Cde Thandi Ndlovu, MK soldier, medical doctor, and construction industry leader, who was motivated to become a businesswoman not by a drive for profit and wealth but by her drive to deliver housing to working class and poor communities. She was a cadre practically involved in intervening in the social reproduction crisis of working-class communities and fighting against gender-based violence within the home, society and workplace.

analysis of how the productive economy changes through time, but unfortunately is often not given the required attention in analysis or practice.

Forms of social reproduction are in general terms specific to the mode of production, much as they are shaped by the specific history of each particular society, and much as they often retain forms from previous modes of production. The essential difference between capitalist and socialist reproduction is how surplus value generated by the economy is appropriated and utilised. Profit maximisation drives the capitalist approach to social reproduction, with the burden of social reproduction of the working-class family and community falling on the state and on the working-class family itself, making this a critical site of socialist and anti-capitalist struggle.

This discussion document aims to put forward a concise and explicit outline of Marxist-Leninist Feminist theory<sup>2</sup> outlining the links between the economic mode of production (the base), the ideological, social and political relations and the mode of social reproduction (the superstructure) and the role of the state as the manager of class relations in society. Against the background of the relations of production, including the impact of technology on relations of production and class relations, the article aims to analyse the concrete conditions of different sectors of the working class and the urban and rural poor, emphasising the theoretical and practical interplay between social reproduction instruments as reflected in the battle of ideas, education, culture etc of the superstructure and the sectors of the class and its allies.

The discussion document also aims to reflect on the state's role in shaping the ideological, political and social relations as an aspect of the superstructure and the role of the state in social reproduction, including analysis of the role of local government and its capacity in the current conjuncture.

2 Marxist-Leninist Feminism seeks to undertake analysis of the class, race and gender relations within a society in an integrated manner that enables the vanguard Party to drive an organising strategy for mobilising the working class and its allies into socialist struggle to redress socio-economic, political and ideological inequalities between all classes, between sectors of classes, between sectors of society, in the process of building a socialist society. It embeds a gender lens into the theory and practice of Marxism-Leninism.

The final part of the discussion document considers what the analysis of the crisis of capitalist social reproduction means for the nature and role of the SACP, our Red October campaigns and the SACP Know and Act in Your Neighbourhood campaign. Reflection is made on the kind of cadre required to drive that role and how it fits into the SACP organisational renewal process and the reconfiguring the Alliance and the building of patriotic and left fronts.

The discussion document concludes on how our theorising of the crisis of capitalist social reproduction links with the strengthening of social capital and community activism, the driving of alternative socio-economic projects, the creation of healthy, safe living environments, and its impact with regards to redirecting social production patterns, and establishing building blocks of socialism

### **Why is a Marxist-Leninist Feminist analysis of the crisis of social reproduction important to the South African revolution?**

Analysis of crisis of capitalist social reproduction in our society focuses on the essential meaning of and desired outcome of the class struggle, namely the constant improvement of the quality of life, the releasing of the potential of humanity, and the promotion of equality of all people. Reducing class struggle to a struggle around the mainstream economy, struggles in the workplace, and struggles around state power excludes key sites of struggle and key dimensions of the emancipatory socialist future.

The purpose of deepening Marxist analysis of social reproduction in contemporary South Africa is, in the first place, to better understand **the interconnection between workplace and community struggles in the struggle for and building of socialism.**

Moreover, it helps to ground the particular **intersection of class, race and gender** – not just in a generalised formulation of “the triple oppression of women”, for instance – but in the specific (and shifting) forms that this takes in particular phases of capitalism and in our particular South African society, shaped as it has been



by colonialism of a special type (CST). This characterisation of CST affirms that the fundamental problem in South Africa was that of economic exploitation through the capitalist form of production, which had both racial and patriarchal manifestations with an artificial imposition of inferiority upon indigenous populations, and particularly on black women, to justify the theft of land and mineral resources and the enforcement of slave-wage labour. The development of the capitalist core of South Africa at the expense of the periphery located in the Bantustans and the migrant labour system that facilitated this, created particular racial and patriarchal dimensions of social reproduction relations. So, while we correctly talk of the triple oppression of majority of black South African women (race, class and gender), South African history has given unique characteristics to how the triple oppression manifests in our country. In this, the demeaning value assigned to black women and the resultant distorted power-relations are reflected and reproduced in society.

Understanding the crisis of social reproduction in our current reality and its connection to the systemic features of contemporary South African capitalism also provides a much stronger basis for a clear critique of the dominant discourses in our ANC-led movement for “women’s advancement”, or for “black advancement”. These are overwhelmingly couched in terms of elite economic and political advancement within the confines of the existing capitalist system in our country and fail to challenge and transform the fundamental structural elements that underpin neither patriarchy nor the material realities of working-class women. For it is this capitalist system, shaped as it has been by colonialism of a special type, that is reproducing class, racial and gendered oppression that afflicts the majority of South Africans. Our analysis of the crisis of social reproduction must enable a **coherent discourse and practice on social empowerment in a non-capitalist, socialist oriented manner**.

Utilising a Marxist-Leninist Feminist tools of analysis also enables the location of the scientific complexity of sex identity, previously understood to be a binary male-female reality, and the social issue of sexuality and the choice of gender identity in

our struggle for a system of social justice and societal progress. The analysis of lived experiences of South African LGBTQI+ community, the exclusionary ideology, and the physical and social oppression experienced must inform our strategy. To this end, our Marxist-Leninist Feminism calls us to **reject an exclusive binary approach to defining people’s gender, and to fully acknowledge the gender continuum**. This requires us to challenge the ideological norms of sexuality, to rethink our approach to socialisation of children, and to develop strategy that is gender inclusive in its broadest sense.

Deepening our analysis of social reproduction also enables a basis for a left critique of the dominant approach to social development which effectively focuses on social welfare interventions in the lives of those deemed to be “at risk”. The SACP approach to social development must promote **a coherent programme for the transformation of social relations in our communities to enable the unleashing of human potential and promotion of the social health of all people**. This provides a solid platform for ensuring that our approach to building socialism is not an economic one but is driven by an understanding of socialism as a socio-economic and political system that develops resources for the benefit of the people of a society in a manner that addresses social needs and improvement of quality of life.

Developing a Marxist-Leninist Feminist analysis of social reproduction in our concrete reality also helps to better **anchor our critical contribution to the Battle of Ideas**. The terrain of ideology is a critical component of capitalist social reproduction, and the racist, sexist and homophobic ideologies are critical supports to the overarching capitalist ideology, and as such, the terrain of ideology is a key platform of socialist struggle to intensify the ideological contradictions between social forces.

Above all, an effective Marxist-Leninist Feminist analysis of the reality and current crisis of capitalist social reproduction helps **to connect diverse popular struggles, and importantly to bring the class content of popular struggles to the fore**.

The crisis of social reproduction in our townships and villages

cannot be resolved simply through point of production struggles for improved wages, leaving the structures of and relations of social reproduction unchanged. Equally, it is impossible to advance social struggles without simultaneously driving the systemic transformation of the capitalist economy. And, nor can social or economic struggles be won with state power alone, if the key potential popular motive forces of transformation, the masses of our people, are exhausted or fragmented by daily struggles for survival.

Nor can these struggles be won simply by mobilising behind demands on the state to “deliver more”. Despite the 60% of government expenditure that goes on social services, our current state has a still under-funded social reproduction mandate, as has been obvious in the fees must fall struggle, in the current discourse around the funding of the NHI, exacerbated by a situation where the surplus under the control of monopoly capital has absconded and not been collected into the revenue service. In some instances, the spend of social services, such as on health, almost half of the spend goes on the private health sector servicing only 16% of the population, while the other half of the health budget is stretched to serve the 84% of the population.

But even if the fiscal crisis and the funding of the mandate were to be adequately addressed, the approach to social security systems while the working class continues to be stressed on all fronts is neither sustainable nor emancipatory. While legislation and policy have created government-community structures such as school governing bodies, community policing forms, with an intent that these should serve as organs of people’s power, the intent of community control, people driven programmes has often not materialised. Because of economic deprivation and the pervasive reinforcement of a materialistic mindset at social level, our instruments for public participation in governance have become corrupted as a source for personal power and advancement rather than transformation and community-oriented development. What is required is an approach of communities and workers in the workplace creating the social and economic projects of a non-capitalist alternative model, the real building blocks of

the socialism that is our future. Production is never individual production. The extraction of surplus from the surrounding environment to generate livelihoods requires collective action. Changes towards a more socially orientated mode of production, through collective activism also contributes to generating a more progressive value system, which includes caring, ‘ubuntu’, and inspires buy in and embeds development at local levels, setting a foundation for the reconfiguration of the social and ideological institutions or superstructure.

### **The social reproduction crisis and local government as a key site of socialist struggle**

The 2018/19 Red October Campaign on clean local government is focused on communist and community mobilisation to address the crisis of local governance that bedevils our country. The focus of this campaign is to address the many challenges facing local governance, with the twin foci being on fighting corruption, and on building capacity for implementation of programmes that benefit (and actively involve) most local communities and their members. This theme is even more relevant as we evaluate the lessons of the 2019 SACP independent election campaign in support of an ANC-led Alliance electoral victory, particularly regarding the “service delivery” or developmental weaknesses that voters reflected to us. The recent report on municipal audit findings provides a clear indication of the extent of non-compliance and mismanagement within this sphere of government. The money which has been misspent and misappropriated would largely have been used to ensure development in precisely those areas relating to social reproduction.

Much of the crisis of local governance is a symptom of deeper realities, acutely reflecting a more general crisis of social reproduction in South Africa and across the Southern African region.

The crisis of social reproduction in most working-class communities is manifest in many ways, including the continued reproduction of the apartheid spatial settlements in our country. The urban and rural divide has not transcended centre-periphery manifestations.

Racially stratified, unequal geographic spread of economic resources and opportunities remain. New urban settlements for the predominantly black poor communities continue to be built further and further away from the major economic centres of our country. Historical patterns where black persons, with women being affected most, continue to occupy the strata of lower paid jobs remain. Workers are compelled to leave home early and arrive late, leaving children unsupervised, vulnerable and responsible for household and parenting functions that should be residing with adults. The black professional strata too battles to escape the trap of indebtedness as the responsibility of caring for extended families, still burdened by unemployment or the reality of earning less than a living wage, dubbed “black tax”, remains. Family life and the general social fabric that is weaved around it is eroded

The spatial settlement patterns, the lack of adequate social housing close to places of economic activity also feed into the phenomenon of homelessness, of people living on the streets for a variety of diverse reasons. A deeper analysis of the growing population of homeless people in our cities is required.

Our working class localities still principally remain labour reservoirs, for both a productive and increasingly large reserve army of labour (those who enter into and out of precarious employment), and as dumping grounds for what Marx described as the “passive reserve army of labour” (those who are simply excluded more or less entirely from the capitalist labour market). An aspect of the social composition of this ‘army of labour’ is the presence of large sections of labour drawn from the rest of the SADC region (a reflection of the Southern Africa-wide nature of the crisis of social reproduction). Not only are they sharing the same physical space with South Africans, but also access the same services – and this often leads to intra-working class/poor confrontations and tensions.

The SACP has historically understood that the whole of Southern Africa was increasingly drawn, from the late-19<sup>th</sup> century, into the role of a labour reserve for mining monopoly capital in South Africa.

Notwithstanding political independence in our neighbouring states, in the second half of the twentieth century, apartheid-era destabilisation and active contra-wars (resulting in the deaths of some 1-million), plus IMF-structural adjustment and neo-colonial compradorism, have deepened underdevelopment in our region. Today, much of the SADC region remains a labour reservoir for South African monopoly capital.

But the SADC region is no longer primarily a labour reservoir for mining monopoly capital, as it increasingly reproduces cheap labour for other economic sectors as well, including agriculture, the retail, hospitality, restaurants and services sectors, and household and domestic services. In fact, by way of example, South African (black and white) professionals and the middle classes are increasingly employing Zimbabwean, Malawian, Mozambique, Lesotho nationals in their households for domestic and other household chores like gardening. These foreign nationals are in South Africa trying to find a solution to the social reproduction crises in their own countries, and in addition contributing to additional stress on the social reproduction burden in South Africa.

The concept of the crisis of social reproduction also provides an important basis for understanding the many micro-dynamics in our communities, and in that way anchoring our Party structures better to play their vanguard role. This vanguard role can only really be played if we deepen our understanding of the crises of social reproduction in our localities. This must include an understanding of people's and community attempts to build means of sustainable livelihoods.

The SACP approach to the many problems in local government must start from addressing some deep-going crises of social reproduction, and this requires that our work continues to be anchored on the Know and Act in Your Neighbourhood Campaign. This campaign provides a platform for our call for 'every communist to be a community activist'.

## **Top down planning or planning for building communities' sustainable livelihoods?**

A related, but equally important, matter about our localities is the fights and tensions that often arise out of developmental projects and initiatives rolled out by government. The crisis of social reproduction often creates conditions for the reproduction of underdevelopment as a result of these development initiatives from government.

A key feature of virtually all development initiatives in most of our poor communities is that these originate, top-down, from outside those areas. It is precisely because these projects and initiatives emanate from outside, and with minimal or no participation by communities in their planning, execution and even ongoing maintenance, that they become a source of tension and serious intra-community conflicts.

The SACP has deliberated on two interrelated but distinct examples that illustrate the above points, namely the government-led N2 Wild Coast road and bridges project, and the Xolobeni sand-mining project by an Australian mining company. These projects are being blocked by local community activism and mobilisation. Of particular importance is the fact that this part of our country, Pondoland, was one of the epicentres for CST's social reproduction of hyper-exploited migrant labour. It has suffered a century of underdevelopment, and still remains a key sending area for the most exploited sector of the mining labour force – rock drill operators.

What should our strategic developmental approach be in this area currently largely reliant on social grants and remittances from absentee workers? Should the focus be on sustainable livelihoods with a focus on labour intensive small-holding agriculture and tourism? What government has been promoting is largely the N2 re-alignment and more recently, with increased enthusiasm, the exploitation of the titanium rich sand dunes along the coast. The multi-billion-rand projects we are promoting appear not to talk to the developmental needs of the local communities, who, instead, have been mobilised by all manner of interests.

In Xolobeni, there are mining profit-maximising interests of an Australian mining company (Mineral Commodities Ltd.), that often acts to buy and co-opt local elite, some of them linked to the factions inside our own movement. Community members have been assassinated and there are allegations that the police are complicit. This company also has an extremely poor track-record in terms of environmental degradation, of illegally going beyond the area awarded for mining rights, and of neglecting its community development responsibilities (as extensively reported on the Koekenaap sand-mining operation on the West Coast).

In the case of the R1.62 billion Mtentu mega-bridge at Mbizana, the construction company (a joint venture between Aveng and the Austrian multi-national Strabag) has recently pulled out and declared “force majeure” against government, suing for loss of business as a result of persistent community protests.

Also active are donor-funded environmental groups and initiatives, often exploiting genuine community concerns (and alienated members) in communities

The ever-present threat of the NGO-isation of local community struggles, where sometimes even seemingly progressive NGOs, often separate and oppose mass participation and mass struggles and place narrow NGO funding interests above those of communities (e.g. Section 27, Equal Education, Unite Behind, Richard Spoor, etc). Typically, also, the external funders of these NGOs expect them to adopt an anti-government “watch-dog”, law-fare role, rather than an activist and developmental role.

The NGO-isation of mass and community struggles is not something unique to South Africa. Neither is it a new phenomenon in our country. At the height of mass and community struggles against apartheid, there was often a conflict between NGO fundraisers, on the one hand (and who were often not based in communities), and community-based leaders on priorities and leadership of local struggles.

The often-predatory behaviour of compradorial local BEE elite is also often linked to, and in turn fuels and funds factions inside



our own movement. These are linked to tenderpreneurs within our own structures. These elite economic interests are also often closely connected to local traditional leadership and municipal official and political leaders.

In all the above, there are often genuine community interests and a progressive voice that normally gets buried in the toxic mix of all these often-contradictory interests. It is this progressive voice that the SACP should at all times, and sometimes does, seek to organise, mobilise and represent. In the case of Xolobeni that, whilst opposed to imperialist and elite BEE interests, wants mining to take place but in a manner that would be beneficial to communities.

In addition to this toxic mix of local and external forces, government also needs to be self-reflective about major projects like these. For instance, the Wild Coast N2 development is being promoted as a key pillar of the PICC's SIP3 (along with the much delayed Mzimvubu Dam project – which, incidentally, is in a completely different location, and so the “strategic integration” between the two is not immediately apparent). The argument in favour of the multi-billion rand N2 development is that it shortens the East London to Durban road trip by some 67 kilometres and cuts out 2-hours of travel (it is not clear why 67 km = 2 hours? – presumably the topography of the current route, and the traffic congestion at Umthatha are factors). But local communities in the area are NOT particularly travelling between East London and Durban. We are also telling these communities that they will get their produce to market more quickly – but do they have any produce? What, if any, land reform, agricultural development and public investment into small dams etc. is happening in the area? Not much. No wonder there is a sense of local alienation and the suspicion that this expensive project is basically being built for an Australian mining company, with the added insult of impending tolls. In fact, this illustrates the extent to which government interventions are often isolated and not carried in an integrated fashion involving a suite of mutually supportive interventions aimed at more holistic developmental goals. Often the building of a road can act as a catalyst for much broader developmental initiatives were it

to be combined with other initiatives and effective community participation.

While platforms to facilitate policy coherence as well as planning and programmatic alignment across the three spheres of government exist, these platforms weakened as interests related to state capture gained dominance. This period of fiscal constraint necessitates optimal efficiency in public spend with maximum impact. For this to be achieved, inter-departmental and inter-sphere collaboration must be enforced and the 20:80 principle has to be applied. Our people must play a key role in determining which 20 percent of public projects will have 80 percent impact and ensure that these are reflected in the Integrated Development Plans. Community activism however must transcend the mere prioritisation of municipal spend, to ensure local participation in implementation as well as governance oversight through platforms such as ward committees, with SACP members playing a leading role. The role of community police forums needs to be elevated to maintain peaceful and stable living environments.

## **The Burden of the Crisis of Social Reproduction on the Youth**

South Africa is essentially a young country in terms of its age demographics. The SACP itself has been a very young Party since its unbanning in 1990. The manner of the organisation of the youth into the Party structures has therefore been an important question since then, and of course right from the formation of our Party. The re-establishment of the Young Communist League in 2002 was also informed by the importance of the social layer of youth in the political economy of our country.

Our youth are a huge asset in the revolution, if properly organised, politically educated and guided. This should indeed be the point of departure for the SACP in handling what we can refer to as the 'Youth Question'. Indeed, the youth has played an important role in the entire history of our revolution thus far, and more especially in the struggle against apartheid from the late 1960s into the 1990s.

Why are we raising the issue of youth again? Other than women who we know to be most personally impacted on by poverty, the

youth are carrying the brunt of the crisis of capitalism and the crisis of its social reproduction. This is a task that South African capital has also displaced onto the shoulders and responsibility of the democratic government since 1994. It is a fact that our democratic government is burdened by the responsibility to tackle the socio-economic problems generated by capitalism and its multiple crises, complicated by the colonialism of a special type and patriarchy. At the same time, some of the most regressive social tendencies caused primarily by the crisis of capitalism and that of social reproduction find expression amongst young people. The current values of young people focused on the fetishism of bodies and clothing, and consumerism has a significant impact on the consciousness of the youth. Much as we have embarked on many initiatives focusing on youth, particularly in the education sphere, but given the significant role that this generation plays in both defending the historical mission of our liberation struggle and championing a progressive socialist cultural revolution, our efforts are far from enough to address the scale of the problem we face. The **youth is at the heart of our quadruple challenges**: unemployment, inequality, poverty and societal dysfunctionality and violence.

Drugs, alcohol and violence are ravaging our young people. We cannot deal with the challenge of youth development and empowerment unless we decisively confront the issue of drugs and alcohol abuse, as well as gangsterism. Use of drugs and alcohol is often the escape route to increasing numbers of young people who are caught in deep cycle of poverty and unemployment. Of course, addressing this problem is deeply interlinked with the struggle against the capitalist system itself and driving a second more radical phase of our democratic revolution.

Every revolution has a chance of success and consolidating if it also takes responsibility for the **mass conscientisation of its young people**. Even legitimate struggles by organised and progressive sections of youth are likely to falter on lack of proper social and political conscientisation of young people.

The regressive tendencies that also accompany struggles for access to education show a lack of this kind of attention to our

young people. How do we inspire and redirect youth energies and give space and progress for young people, without allowing that to become a struggle and anger against the old in society? How do we combine the energy and aspirations of the youth and the much-needed experience of the older generation? How do we direct the, often understandable, anger of young people towards positive energies to build a better society and prevent this anger from degenerating easily into violence and unnecessary confrontation? It is these regressions and frustrations that organisations like the EFF have exploited and hope to use to rise to power through anger, anarchy and resentment generated by socio-economic conditions of the young. How do we guide the anger of young black women towards dismantling patriarchy, building non-racialism, as integral dimensions to building a better and socialist future, as opposed to much of the elitist identity politics that informs much of the current women's agenda? How do we guide the LGBTQI+ youth to locate their struggles against oppression, violence and marginalisation as part of a struggle for a social system that is social need and humanity driven, a socialist future?

Indeed, it is the youth from working class and poor backgrounds that are facing most of these challenges. Many societies have programmes to support and guide youth in society and assist them to take responsibility for their future. Under apartheid, for entirely reactionary objectives of course, it was military cadets at public schools and conscription for white male youth which started in mid-1960s. In Cuba there are social skill programmes from childhood and there is a kind of conscription and mass education for young people. By citing these apartheid and Cuba examples, we are by no means suggesting that we should simply copy these. But they emphasise the importance of answering how we effectively engage with all the platforms where the young people are organised, and organise them where they are not organised?

A close study of the **#fees must fall** struggle showed some capitulation to all the demands and actions of the students, both progressive and regressive, as well as a failure to connect effectively with student struggles by the rest of society. Poorer parents supported all that the students were demanding so that

they are relieved from university and college fees, but this support was in a manner that did not provide guidance and engagement. This even buried many important questions and realities about schooling and higher education. The fact is many students in university today should not be there, or at the very least should not have started there. Also, the challenge posed by stratification within the student movement (missing middle) was not addressed appropriately. The extent of destruction of university and college property by students was completely unprecedented in modern South Africa, even compared to the apartheid period. A billion-rand worth of destruction in two years! What is this telling us? It is easy to blame the students, but at the same time it is important to teach our young people to take responsibility for the resources needed for education – but if the conduct of much of the personnel in the state itself and of non-youth in our movement is self-seeking, are we not “teaching” a very different lesson to the youth?

The conduct of sectors of the student movement is not qualitatively different from the general pattern of “service delivery protests”. This conduct is a symptom of the post-apartheid state having **manoeuvred itself into a “delivery state” (with an under-funded constitutional mandate) rather than a developmental state.** Instead of advancing a perspective of the co-production of transformation, in other words, not just a people-centred, but critically a people-driven approach to the NDR, the “delivery” state promises to provide top-down to citizen-customers in exchange for their votes.

The potential motive forces of the NDR (including working class young women and men and working-class communities) do not feel a collective responsibility for a solidarity struggle for transformation or for looking after *their* communities, sites of study, etc. Instead, there are narrow sectoral struggles, and even within these there are competing elite seeking to out-radicalise each other in rhetoric and senseless and often destructive actions (AMCU vs. NUM, EFF/PASMA vs. SASCO etc.)

How does the SACP foster a greater sense of the co-production of social assets and services in general and particularly among an increasingly alienated young women and men?

One (not the only) approach is to greatly increase unemployed youth participation in our various public employment programmes (EPWP, CWP, etc.). SA (after India) has the second largest public employment programme in the world, which has been sustained for over 15 years. Every year nearly half-a-million youth are active in these programmes – but this only represents 47% of EPWP participants, and our target of youth participation in EPWP type programmes should be closer to 60%. But this will also require developing programmes that are more attractive to young people, and to the full spectrum of interest groups within the youth. Among the most successful youth oriented EPWP programmes are Working on Fire, programmes that involve sports and culture activities (like Soccer4Youth and Netball4Youth), as well as programmes that involve IT – like geo-mapping for informal settlement upgrades. Other youth programmes that can be scaled up are those that involve homework supervision, sports coaching at schools, and childcare provision.

The importance of creatively involving young people in campaigns and activities they are likely to be attracted to must especially be emphasised. For example, huge mobilisation is needed for resources to be poured into sports, recreation, cultural and artistic activities in all our educational institutions to meaningfully engage young people. Sports, arts and cultural activities are practically dead in most of our schools, especially in townships and villages. The experience of organising and politically conscientising the youth through cultural groups in the 1980s even at the height of the apartheid repression should not be lost on us in this period. Campaigns to clean our dirty localities, is another important initiative to engage, conscientise and educate young people, while also contributing to the environmental sustainability of our future.

The question does arise as to who are the main motive forces that should be mobilised to lead this enormous effort to organise, mobilise, educate and conscientise our young people. For the purposes of organisation building, the YCL has identified young workers and students as the core of its constituency and the ranks from which it should draw its leadership core.

## Tackling the Question that is too close to Home: Marxism on the Family

The Party must engage with an appropriate analysis of the waves of feminism, and the ideological trends within each wave of feminism. The first-wave of feminism was a period of feminist activity and thought during the 19th and early 20th century that focused on legal issues, primarily on gaining the right to vote and which in South Africa also engaged in the debate about the right to vote for black South Africans as well as for women. Flowing out of what has been called the second wave of feminism of the 1960s and 1970s, there has been extensive analysis of the family, much from a left psycho-analytical perspective, but with considerable attention to the relationship between the capitalist state and the family, and neo-liberal policy and its impact on the working class family. To this extent the early contributions of Engels on the origin of the family, private property and the state and the contributions of early socialist state approaches have been built on by Marxist feminist analyses.

The oft quoted “Educate a man and you educate an individual. Educate a woman and you educate a nation” focuses us on the **role of women in social reproduction which manifests in “women’s double day”**, their role in the family, and the ideology of the private sphere of the home which serve as obstacles to women’s full participation in social, economic and political life.

Marxist feminists have debated the double day, the responsibilities of women to be economically active and to carry the major burden of work in the home, and some have argued that the oppression of women in capitalism resides in the contradiction between their roles as wage labourers and as domestic labourers/housewives, much as the South African ruling class outsources much of the housework to black working class and often now foreign national domestic workers. They argue that the definition of class cannot be based merely on the individual’s direct relation to the means of production but must also take into consideration dependency on those who have a direct relationship to the means of production by selling of their labour power. They put forward a notion that women have a dual relationship to the class structure through the wage relation and

through the family, and hence identify both the economic relations and the familial relations as requiring transformation.

Nancy Fraser, an American critical theorist, feminist and philosopher writing in this decade, and reflecting on Engels' writing, has neatly expressed that socialism cannot simply mean socialised ownership of the means of production; it also must mean the collectivisation of housework and social reproduction. This position has echoes reaching across the past century to the early days of the Soviet Union, the Marxist Feminist movements of the 1960s and 70s, through to current analysis. Fraser has taken this approach of the centrality of housework and social reproduction more broadly into our current time, stating that with the cutbacks to the public sector on the one hand, and recruitment of massive numbers of women into waged work on the other hand, there is a new class division in the primary locations of social reproduction.

For both wealthy and working-class households in the advanced capitalist countries, and with the rolling-back of the welfare state, much care-work and broader social reproduction work has been privatised. But for the relatively wealthy this takes the form of an enhanced commodified provision (private health-care, private community security, private schooling, fee-paying tertiary education, a ballooning private housing market, etc). For many working-class families, the rolling back of the welfare state has required taking on increasing and often unsupportable household debt in order to access these commodified services. Or, for the working-class household, there is another form of "privatisation", public provision is rolled back – the return of the burden of social reproduction once more into the private domain of the household.

In a country like South Africa, with conservative and traditional cultural approaches to marriage, the family and to divorce, is this thinking that household functions can and should be socialised a challenge too far? In a society where the mindset of the man as the 'provider' head of household, the justification of unemployment and low wages for women deemed primarily to be housewives despite its impact on the household income, and the perceived notion of ownership of women and children, it is not surprising that domestic violence and abuse and gender based violence are as



prevalent as they are in South Africa. The discourse on alternative approaches to family and household divisions of labour certainly is not an area of socialist discourse that has gained prevalence in democratic South Africa. While the racially discriminatory and religiously discriminatory aspects of marriage law have been removed, and divorce law has been significantly liberalised, the approach has been to embed the diversity of family forms into law and regulation, with little space for or tolerance of personal choice in love-relationships and family forms. The approach to family and marriage law has not been radically challenged by the acceptance of civil unions, but rather the form of civil unions has tended to reproduce the conventional marriage forms.

The patchwork of cultural forms of marriage and families and the development of law regulating customary law into the statute books in South Africa is an undeveloped area of Marxist analysis, and perhaps in the developing world in general. Many of the prevalent forms of family and marriage are pre- or non-capitalist and yet through the incorporation of them into the rigidity of the statute book, do they not become an element of control and limitation of family forms appropriate to the future? Moreover, in their pre-capitalist form are they not at odds with the advanced and modern society of this century?

The history of the South African trade union movement in organising women workers into unions and through unions addressing working and living conditions specific to women has laid strong traditions that must always be defended and deepened.

The SACP adopted a particular approach to the double day and to the organisation of women into the trade unions in the 1940s, in order to ensure that since women were increasingly employed in industry and agriculture the strength of the working class and trade union movement would not be weakened by having a section of the workers unorganised. The key issue was how to organise women workers.

In the 1940s and 50s, in particular, the SACP identified the provision of child care to working class communities as a critical intervention to enable women to join the economy while providing

socialised services to what had previously been a private family responsibility, carried out by the women and girl children in the family. This was evidenced in the establishing of crèches in working class communities, such as Dora Tamana's work in starting the Blaauvlei crèche, and in the fighting for the rights of women workers to have childcare facilities at work, and in particular enabling breastfeeding during the working day, and demand won by Food and Canning Workers Union in the 1950s, particularly in the Western Cape where the union was very strong.

In the 1990s, the Alliance, ANC, COSATU and SACP, established a crèche for the children of the employees of the Alliance formations, and once in Parliament, a similar approach was adopted to establish a childcare facility for all of the MPs and all of the employees in Parliament. Neither of these latter two projects has been sustained. The gains of the COSATU unions in the 1980s and 1990s in relation to workplace-based child-care have not been sustained in the democratic era, and this aspect of social reproduction is one in which neo-liberal approaches have rolled back the gains of the working class. Family form, or socialisation of productive activities historically done in the privacy of the home, is an important site of socialist struggle and one that is particularly important for the emancipation of women.

The provision of or development of socialised facilities that replace functions currently performed in the home by women is a critical liberator of women, and necessary to prevent the emancipation of some women through the exploitation of other women as domestic workers in their home. It also must be addressed by a political and cultural process that transforms the politics of housework, household power relations and patriarchy in the home, and this entails the development of a socialist morality about our private lives and issues of a personal nature such as domestic violence which transforms cultural and ideological practices that entrench gender subordination.

The SACP has identified that the capitalist system is dependent “for the reproduction of cheap labour on the “invisible” and unpaid labour of millions of women - as child minders, as carers for the sick and old, as subsistence farmers, and as general family and

household managers. This is work worth billions of rand, but which never features in the calculations of our gross national product.” A socialist perspective on the family and on social reproduction must rethink this completely so that the socialist family empowers and liberates women. What do we mean by a socialist family? It is not defined by being nuclear, or extended, or patriarchal, but it is possible to identify certain aspects of relations within the family that are essential for it to be socialist. Amongst those would be democratic, equitable, non-gender driven division of labour, shared housework amongst adult members. But in addition, certain functions that are under capitalism seen as family responsibilities can be socialised - such as childcare facilities, eating facilities, laundry facilities, cleaning facilities. It will be through struggle around the crisis of social reproduction and around the non-formal and solidarity economy that we will determine how specifically these issues are addressed in our building of socialism.

The family is a key instrument and site of socialisation of the next generation, in relation not only to class consciousness, but also attitudes towards racism, patriarchy, and conventionalism. What are the dimensions of family life that the Party should identify as key dimensions of transformation of the class, race and gender content of family form and life? Equality in gender roles and tasks within the family, the absence of violence in the family between spouses, between genders and between generations, active encouragement of cultural, sport and educational hobbies and choices, are perhaps key dimensions of building for a socialist approach to maximising the human potential of individuals, that the SACP should strive to ensure that part of all family life.

The organisation and support for girls and young women remains an important focus within the overall context on focusing on our youth. However, much as the focus on the girl child for instance has achieved some important notches on empowerment of women and gender equality, it is also high time that we also focus on the boy child. In fact, the ‘take a girl child to work’ campaign now needs to be extended to becoming ‘take a girl and a boy child to work’. The neglect of boys seems to be having the unintended consequences of sometimes generating resentment amongst

boys and laying some foundation for gender-based violence. The socialisation of our children to become anti-racist, anti-sexist, anti-corruption, and constructive members of society is a key dimension to the establishment of an alternative non-capitalist and socialist society. To this end the role that the family plays in socialising our children, in shaping relations within our communities cannot be off the radar of the Communist Party.

The normal burden that capitalism places on the working-class family for social reproduction is exacerbated for those families in which a family member has chronic illness, or disability. The care and support for the elderly, the chronically ill and people with disabilities is located in the family, the community and the state. The SACP has a responsibility to ensure appropriate mobilisation of society around the social needs and protection of the disabled community, particularly the working class and urban and rural poor with disabilities, as well as to explore with the people with disability community how socialist society should address their needs and aspirations.

### **Non-formal and solidarity economy as a counter to the capitalist crisis and the crisis of social reproduction**

The crisis of capitalism and the crisis of social reproduction is having a profound and impact on the non-formal economy. Globally left forces are organising in the non-formal economy and innovative social models are emerging, as reflected by Pat Horn in her article on Nicaragua in *African Communist* in 2007.

In the South African context, social reproduction has historically and in part relied on the migrant labour system, with elements of social reproduction taking place in the rural areas. It has relied extensively on the use of privately employed domestic workers in wealthy, predominantly white household, although the racial demography has been changing in this segment in the recent period. It has relied on the high levels of unemployment, on children out of schooling, and on the elderly in the working class and poor urban and rural communities for provision of care work and social reproductive functions.

Surplus value is critical for sustaining production and for social progress. The key difference between the capitalist surplus value production and socialist surplus value production is how is it accumulated, how it is appropriated and how is it used - private accumulation for the comfort, luxury needs of the rich, versus social/collective accumulation that ensures that the surplus is used for social needs for the benefit of the entire collective

The scope for alternative non-capitalist forms of social reproduction through cooperatives and the social economy is beginning to emerge as an area of thought in the South African discourse, but rigorous analysis and theorisation of this approach must be undertaken.

The complexity of women's relative inclusion or exclusion from the formal capitalist economy has changed over time, and is often ideologically justified by the ruling class through the "motherhood and apple pie" or perhaps "motherhood and pap" approach to women's role as the primary household manager, and even through religious approaches to women's status as wives. The issue of women's unpaid labour in the household has been a focus in Marxist Feminist literature in the 1970s and 1980s, with intense intellectual and theoretical work done in "The Domestic Labour Debate" carried amongst others in the pages of *The New Left Review*. This body of work focused our attention on the double day of working-class women – paid work in the economy (even if the least skilled and worst paid and most casualised) and unpaid work in the home.

The current focus of the United Nations in relation to unpaid work, is not only looking at unpaid work in the home, but the extent to which women and in particular working-class women are involved in productive labour of a variety of forms that are not recognised in the GDP or the National Statement of Accounts.

In the context of the under-development of the South, and the Marxist analysis of women's oppression and exploitation in the context of under-development, the focus has been less on the issue of domestic labour, and more on the undervaluing of women's economic activity in the formal economy, and the relative marginalisation of women into the informal economy. Gita Sen and Carol Grown (1988) argue that:

“... women’s contributions - as workers and as managers of human welfare - are central to the ability of households, communities, and nations to tackle the current crisis of survival. Even as resources to strengthen poor women’s economic opportunities are shrinking, women have begun to mobilise themselves, both individually and collectively, in creative ways. It is only by reinforcing and building upon their efforts in such vital sectors as food production, commerce, and trade that the needed long-term transformation to more self-reliant national development strategies can be achieved. “.

Left development feminists have long debated the links between the eradication of gender subordination and of other forms of social and economic oppression based on nation, class, or ethnicity, and acknowledged that the women’s movement is challenged by facing such a broad range of issues, goals, and strategies, based on the political expression of the concerns and interests of women from different regions, classes, nationalities, and ethnic backgrounds. A rigid concept of universality of women’s oppression negates the wide variation in women’s experience and undermines the dynamism of women’s mobilisation, which makes it such a potentially powerful challenge to the status quo, as our own South African women activists have so vividly shown

In South Africa, the location of women within the informal economy has been the focus of both analysis and organisation, with for example Pat Horn and Judy Mulqueeny contributing to our understanding of this reality. They have argued that labour market changes resulting from globalisation are reducing the number of those in secure, permanent, full-time employment and that what used to be called ‘a-typical’ work, namely part-time, casual, temporary, seasonal, contract, home-based, piecework and unpaid family labour, is becoming increasingly typical. They alert us to the risk that the size of the in-formalised working class continues to be underestimated and remind us that it is predominantly women who dominate in the non-formal economy.

Mulqueeny draws out the impact of this on the trade union movement, given that unions have traditionally not organised self-employed workers or own account workers, and the vulnerability

of workers in the non-formal economy largely unprotected by legislation.

Mazibuko Jara, writing on land and agrarian reform, argues that “...production, distribution, consumption and social reproduction should primarily contribute to human development, while also addressing ecological and bio-physical issues. This framing helps in conceptualising the solidarity economy approach as something distinct from marginal, dwarfish household food gardens and maintaining a stokvel or two. Ultimately, the solidarity economy approach is about whether a ‘popular’ political economy could develop within the interstices of capitalism. In this way, productive and reproductive activities located on the periphery of the ‘capitalist circuit of production’ could have transformative potential particularly when combined with a social wage, redistribution and public goods. This could enable marginalised social strata to find ways of stepping outside capitalist accumulation and truncating the production of capitalist value. Given the nature of the agrarian crisis, it is necessary to boldly conceptualise land redistribution as a measure that can build possibilities for the emergence of an anti-systemic ‘political economy of labour’.” (Jara M 2019)

The Party has argued that our approach should be multi-fold. We must take up the struggle to mainstream socially necessary work in the public sector (much of it historically involving most women). Here we are referring to many things, including areas of work that the “1996 class project” and neo-liberalism actively denigrated as “unproductive” – health-workers, teachers, social workers, librarians, community policing. From a socialist perspective we need to move beyond temporary measures to understand the centrality of mainstreaming these areas of productive work.

Our approach to the entire so-called “second economy” must be completely different. Land reform and restitution that simply lift households and communities into a ruthless, monopoly dominated market will deepen poverty and underdevelopment, not transform it. The same applies to endless SMME promotion endeavours. Re-capitalising the minibus industry without transforming public transport will simply increase stratification in the sector to the detriment of most small-owners, drivers and other workers, while

deepening the subordination of the sector to the banks and multinational minibus manufacturers and their local dealerships. Critical to the transformation of the “second economy”, or township and village economy, is local democracy, municipal power working together with mobilised communities. To transform the minibus sector, municipalities must re-claim public space – roads, parking, ranks – and regulate on a continuous daily basis, public transport operations.

Breaking with a capitalist logic also helps us to understand the potentially transformative nature of the struggle to build sustainable communities and sustainable households. Sustainability can be built through all the above, through an effective and comprehensive social security system, through well-supported and networked cooperatives, and many other initiatives. The strategic objective of building sustainable communities and households is to break the dependence of working-class communities on the dominant capitalist mode – for consumer goods, for wages, for services. Clearly, a complete de-linking from the dominant capitalist system is unlikely in any short-term scenario – however, degrees of relative de-linking help to build progressive working-class power and hegemony within households and communities.

It is precisely this kind of programmatic strategic approach – guided by our critique of patriarchy – that will help to roll-back patriarchal oppression, particularly as it impacts on working-class communities and households.

### **Building the SACP to be an appropriate vanguard in local development**

It is, amid all these realities, that our local Party structures, together with strategic assistance from SACP provincial and national structures, should organise and seek to provide leadership and play their vanguard role.

Pursuing our Red October Campaign served as a platform for participating in the 2019 election campaign and serves as the platform for contesting elections in modalities to be determined through the Special National Congress. The strength of the SACP structures in our localities will principally derive from their ability



to take up the above campaigns and issues. Similarly, as we have always done in the past, we used our election campaigning to strengthen Party structures and build their capacity to deal with these problems and challenges in localities.

Over the past 25 years, especially over the last 20 years, we have significantly grown the membership of our Party and re-established the YCLSA to become a powerful political force that is acknowledged, albeit grudgingly even by our detractors and enemies. This growth has also been integrally linked to the waging of many campaigns that have caught the imagination of the workers and poor of our country.

However, our growth has also had a negative side, that of not having enough capacity and resources to simultaneously grow a solid layer of cadreship able to politically and organisationally lead our Party structures and members on the ground throughout the length and breadth of our country.

Recognising the above weakness of growing a large SACP without an adequate number of cadres, should not lead us to being dismissive about the importance of numbers and size of the Party in the many struggles that lie ahead. Already the massive onslaught by the 1996 Class Project against our Party was largely defended through our numbers on the ground, of course together with a strong layer of cadres in provinces and in a number of our districts. But most importantly, our ability to counter the fight back, the retrenchments and jobless growth crisis, and the social reproduction crisis depends on the ability of the Party to lead the class and its allies.

The key challenge is to grow a solid cadre that will also be able to guide the rest of our membership and also to understand the manner in which our numbers should be used strategically to build the capacity of the Party to be in all key sites of power and struggle, and to mobilise the working class and its allies. The Organisational Renewal of the SACP is critical to enable the Party to deliver on the expectations of working-class communities as they face the burden of the social reproduction crises.

## What is To Be Done?

The Party has in the 29 years since our unbanning, repeatedly focused Party campaign work on dimensions of the social reproduction crisis. It has informed our Triple H campaign for health, housing and eradication of hunger. It has informed much of our financial sector campaign and particularly the struggle against eviction from homes by banks. Our Red October campaign against gender-based violence and our current campaign for good governance and participatory delivery in local government are both critical dimensions of struggle against the crisis of capitalist social reproduction.

It is time that the Party work provides a basis for mass mobilisation of communities, own account workers, unemployed and employed workers to build sustainable livelihoods and ensure the safety and health of our communities. The ongoing Red October campaign against GBV should be taken forward through SACP partnerships to train women in self defence and to train trainers who are able to initiate a mass self-defence programme.

Building Party cooperatives to collectivise childcare on an events basis, at places of work and in the community can roll back the pressure of social reproduction, can provide income generation for families involved, and contribute to funding of the Party districts. In this respect the Party should develop a model for Party cooperatives that ensures a governance framework in which these dimensions can be supported.

Life in all its forms is dependent on water, a scarce resource in South Africa, and one on which families and communities are seriously dependent. The inadequacy of water services, the quality of water, and the reticulation to working class communities' places additional burdens particularly on black working-class women. Moreover, the state inadequacy in the provision of water is resulting in commodification of water and profit making through the sale of this life requirement. The mobilisation of communities around access to quality water, water reticulation to taps within the house, and the provision of essential water at no cost to the household should be taken up at District level, to ensure that

the District Implementation Model being introduced by the President addresses and provides relief from the burdens of social reproduction.

It is through ensuring that every Communist is a community activist, through deepening the Know Your Neighbourhood and Act programme of the SACP, through deepening organisation of own account workers and of Party work in the non-formal sector and through struggling for participatory local government that the emerging forms of organisation around social reproduction can build the socialist future.

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# Once more neo-liberal macro-economic measures are choking transformation

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Karl Marx: *“The national debt is the golden chain by which the bourgeoisie controls the state.”*

We have been here before. In the mid-1990s the spectre of declining foreign currency reserves, inflation and a supposed debt cliff were used to herd us into the neo-liberal GEAR macro-economic policy (itself largely borrowed from the outgoing National Party’s Normative Economic Model).

**Now it is the spectre of rising public debt against the backdrop of a generally weak growth trajectory that is being used by the ratings agencies, finance capital, the mainstream financial media, and leading elements within the National Treasury and Reserve Bank, to choke our country’s response to our all-round socio-economic crisis within a self-defeating, macro-economic austerity package.**

Although our debt to GDP ratio is not exceptional when compared to peer group countries, payments on government and SOC interest-bearing bonds are nevertheless a major drag on our resources. We are paying around 6.5% a year (some R180bn) on our R2,8 trillion debt according to the 2018 budget review. This onerous debt is partly the consequence of massive state capture looting and mismanagement of key SOCs, notably Eskom and Transnet. It has been further compounded by the deliberate Zuma-Moyane undermining of SARS, with a consequent under-recovery of tax.

However, **our debt exposure has deeper roots in our failure to discipline South African capital particularly as a result of the hugely problematic financial liberalisation measures associated with GEAR.** Capital flight out of SA reached 12% of GDP in 2001. This staggering loss of investible domestic capital has resulted in two problematic realities, both of which have made us exceedingly vulnerable to the global ratings agencies and investor “sentiment”:

- a. A heavy reliance on the issuing of interest-bearing government bonds and SOC bonds backed by government guarantees. The interest due on these bond borrowings is directly correlated with the ratings agencies assessments; and
- b. A further destabilising reliance on the “carry trade” (i.e. speculative inflows on to the JSE). These speculative inflows (and the ever present threat of mass outflows) are heavily influenced by the ratings agencies as well.

In the mid-1990s, while the SACP and broader left opposed the GEAR package, we were unable to mount an effective macro-economic counter. This was partly due to a lack of policy capacity, and partly to the fact that we were up against the combined weight of established monopoly capital, the mainstream media and their commentariat, and, critically, key ANC personnel now in Treasury and the Reserve Bank who had been carefully cultivated by the likes of Goldman Sachs. This was at the time when neo-liberalism was, globally, at its most triumphalist. The progressive counter to GEAR tended to be based on an eclectic Keynesian, contra-cyclical, demand-led approach that was often sourced to the RDP. But our crises then (and now) of inequality, poverty, and unemployment are essentially structural and systemic (path-dependent). **It is not just a contra-cyclical macro-economic intervention that is required, but rather the subordination of macro-economic monetary and fiscal policy to the imperative of structurally transformative interventions in the productive economy.** In other words, while appropriate “demand stimulus” is definitely part of any effective response, a sustainable strategy cannot simply be a Keynesian “demand” stimulus.

This is a lesson we should learn from the mid-1990s. Our opposition to the neo-liberal, GEAR macro-policy package was, largely, well-intentioned demand-stimulus interventions indicated by various redistributive measures envisaged in the RDP. These were, in fact, incorporated by those leading GEAR into and subordinated within an essentially neo-liberal programme as “delivery targets” dependent on “investor-friendly” macroeconomic-stimulated GDP

growth. This is an approach which was also largely repeated in the NDP with largely progressive social programme aspirations encased within neo-liberal macro-economics.

In the name of responding to the “dire threat” of the public debt, the October 2018 MTBPS flat-lined public spending and in many key real economy and social sectors this will amount to an effective decrease in expenditure. Ahead of the 2019 MTBPS, Treasury has gone further in the direction of austerity with an instruction to all government departments to cut spending by a massive 16 percent over three years. The NHI continues to recede into a distant future, notwithstanding lip-service to it. The so-called “stimulus package”, announced in the latter half of 2018, is not a stimulus package in any real sense of the word – it is essentially a re-packaging of earlier announcements, and re-prioritisation (some of it necessary) within existing budgets. The Investment Conference provided some positive indications, in particular that some sectors of South African monopoly capital, having burnt their bridges in Europe (see Steinhoff), UK (Old Mutual, Absa), Australia (see Woolworths), the US (see SASOL), China (SASOL again), or Latin America (SA mining companies), might now, be more inclined to re-invest at home and in our region. **But the critical financial sector was largely absent from the Investment Conference, and the much-delayed Financial Sector Summit continues to slip off the agenda.**

In this context, the Reserve Bank governor aggressively labels “populist” any attempt to open up a heterodox debate on possible macro-economic alternatives. The inflation target band of 3 to 6 percent (with, in fact, 4 percent the real target) is once more declared to be sacrosanct and “fighting inflation” the alpha and omega of the Reserve Bank. The Minister of Finance calls for the Reserve Bank “to be left alone”, and the necessary integration of monetary and fiscal policy is disowned, as is the importance of macro-alignment with key productive economic priorities, not to mention job-creation.

Macro-economic policy is treated, in these quarters, as untouchable, with the Treasury’s unmandated August 2019 release of a

paper titled “Economic Transformation, Inclusive Growth, and Competitiveness: Towards an Economic Strategy for South Africa”, proposing many micro-economic policies and programmes while remaining almost entirely silent on macro-economic policy.

The extent to which these pronouncements from Treasury or the Reserve Bank are a matter of conviction or merely performances for the ratings agencies and global speculators can be debated. But either way it matters little. The irony of these assertions of deep loyalty to imagined neo-liberal iron laws is that much of the global financial mainstream itself is raising questions about what was until recently considered unchallengeable orthodoxy.

In the mid-1990s attempts to counter the onslaught of neo-liberal macro-economic orthodoxy were always dismissed as “populist”, “amateurish”, “ill-informed” and economic policy was declared to be the domain of “technical experts” and those cadres who had gone through crash-course “orientation” at the likes of Goldman Sachs. Internationally, at least since the 2008 global financial crisis, this arrogance has worn thin. But locally the dismissal of anti-neoliberal arguments is sometimes rendered easy by the crass populism emerging from some quarters – with statements like “if the rand falls, we will pick it up”, or the totally irrelevant fixation from the same quarters and from the EFF with “nationalising” the Reserve Bank.

It is essential, therefore, that, as the SACP we do not slip into a shallow (and easily dismissed) populism ourselves. The public debt and the exchange rate of the rand are not irrelevant, runaway inflation is clearly undesirable, and the curiosity of the Reserve Bank having private “share-holders” (who would like to be bought out at public expense, in any case) is irrelevant as they have zero impact on Reserve Bank policy.

**Understanding our public debt challenge** - A first step in considering alternatives to the current austerity macro-package is to better understand the nature and extent of our national debt. Our debt-to-GDP ratio has climbed steadily over the past decade, with the current estimate from the MTBPS 2018 predicting a ratio of 55,8% for the 2018/19 financial year, and 56,1% for 2019/20.

This is unexceptional by international standards. According to the IMF, emerging market and middle-income country debt levels are projected to reach 57,6% in 2023, while advanced country debts were already averaging 105,4% of GDP in 2017.

Moreover, our debt is largely **rand-denominated** with only some 10% denominated in foreign currencies (essentially the US\$). This provides us with important room for manoeuvre if we have the courage to pursue a range of possible alternative macro approaches to dealing with our debt. In this respect, our situation is significantly different from other middle-income/developing economies where the majority of their debt is dollar denominated (Argentina, Turkey, Pakistan, among others).

However, our particular vulnerability to the ratings agencies and their fixation on our debt level relates to the huge errors of the mid-1990s when GEAR-related policies allowed for massive liberalisation and the consequent capital flight out of our country.

We have, as a result, become highly reliant on the issuing of interest-bearing bonds, as well as on the “carry trade”, that is speculative investment flowing in on the expectation of quick returns, rather than fixed investment in plant, Infrastructure and jobs. This hot money is volatile and flows in and out of our country in massively destabilising swings. It is why the Reserve Bank keeps interest rates relatively high and why Trump’s pressure on the US Federal Reserve Bank to move away from quantitative easing (and therefore raising their own interest rates from close to zero) threatens a drying up of this speculative flow and a return to the US and other advanced economies.

**Understanding our inflation challenge** – Under the impact of neo-liberal orthodoxy, the South African Reserve Bank (SARB) has made inflation-targeting virtually its sole mandate with a target-band of between 3 to 6%. Clearly run-away inflation would have an extremely negative impact on workers and the poor in our country. The example of Zimbabwe is often cited as a warning to us in South Africa. But **what were the root causes of hyper-inflation in Zimbabwe?**



The hyper-inflation in Zimbabwe (or in Germany in the late-1920s-early 1930s) was **not caused** by “too much money in circulation” (i.e. by “too easy credit”) – but by a **crisis of under-production**. In Zimbabwe, a crippling IMF-led Structural Adjustment Programme led to **de-industrialisation** in what had been the second most industrialised country in our region. The Mugabe regime responded in a populist manner to the resulting poverty and unemployment by unleashing the **land reform** programme (which was, in effect, largely an elite land grab). This destroyed Zimbabwe’s highly productive agricultural sector and the loss of foreign currency from exports. **The combined effect of the IMF-imposed SAP and the populist “land reform” programme was a crisis of under-production**, and a massive shortage of consumer goods on shelves. There were also crisis shortages of imported goods, notably oil and agro-chemical inputs, as a result of a massive decline in foreign currency earnings because of collapsing exports. All of this, in turn, promoted hoarding of scarce goods by retailers and speculative price increases often on a daily and even hourly basis.

What are the lessons to be learnt from the much cited Zimbabwe example? Certainly, as we are constantly reminded, we need to manage our public debt in a way that does not drive us into the arms of an IMF-led SAP. **But this is NOT the only lesson.** Equally important is that macro-economic policy needs **actively to support (re-)industrialisation and publicly led economic and social infrastructure programmes.** Excessive austerity measures one-sidedly tackling inflation can, paradoxically, as a result of suffocating productive activity, lead to the very hyper-inflation that is supposedly being attacked.

**There is no doubt that excessive inflation is liable to impact most severely on the working class and poor. But what is “excessive”?** For the globally (and nationally) hegemonic financial capitalist sector (and its ideological adjuncts in the ratings agencies) even moderate inflation is disliked for the simple reason that it devalues rentier profits by eroding the value of interest payments due on credit extended to productive capitalists or to the public and state-owned sectors. For the latter sectors moderate inflation may well be exactly what is needed.

Striking the appropriate balance between staving off excessive inflation while not choking off productive investment in any particular situation requires professional technical modelling – **but it also requires a determined ideological and political battle against myopic neo-liberal orthodoxy. The SACP has a vanguard role to play in this respect.**

**In the first place we must campaign for a revisiting of the mandate of the Reserve Bank.**

A myth has developed in South Africa that Reserve Bank independence means not just operational but even policy and mandate independence. Successive Reserve Bank governors have conducted themselves as if they were the Ministers of Finance making macro policy for a democratically elected government. But this interpretation of Reserve Bank independence is increasingly outdated even in most developed capitalist economies.

We are often told that the Constitution prescribes a narrow focus on inflation-targeting as the mandate of the SARB.

However, this is not entirely true. The exact wording of the relevant Constitutional clause (224 (1)) is: *“The primary object of the South African Reserve Bank is to protect the value of the currency in the interest of balanced and sustainable economic growth in the Republic.”*

The neo-liberal advocates only get as far as the first half of that sentence. But the Constitution is clearly stating that protecting the value of the currency is NOT an end in itself – it must be subordinated to achieving balanced and sustainable economic growth. We manifestly do NOT have balanced and sustainable growth in South Africa. It is therefore entirely legitimate (and Constitutional) to debate whether the rigid application of a 3-6% inflation target band is contributing to the grossly imbalanced, unsustainable and low growth reality into which we are seemingly locked.

The neo-liberal advocates will argue that this is “populism” and they will further argue that raising questions like this is an

interference in the Constitutionally guaranteed “independence” of the Reserve Bank.

But this, too, is a deliberate misreading of the Constitution. Section 224 (2) of the Constitution reads:

*“The South African Reserve Bank, in the pursuit of its primary object, must perform its functions independently and without fear, favour or prejudice, but there must be regular consultation between the Bank and the Cabinet member responsible for national financial matters.”*

And Section 225 of the Constitution reads:

*“The powers and functions of the South African Reserve Bank are those customarily exercised and performed by central banks, which powers and functions must be determined by an Act of Parliament and must be exercised or performed subject to the conditions prescribed in terms of that Act.”*

Clearly the Constitution does NOT envisage Reserve Bank “independence” to mean that it is a free-floating power unto itself:

- ◆ The requirement that there must be regular consultation with the Minister of Finance means that it is NOT the Reserve Bank that should develop macro-economic or even more narrowly monetary POLICY. That is the responsibility of a **democratically elected government** acting through a Minister of Finance. What the Constitution requires is that **within the framework of government policy** there should be no political interference exerted upon the Reserve Bank in deciding at a particular moment whether, for instance, to raise, lower or keep an existing interest rate. **But this decision MUST be within the framework of government policy.**
- ◆ Furthermore, the Reserve Bank is subject to legislation passed by a **democratically elected Parliament**. While the current Reserve Bank Act simply repeats the wording in the Constitution, there is absolutely no reason why

this Act should not be amended to more clearly reflect the developmental responsibilities of the SARB.

**To address these matters the SACP must campaign:**

- ◆ For government, acting through the Minister of Finance, to explicitly change the mandate of the SARB to **include growth and employment priorities**, with the **amount of money in circulation and price stability secondary targets** (means to an end and not objectives in their own right). Even in the US, the Federal Reserve Bank has employment as a leading indicator.
- ◆ **For parliament to amend the Reserve Bank Act to entrench in law these objectives.**

But is there any room for manoeuvre given all the macro-economic challenges we confront?

**Quantitative easing “with South African characteristics”**

Many developed capitalist economies in the past decade have responded to the Great Recession through various forms of “quantitative easing”. This refers to central banks actively loosening money supply, typically through dropping interest rates to close to zero (and in some cases to zero). This encourages public, private and household spending and discourages saving. It therefore acts, in theory, as a stimulus to growth and job creation.

For various reasons, this form of quantitative easing is probably not feasible in South Africa.

**However, there are various forms of more targeted “quantitative easing” and other forms of SARB intervention that should be urgently considered in South Africa.** These include:

- ◆ The Reserve Bank directing concessional credit to specific sectors (SMMEs, local cooperative banks). This directed “quantitative easing” could be done directly while working with Treasury and DTI, or through industrial financing institutions, eg the IDC.

- ◆ The Reserve Bank (the “printer” of money) could “monetise” Rand-denominated debt. For instance, the SARB could purchase public debt held by the PIC, on condition that the PIC then invests the new cash in key productive areas.

## **Possible macro-economic interventions to significantly lessen our national debt**

### **A more strategic and structurally transformative deployment of the massive PUBLIC wealth controlled by the PIC**

The public-owned investment manager, the PIC, currently manages R2,08 trillion of public funds. In the recent period the PIC has tended to invest these assets like any other profit-maximising commercial asset manager. The PIC for instance is the largest investor on the JSE with around 12,5% (R1,6 trillion) of the market capitalisation of all listed companies.

Insofar as there has been any “developmental” investment from the PIC it has often been to fund BEE businesses – that is, in practice, as part of the “primitive accumulation” involved in creating a new stratum of politically connected black capitalists. While much of this might have been “legal”, some of the more blatantly dodgy PIC BEE deals have been under investigation by the Commission of Inquiry into Allegations of Impropriety regarding the PIC, headed by Judge Lex Mpati.

However, legal or otherwise, the channelling of public resources just like any other profit-maximising capitalist asset manager, or, worse, to benefit a narrow elite is strategically highly problematic, especially in the context of mass poverty, inequality and unemployment. So how can the financial resources managed by the PIC be used strategically to leverage structural transformation?

87% (R1,67 trillion) of the PIC’s total financial assets under management is money from the GEPPF (the Government Employees Pension Fund). GEPPF pensions and benefits are paid out on a “pay as you go” basis, and, therefore, as its asset manager, the PIC has a responsibility to the GEPPF (and its government employee

contributors) to ensure the pension fund has sufficient resources at any point in time to cover the paying out of these benefits. Of course, not all current contributors to the GEPF will retire (or resign) simultaneously, and therefore the fund does not require to be 100% funded to against all current and future liabilities. The 1996 Government Employee Pension Act requires the fund to cover 90% of its liabilities at any point in time (this is generous, in the US private pension funds are legally required to cover 80% of liabilities, and ratings agencies like Standard & Poor and Fitch regard a funding level of above 60% for public pension funds like the GEPF as acceptable).

In practice, the GEPF is far ahead of the game, accumulating annual surpluses of around R50bn, and at the end of the 2017/18 financial year the GEPF had funds covering 108% of its liabilities to working and retired members.

In short, there is a massive surplus in the GEPF. Should this surplus in a public sector fund simply be invested in order to maximise profit, or should some of it at least be directed into social infrastructure and into lessening our overall sovereign public debt?

**Of the R1,67 trillion that the PIC invests on behalf of the GEPF, R488,4bn is in interest-bearing bonds (R324bn = government bonds; R84bn = Eskom bonds; R25bn = Transnet bonds). These interest-bearing bonds mean that the GEPF, a public fund, is getting an estimated R20-30bn annually in interest from a hard-pressed government and state-owned enterprises while the GEPF is running a handsome surplus! To add insult to injury, facing debt repayment pressures on bonds, Treasury is putting pressure to downsize the public service which will decrease contributions to the GEPF while increasing benefit payouts! So what is to be done?**

One suggestion (developed by AIDC economist Dirk Forslund), is that the GEPF's R84bn loans (via the PIC) to Eskom, for instance, should be converted from interest-paying bonds to shares in Eskom. Alternatively, they could be converted into interest free loans. This would improve our national debt to GDP ratio and lessen, however

marginally, our debt repayment burden without compromising the GEPPF.

There are similar possible approaches with other PIC investments (including those of the UIF, which has now accumulated a R180bn surplus).

**While proposals like these will require proper technical modelling, creative out-of-the-box thinking like this is absolutely necessary if SA is to dig itself out of the hole into which current austerity measures are pulling us. This will not happen unless the SACP together with a wide range of left popular front and even patriotic forces committed to re-building a productive economy are mobilised both in the battle of ideas, and in localised work-place and community struggles.**

**The connections between frustrated industrial policy and job-creating infrastructure programmes on the one hand, and the suffocating impact upon them of irrational neo-liberal macro-economic policies must be constantly underlined.**

**Macro-economic policy must be de-mystified and de-throned.**

**The myth that there is still an iron-clad global macro-economic orthodoxy must be exposed.**

**The contradiction between the interests of working class, popular, and even productive economy capital on the one hand, and the interests of a hegemonic financial rentiers (the less than 1 percenters), on the other hand, must be sharpened and exposed.**

**In practical on-the-ground struggles, the SACP must constantly expose the connections between neo-liberal inspired austerity and household indebtedness, bank dispossessions of homes, and failing municipal services.**

## **YES to Industrialisation! NO to Financialisation!**

The hugely problematic macro-economic policies promoted in South Africa since the mid-1990s have resulted in massive “financialisation” i.e. a top heavy financial sector and a disproportionate quantity of speculative finance relative to productive investment. This “financialisation” process has been a direct contributor to the de-industrialisation, job losses and the weakening of trade unions that have been underway in the same period.

South Africa is a major outlier when it comes to “financialisation”. Between 1994 to 2002, inflows into the South African stock market relative to GDP **were ten times the norm for middle income economies** (Makgetla 2013, p.8)

South Africa is also a major outlier in terms of the size of the JSE relative to GDP. *“In most countries market capitalisation [on their respective stock exchanges] is substantially smaller than the GDP. Of the 118 countries that reported on market capitalisation in the World Bank’s World Development Indicators for 2010, only in Hong Kong did stock market capitalisation exceed the value of the GDP by more than in South Africa. For upper middle income economies as a whole, the World Development Indicators put market capitalisation at...75% in 2010.”* (Makgetla 2013, p.13). Relative to the GDP, the JSE’s market capitalisation rose from around 100% in the early 1980s to over 150% in the late 1990s and to 220% of GDP in the late ‘00s. (ibid. p.10)

In South Africa, banks manage assets worth R5-trillion and other financial institutions R10-trillion. Most of these assets are from deposits and retirement and other funds – only around one-tenth is from their own capital. Control over these resources empowers the financial sector to exert major influence over even the largest companies and the public sector.

**Key contributors to the financialisation / de-industrialisation syndrome have been the Reserve Bank’s regime of high interest rates, and government’s systematic liberalisation of capital controls.**



A range of measures need to be introduced to de-financialise, including:

- ◆ **Lower interest rates**
- ◆ **Greater capital controls**
- ◆ **Prescribed assets**

In addition to these measures, many other interventions long advocated by the SACP through the Financial Sector Campaign must be introduced – including the establishment of **publicly-owned banks, cooperative banks, a wealth tax, and a sovereign wealth fund.**



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