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UMRABULO

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LET'S TALK POLITICS

ECONOMIC TRANSFORMATION

UMRABULO

NUMBER 49| 2020

***UMRABULO** was a word used to inspire political discussion and debate on Robben Island. This concept was revived in 1996 when the ANC published the first edition of Umrabulo. The journal's mission is to encourage debate and rigorous discussions at all levels of the movement.*

CALL FOR CONTRIBUTIONS

Umrabulo welcomes contributions from readers. Contributions may be in response to previous articles or may raise new issues. Contributions must be sent to the address below.

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By **JP Louw**
Twitter: @jaypeelouw

The ANC's outlook of South Africa's economy is aptly captured in the Freedom Charter which envisions a country whose people share in the nation's wealth. This commits ANC to build an equal society that offers decent jobs and enjoyment of sustainable livelihoods.

This 49th edition of Umrabulo, themed **"Economic Transformation"**, talks to this frame of mind. The economic and social disruptive nature of Covid-19 has thrown further spotlight on prospects and characteristics of a recovery plan which can fundamentally move the country away from the same old where the few (primarily set in racial terms) have most and the many are persistently disadvantaged. Meaning finding and executing a solution which mitigates hardships experienced pre and post-Covid-19 through a rebuilding that is premised on ensuring all can share in the country's wealth.

Joel Netshitenzhe's article delivered at the ANC Eastern Cape Umrabulo Dialogue and titled **Impact of Balance of Forces On The Cause of Social Transformation**, offers a sound foundation to this edition. Through reflections on the meaning of the Morogoro Conference in relation to today's realities, answers to what must be done to move us forward gets explored.

ANC NEC member and Minister of Environmental Affairs, **Barbara Creecy**'s **Green Stimulus Injection – A post-COVID 19 Solution** looks at an economic recovery model which promotes a more sustainable growth path *"that addresses the inherent contradictions and constraints to human development"*.

In **Post-COVID-19's Economic Transformation Opportunities**, **Dr Kenneth Creamer** explores immediate and medium to longer term interventions needed to counter the effects of Covid-19.

In a self-explanatory title, **Professor Muxe Nkondo**'s **Makings of a New World Order Through Covid-19** advocates for different terms to drive international relations. He aptly asks and proclaims that *"What is the function of the pandemic if not one of forging solidarity? Not to do so would be suicidal. This calls for a sustained inter-science and global ethics. We have to move beyond disconnections and territorializations, to ever new connections."*

Sarah Mokwebo's **Reins of The Informal Sector In The Trajectory Of Economic Transformation** makes a case for economic inclusion with a call for different thinking and approach about the place of the informal sector.

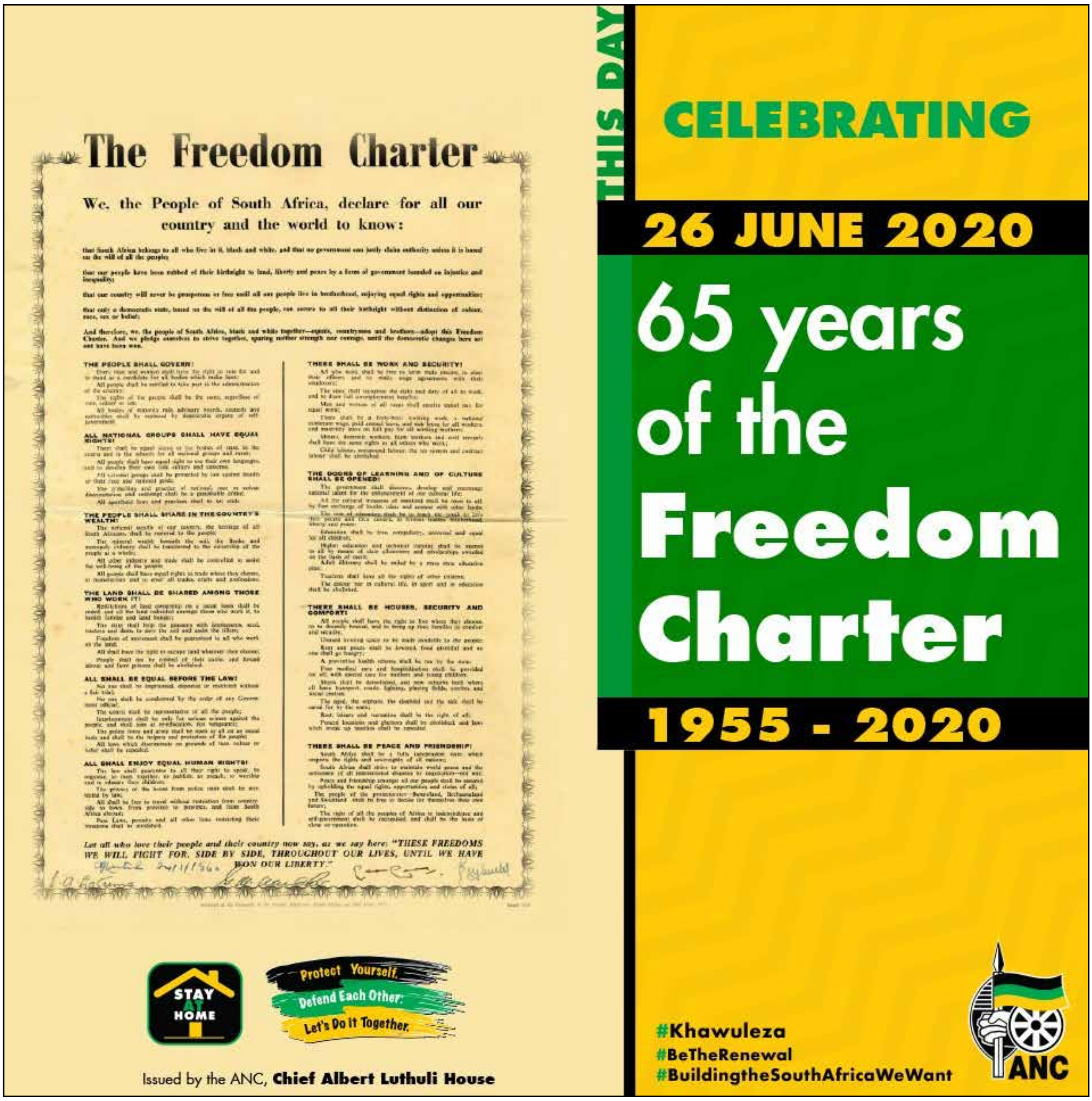
This is linked to **Advocate Seitebaleng Alfred Dikole**'s **Building a People's Economy And a Prosperous Society** which further expands on the theme of economic inclusion.

Sigqibo Biggz Mfuywa's **Time for Remakes In Our Economy** boldly states that *"We have been very shy to speak boldly about structural economic reforms to address a system still bearing an apartheid architecture."*

Ashley Mabasa's **Stokvels & Burial Society In The Economic Transformation Discourse** is yet another articulation of what is needed to realise economic transformation in South Africa.

In this edition we also included an article of **Deirdre Grisword** originally published in Mundo Ubrero Workers World titled **COVID-19 and basic facts of Marxist economics** which makes the point that *"Marxist economics is crucial to understanding what is behind the economic catastrophe accompanying the COVID-19 crisis"*

In the 50th edition of **Umrabulo** we will explore the theme of **SOCIAL COMPACTING**.
Articles must be 2000 words long (and not exceed 3000 words). Please contact the Editor on jplouw@thero.co.za or WhatsApp 066 056 0911 if keen to make a contribution.



Letter to the Editor

RESPONSE FROM THE INTEGRITY COMMISSION

To an Article by Cde Alvin Botes in Umrabulo #47

INTEGRITY COMMISSION'S MEANS AND POSTURE IN THE RENEWAL AGENDA

The Integrity Commission (IC) welcomes the article by cde Alvin Botes in Umrabulo #47.

The development and functioning of the IC is in motion and is a continuous process. As the crisis within the ANC deepens, so the tasks facing the IC become more complex. The IC has proposed amendments to the Terms of Reference (ToR) it was given after 54th Conference at Nascrec for a few reasons. The first is that if the regulatory environment is too narrow, or too detailed, the IC will not be able to deal with issues falling outside of that definition. Thus the proposed amendments seek to encompass a wide range of what is understood as "unethical" conduct whilst leaving enough space to accommodate unforeseen circumstances and by not tying ourselves to greater detail.

Secondly, the proposed amendments to the ToR allow the IC to be pro-active and "invite" comrades to appear before it. Until recently the IC could only be re-active and had to wait for issues to be referred to it from the NEC.

Thirdly, the proposed ToR of the IC to be made public, so that there is wide understanding by the membership of its role and function.

The IC is not part of any faction or grouping of the ANC. It is crucial that it is, and is seen to be above the divisive and corrosive activities that are tearing the organisation apart. It is logical therefore that there will be attempts to use the IC as a tool for factional interests, and/or that there will be attempts to sideline and ignore it. In this last period, the IC is experiencing both. Strong Terms of Reference will enable the IC to function freely, without fear or favour.

The IC is also very clear that it is not an internal police force, nor a prosecutorial arm, nor a court of law, nor a custodian of *"moral"* values.

Whilst both the Disciplinary Committee (DC) and the IC deal with bad behaviour, corruption, tribalism, sexism, racism and a host of other negative and destructive tendencies, they have different functions. The DC has the power to take action. The IC makes recommendations to the NEC who can reject or accept according to how they see fit.

Thus it is important to put on record that the 23 comrades on the National Parliamentary list, Cde Botes refers to, were not investigated by the IC, nor did the IC recommend that they not be deployed.

For the record it needs to be clearly stated that:

i) The twenty three comrades were referred to the IC by the Secretary General's Office (SGO). The IC did not identify or choose them.

ii) The vetting team from the SGO briefed the IC on the allegations made against them.

iii) The IC interviewed seventeen of the twenty three comrades. There was no investigation. The IC asked two questions of each of the comrades:

   a) why, when there are allegations against you, did you not abide by the Resolution of the 54th Conference and present yourself to the IC?

   b) In your opinion, have the allegations made against you damaged the reputation of the ANC?

iv) No one was cleared or not cleared. After the newspaper headlines declared that the Deputy President had been cleared by the IC, the IC issued a short statement saying that no-one had been cleared or not cleared, but the SGO did not distribute it.

v) A report was drawn up for the NEC on the findings emanating from the seventeen interviews and what transpired in the course of those interviews and

vi) The IC has asked for feedback on that report which was submitted in May 2019, but as yet have not received anything.

The IC has not had, as yet, an opportunity to put forward to the NEC the fact that the divisions and corruption within the ANC – as expressed in the past by the Office Bearers and by the Resolutions of Conference – is not in itself the problem. Such behaviour is in fact an expression of a very deep problem which, if faced, can be dealt with. If ignored, which is the case at the moment, we will be observers and participants in our own demise. **Time is not on our side.**

IMPACT OF BALANCE OF FORCES *on the* CAUSE OF SOCIAL TRANSFORMATION

■ *"Economically, compared to fifteen years ago, the balance of forces has shifted against the forces of change. The debt burden and the legacy of state capture wear down the fiscus leaving little room for manoeuvre. Measures to stabilise the fiscal situation, such as VAT increases, have an immediate negative social impact; and agencies like Eskom are strangling the economy. Tragically, we have in recent years regressed with regard to quality of some basic services such as health, educational infrastructure, water, electricity and roads; and the poverty headcount worsened between 2011 and 2015. As if this was not enough, a tiny Coronavirus has turned the world on its head, decimating economies and laying to waste people's livelihoods."*

By **JOEL NETSHITENZHE**

(Originally delivered at ANC Eastern Cape's 50th Anniversary of Morogoro Conference Umrabulo Dialogue)

Last year we marked the golden jubilee of the 1969 ANC National Consultative Conference held in Morogoro. Alongside other Tanzanian centres including Mazimbu (SOMAFCO) and Kongwa (MK Luthuli Detachment camp), Morogoro enjoys legendary status in struggle folklore.

This is because of its substantive outcomes, especially the first ANC Strategy & Tactics document. Those who dig slightly deeper would also be familiar with other outcomes from the conference, including a smaller NEC and the Revolutionary Council, the formal confirmation of OR Tambo as Acting President, as well as the opening of membership to so-called 'non-Africans'.

Dig a little deeper and you will unearth tales of tension and confrontation at the Conference, including the incident when OR offered to step down in the face of what he perceived to be unfair criticism; and the calm leadership of JB Marks and others who helped manage the tensions.

The Conference itself was a consequence of heightened discontent among the rank and file, especially after the mixed outcomes of the Wankie and Sipolilo campaigns – mixed because while the campaigns in the then Rhodesia demonstrated military acumen and bravery, they had done little to advance the liberation struggle.

But, aside from snippets of tantalising detail, what is it that makes the Morogoro Conference stand out?

Let's start off by drawing an important lesson: and this is that, in the ANC, intense debates and challenging unguided drift are not in themselves bad. They can in fact act as a spur to the intensification of struggle; they allow for a dialectical synthesis without which movement to a higher level of revolutionary action is not possible. What is required is the ability to manage such differences and forge unity of principle and unity in action.

By the time of Morogoro, the ANC was at a low ebb; and Morogoro became a launch-pad for self-correction and renewal. That turnaround was underpinned by an agreed strategic approach and appropriate organisational structures to give it practical expression.

For purposes of emphasis, I'll identify three key themes that lend the Morogoro Strategy and Tactics document its revered status.

The first key theme is about methodology in assessing the balance of forces in a given conjuncture.

- The very introduction to the document argues that the struggle then was taking place *within an international context of transition to the Socialist system… in a new kind of world… in which the horizons liberated from foreign oppression extend beyond mere formal political control and encompass... economic emancipation.*
- It then argues that the *art of revolutionary leadership consists… of setting a pace which accords with objective conditions and the real possibilities at hand.*

The second key theme I wish to highlight is about the strategic objective and the social system beyond formal political liberation. To quote from the document itself: We do not underestimate the complexities which will face a people`s government during the transformation period nor the enormity of the problems of meeting economic needs of the mass of the oppressed people. But one thing is certain – in our land this cannot be effectively tackled unless the basic wealth and the basic resources are at the disposal of the people as a whole and are not manipulated by sections or individuals, be they white or black...

The last key theme I wish to underline is on the national question. In this regard, Morogoro argued that:
The main content of the present stage of the South African revolution is the national liberation of the largest and most oppressed group - the African people. This strategic aim must govern every aspect of the conduct of our struggle…. Properly channelled and properly led, these qualities do not stand in conflict with the principles of internationalism. Indeed, they become the basis for more lasting and more meaningful cooperation; a cooperation which is self-imposed, equal and one which is neither based on dependence nor gives the appearance of being so.

This is the progressive nationalism that Morogoro underlined, not just in relation to non-racialism; but also to the profound social content of the struggle:
… our nationalism …must not be confused with chauvinism or narrow nationalism of a previous epoch. It must not be confused with the classical drive by an elitist group among the oppressed people to gain ascendancy so that they can replace the oppressor in the exploitation of the mass.

One can go on and on citing such interesting assertions from the Morogoro Strategy and Tactics document, many of which we now use as standard fare in current ANC policy documents. But the intention of today's discussion is not so much to conduct a sociological analysis or admire the Morogoro Conference as if it were a painting on a mantelpiece.

Rather, we should seek to extract lessons from that experience for the conduct of struggle today.

To preface this, one point needs to be underlined: in a number of respects, Morogoro was not the last word, pre-1994, on everything about the strategy and tactics of the ANC. For instance, you may have noticed that the approach to armed struggle in 1969 approximated classical guerrilla warfare with possibilities of rural liberated zones. However, this matter – particularly the balance between mass and armed struggle – was intensely debated into the 1970s and beyond.

When the Green Book was drafted in 1979, after the June 16th uprisings, there had been a shift towards what was referred to as a 'protracted people's war in which partial and general uprisings play an important role'. President Oliver Tambo in the mid-1980s synthesised this into the four pillars of struggle: mass action, armed struggle, underground organisation and international mobilisation. These pillars, he argued, fed upon one another. And 'the people in political motion' constituted the semi-liberated zones within which guerrilla units would thrive. In other words, as the situation changed and as new experiences were gained, the ANC was able to refine its tactical approaches.

This underlines the principle of continuity and change in the evolution of the ANC.

With regard to the strategic objective of the national democratic revolution, there had been, before Morogoro, the 1943 African Claims and the 1955 Freedom Charter; both of which continue to act as our lodestars.

Now, in both the 1969 Morogoro Strategy and Tactics document and the 1979 Green Book, there were hints about movement towards a non-exploitative society. Morogoro argued that *the doubly-oppressed and doubly-exploited working class constitutes a distinct and reinforcing* *layer of our liberation and Socialism and does not stand in conflict with the national interest.* Similarly, the Green Book called for the *liquidation of national oppression and economic exploitation in an uninterrupted advance.*

If in 1969, the global balance of forces was nudging the ANC towards a stronger assertion of the social content of the liberation struggle, by the late 1970s that balance had further shifted, with liberated Mozambique and Angola adopting a socialist-oriented path of development. Similar debates about these issues were taking place on Robben Island and some of them had not been resolved even by the time the political prisoners were released.

How then do these formulations compare with the constitutional principles for a democratic South Africa, initiated by President Oliver Tambo in the late 1980s and the assertion of liberal democratic principles?

I would characterise this journey as continuity of continuity and change of change. What does this mean?

An examination of both the African Claims and Freedom Charter will affirm the historical commitment of the ANC to what can be characterised as liberal political freedoms, including: freedom of association and assembly, regular free and fair elections, freedom of the media, freedom of speech, equality before the law, inviolability of the home and so on. Implied in this was also the recognition of the principle of separation of powers between the executive, the legislature and the judiciary.

...the political rights enshrined in the 1996 constitution – with checks and balances and restraints on the three arms of government – are not an aberration or a compromise from the negotiations process. These were entirely consistent with the ideals of the national democratic revolution that the ANC had stood for historically.

As such, the political rights enshrined in the 1996 constitution – with checks and balances and restraints on the three arms of government – are not an aberration or a compromise from the negotiations process. These were entirely consistent with the ideals of the national democratic revolution that the ANC had stood for historically.

In other words, we should differentiate between the compromises made in the interim constitution about the transition, and the ultimate ideals reflected in the final constitution. The 1994 settlement provided a beachhead from which the national liberation movement would advance to the ultimate ideal.

That final ideal is as much about liberal democracy as it is about social justice. Our constitution is celebrated across the world because of its recognition of other generations of human rights: social, economic, environmental, gender and others. This is entirely consistent with the injunctions of both the African Claims and the Freedom Charter.

That is what we mean by continuity of continuity.

What about strategic elaboration of socio-economic policy? The Freedom Charter asserts, among others, that the people should share in the country's wealth and that the land should be shared among those who work it. It calls for the transfer of *'the mineral wealth beneath the soil, the banks and monopoly industry… to the ownership of the people as a whole'*. But it also calls for *'equal rights to trade…, to manufacture and to enter all trades, crafts and professions'* as well as private ownership of land '*re-divided amongst those who work it*'.

This is where the battle of interpretations arises, a reflection of what I refer to as '*change of change*'. From Nelson Mandela in the 1950s to Morogoro, the economic clauses of the Freedom Charter were interpreted to mean nationalisation and state ownership. What is not clarified, though, is what would happen when small companies grew or when those owning the subdivided land succeeded and others failed. This is precisely the question that Prof Jack Simons challenged us to reflect on when, excitedly, as young trainees in the camps, we were arguing that the Freedom Charter is a socialist document.

It is in the context of change of change, partly because of a global balance of forces that had negatively shifted given the unravelling of living socialism, and partly because of evolving logic, that the approach to state ownership was adjusted over the years. It culminated in the

1992 Ready to Govern document which introduced the principle of 'balance of evidence' for a mixed economy with a new and constructive relationship between the people, the state, the trade union movement, the private sector and the market. Economic-policy measures may include *'increasing the public sector', 'joint ventures with the private sector',* or even *'reducing the public sector in certain areas'.*

At the 2007 Polokwane Conference and in subsequent Strategy and Tactics documents, this has been refined to mean the best attributes of social democracy and a developmental state.

Let us now reflect on methodological approach in assessing the balance of forces and its relevance to our efforts today. Morogoro argues that policy and organisational structures must grow out of the real situation if they are not to become meaningless clichés.

Guided by that injunction, can we say that the balance of forces has qualitatively changed since 1994; and how far have we gone in building a National Democratic Society!

As we all know, in the early years of the democratic dispensation, there were many forces which were bent on frustrating and even reversing the democratisation process.

We outmanoeuvred them and started introducing far-reaching programmes of transformation.

After the compromises of the early years, and the introduction of GEAR as a self-imposed structural adjustment programme, the liberation movement was able to strengthen its grip on the state machinery and to speed up the transformation project. It introduced microeconomic reform programmes. Affirmative action assisted in breaking the apartheid racial and gender glass ceiling. The proportion of Black people in middle and upper strata massively increased. Government increased real expenditure on basic social services, making marked progress in the 2000s.

The critical point here is that, in this decade of the 2000s, the democratic state could have used its legitimacy and the massive electoral endorsement (almost 70% in 2004) to implement faster change, including the restructuring of the economy – beyond Black Economic Empowerment – to extricate it from the path dependency of the minerals-energy complex.

The objective balance of forces allowed for faster change. However, the ANC was gripped by negative subjective factors. Transformation efforts fell afoul of factional dynamics. At the2005 NGC in Pretoria, the ANC recoiled from radical organisational re-engineering. In other words, a modest reading of the balance of forces, as well as frailties within the ANC, let opportunities slip through our fingers.

The objective conditions have changed, and many of the subjective weaknesses continue to manifest today.

Economically, compared to fifteen years ago, the balance of forces has shifted against the forces of change. The debt burden and the legacy of state capture wear down the fiscus leaving little room for manoeuvre. Measures to stabilise the fiscal situation, such as VAT increases, have an immediate negative social impact; and agencies like Eskom are strangling the economy. Tragically, we have in recent years regressed with regard to quality of some basic services such as health, educational infrastructure, water, electricity and roads; and the poverty headcount worsened between 2011 and 2015.

As if this was not enough, a tiny Coronavirus has turned the world on its head, decimating economies and laying to waste people's livelihoods. Combined with persistent slow growth, there is a danger of a socio-economic meltdown and of the democratic state losing legitimacy.

Do we have sufficient capacity and will for a step-change? Did NASREC in 2017 create a basis for the kind of renewal that Morogoro initiated then; and what is it that we can learn from the outcome of the 2019 elections?

Correctly, we emerged from 54th National Conference calling for unity and renewal. Again correctly, we saw the results of the 2019 elections – which represented a bit of a recovery after many years of decline – as a clarion call against corruption and for faster transformation.

However, we are still beset by internal squabbles, money politics and corruption.

As argued in the current NGC discussion document on the balance of forces, what complicates matters are the lumpen elements across society – in the economic, political, civil society and state bureaucratic agencies – who are inspired by self-enrichment and driven by greed. They will even steal food parcels and money for state funerals. And the more cunning among them will profess radicalism – often combined with narrow nationalism – to legitimise their criminal enterprise.

The ANC faces an existential question, now as we prepare for the NGC: can we achieve renewal of the organisation and of society and at the same time forge unity within the ANC! Is unity shorn of principle?

How indeed do we deal with members who are in conflict with the law who then claim that they are being targeted because they represent some faction called RET within our ranks? How do we manage the refrain around *'radical economic transformation'* that, in reality, seems to be a convenient revolutionary slogan?

This is what Morogoro meant when it said: *The revolutionary sounding phrase does not always reflect revolutionary policy, and revolutionary sounding policy is not always the springboard for revolutionary advance. Indeed, what appears to be "militant" and "revolutionary" can often be counter-revolutionary.*

To deal with these challenges, practically, the ANC may need, in my view, to consider a form of an *'organisational state of emergency',* with the following measures, among others:

- As we introduce the new digital membership system, we may want to ask every ANC member to re-apply for membership.
- Our vetting mechanism should include a police clearance certificate for every member.
- We must strengthen the Integrity Committee and set up the Electoral Commission whose tasks include pre-conference 'integrity checks' for all those availing themselves for leadership positions.
- Through a mechanism that enjoys universal confidence, we should conduct lifestyle audits, starting with national and provincial leaders, and later regional and branch leaders.
- We must ensure swift and decisive action against wrongdoing.

Some of these measures may sound extreme. But, all of them are in line with the spirit of the 2017 Conference resolutions. There is a tendency among some of us to ignore the totality of the resolutions from NASREC: on social transformation, organisational renewal, state capacity and the fight against corruption and state capture… as if we went there only to talk about nationalisation of the South African Reserve Bank and expropriation of land without compensation.

To conclude…

The corona virus is reminding us again about the political economy debate on the power balance between the state, the market and the citizen. We need to lead the nation in a social compact that uses the current crisis as a burning platform to implement major catalytic interventions to speed up growth and development.

Government will need to prudently manage fiscal debt. But, in dealing with the debt-to-GDP ratio, we should, as a matter of principle, focus on adding steroids to the denominator (GDP) rather than overzealously targeting the numerator.

We should use the debt primarily for investment in both social and economic infrastructure which has huge multiplier effects.

We should promote economic sectors, including agriculture, infrastructure supplies and low-end manufacturing which are appropriate for unskilled and semi-skilled unemployed workers.

We should use the registration of micro-enterprises, which we have now introduced, to ramp up support for a segment that represents individual and community initiative.

We should use the African continental free trade agreement to build partnerships especially in sub-Saharan Africa.

This will require financing mechanisms that incorporate development finance institutions, the Reserve Bank, public-private partnerships and private capital; and some of these resources should be used to stabilise Eskom's balance sheet, which is a heavy millstone around our necks.

Critically, we should join progressive humanity in fashioning a more equitable world order from the ruins of the Covid-19 pandemic.

In this way, we shall become true agents of change both in South Africa and further afield, worthy inheritors of the lifeforce of Morogoro.

Green Stimulus Injection –
A POST-COVID 19 SOLUTION

■ *Under the rubric of #BuildBackBetter, governments are grappling with how long-term economic recovery promotes a more sustainable growth path that addresses the inherent contradictions and constraints to human development…*

…this type of economic recovery can unlock enormous potential and investment opportunities for both developed and developing countries. It can enable economies to recover and grow; successfully service their national debts; and carry out governmental responsibilities to citizens. This can be done in a way that sustains both the natural environment as well as human health and well-being.

By **Barbara Creecy**
(ANC NEC Member and Minister of Environment)

Governments around the world are grappling with how to support their health systems to effectively manage the Covid 19 pandemic.

As the number of those affected rises daily and measures needed to manage it cause severe economic distress a new problem confronts policy makers. How can they finance short term economic relief and stimulus packages and develop long term recovery plans that also promote a more sustainable and inclusive growth path for all?

We in South Africa are confronted by the same challenges and choices. We too must balance how we save both lives and livelihoods. The pre-Covid constraints on our economy are well known: economic exclusion; unemployment particularly amongst young people; inequality; a concentrated economy with high barriers to entry for SMEs; import dependency; energy insecurity and the uncompetitive nature of many of our production processes.

The Covid 19 pandemic and the economic recession accompanying it will intensify many of these factors. The human cost will also deepen.

While facing these bleak prospects, it is crucial to also examine how the present moment provides us with unique opportunities to re-imagine our economy and our society and find ways to address our deep-seated problems. We must ask ourselves how to design our economic recovery so as to resolve some of the challenges we have not been able to overcome since 1994. A key means to achieve this is to define the questions we must ask that will help to identify the priority sectors that can drive our recovery.

These questions include:

- How can our recovery ensure that those historically excluded from the economy find new areas for investment, ownership and employment?
- How can we ensure that those trapped in low paying work do not bear a disproportionate burden in a recessionary environment?
- How we can foster innovation and South African-owned intellectual property (IP)?;
- How can young people can benefit from new skills sets?
- How do we promote local manufacturing and decent jobs?
- How we can make our economy and our production processes more competitive so we are able to open up markets for our products particularly across the continent?
- Work out how to finance our recovery at lower interest rates that give us a better chance of repaying our debt so that it is not a burden to future generations and an inhibitor to future government spending and investment?

Around the world many societies are beginning to find similar answers to these questions.

Under the rubric of #BuildBackBetter, Governments are grappling with how long-term economic recovery promotes a more sustainable growth path that addresses the inherent contradictions and constraints to human development.

This is an important issue in our context, as a developing country that is highly vulnerable to climate related risks that include sustained drought and extreme weather events. As well as the fact that we are a country in which millions of our poorest people rely on natural resources for their livelihoods.

It is also relevant in the context of the growing worldwide push to reduce carbon emissions in order to save the planet from dangerous and irreversible climate effects. But all is not yet lost. There is still time to take decisive action to mitigate the worst impacts of climate change and to adapt to a warmer climate.

This year the Paris Agreement that falls under the United Nations Framework Convention on Climate Change (UNFCCC) comes fully into force. Our country is a signatory to the Paris Agreement and together with other signatories we are reviewing our contributions to reducing our emissions and building our resilience to the impacts of climate change, through our Nationally Determined Contribution.

This provides another opportunity for us to integrate our broader economic recovery plan with what we need to do to achieve a sustainable economy and future.

The recent Petersburg Climate Dialogue convened via video link on 27 and 28 April 2020 and attended by participants from across the world, focused on how economic recovery plans can put countries on a more sustainable and climate resilient growth path post COVID 19.

Countries as diverse as those of the European Union, India, China, Rwanda and Gabon all used the opportunity to announce investments in low carbon development, renewable energy and green technology to drive economic growth.

Major developed economies, such as the European Union (EU) bloc are speaking publicly of long-term economic recovery packages that embrace and support transitions to low carbon and sustainable economies.

In addition to this, China, India and Chile have also publicly announced commitments to promote low-carbon development and unlock investment into renewable energy to drive economic growth.

In Africa, a number of nations have embraced a greener and more sustainable economic recovery. Gabon, which is heavily dependent on its oil industry, has begun to diversify its economy and focus on green alternatives. Its government has sought to develop and promote the country's agricultural potential, and is also expanding the country's hydroelectric generation capacity.[1] It has also secured $150 million from the Norwegian government to battle deforestation and illegal logging, and in turn reduce greenhouse emissions.[2]

Rwanda is at the forefront of progressive climate policies and banned non-biodegradable plastic bags, and implemented sustainable agroforestry policies. It established a Green Fund that invests in public and private projects supporting climate resilience and which funds sustainable energy solutions, green housing and waste management.[3] It raised $130 million for strategic climate change investments, and created more than 137,500 green jobs in Rwanda.

To meet the challenges of providing electricity for a massive population and growing economy, India has embarked on a renewable energy campaign that aims to increase the share of renewable energy in the national energy mix to 40% by 2030.[4]

A supportive policy environment and government support for large-scale solar and wind energy projects has made India an attractive option for investors, and the country has marketed itself as a renewable energy hub. It is acknowledged worldwide that this type of economic recovery can unlock enormous potential and investment opportunities for both developed and developing countries. It can enable economies to recover and grow; successfully service their national debts; and carry out governmental responsibilities to citizens. This can be done in a way that sustains both the natural environment and human health and well-being.

For South Africa, embracing a *"green stimulus"* as part of our overall economic recovery plan would have similar advantages. There are four key strategic advantages to including a *"Green"* and sustainable element in our overall economic recovery package.

First and foremost it has a positive impact on job creation in new industries which offer potential for the creation of new enterprises using new technologies. Secondly, dedicated international "green funds" could fund these new industries. Thirdly, green bonds have been shown to be cheaper than traditional vanilla bonds. And, finally, investment in green and sustainable solutions offers us opportunities to promote our long term economic competitiveness and climate resilience. Many economic sectors and activities can slot into a green recovery. The following are some of these.

The first area is the retrofitting of public and private buildings with measures that improve energy and water efficiency. Solar geysers and rain-water harvesting infrastructure has already been rolled out in some parts of the country. There is a potential for much more. This will both improve water resilience and improve the quality of life of the poor.

Extending this to schools, clinics and other public buildings would offer huge potential for the establishment of a sustainable value chain. Its advantages would include the potential to establish a South African based solar geyser manufacturing value chain. Likewise, manufacturing water tanks from re-cycled plastic, together with the associated tanks and gutter infrastructure would provide an important market for reclaimed plastics while protecting the environment.

Retrofitting is also labor intensive and provides significant possibilities for micro enterprise participation and for skills development of unemployed youth.

A second area for innovation is green hydrogen in combination with platinum fuel cells and battery storage technology. South Africa is the world's largest platinum producer. We have a long- term commitment to mineral beneficiation. This is an obvious area where we should scale up our existing R+D and production initiatives.

A third area for localisation is the public transport sector. The CSIR has already developed a platinum fuel cell for use in buses. Fleet renewal and expansion for both municipal and BRT buses can provide a market for this proudly SA product and dramatically reduce carbon gases from our public transport system.

Several coal- fired power stations in Mpumalanga are due to be retired over the next 7 years as they reach the end of their useful lives. Many of these are the only source of livelihoods in the local communities. Retrofitting these power stations with renewable energy generation alternatives could save jobs, create livelihoods and ensure important grid infrastructure is revitalized.

Research on the appropriateness of these geographical sites for solar energy generation has already been concluded and the feasibility studies are positive. The land surrounding this infrastructure could also be used for a range of productive purposes, including agriculture.

We are a water scarce country. We have referred to the importance of water harvesting in public institutions and private dwellings. Improved catchment management can yield up to six percent more water flowing in our rivers on a continuous basis. Our working for water programmes already provide 35 000 job opportunities in remote rural areas where other forms of employment are hard to come by.

Effective cross government co-ordination of water management programmes could potentially double employment opportunities and result in better water management in our strategic water catchments. A scaled up **War on Leaks** programme could provide tens of thousands of jobs and save huge quantities of non-revenue water with a huge savings for the fiscus.

Across the agricultural sector climate change risks more than 3 million livelihoods in the medium term. Scaling our agricultural climate resilience programmes and land use management could save jobs, ensure household food security and deliver more prosperous livelihoods to rural families. In addition, expanded introduction of drought resilient crop species, drip irrigation, soil erosion management, grazing management will all yield results for rural communities.

Another important sector is the wild-life or biodiversity economy which supports over 400 000 jobs in our country. It has been hard hit by the pandemic due to its reliance on tourism for both consumptive and non-consumptive activities.

While wildlife management and conservation are essential services, but now much of this sector has no revenue source during the pandemic. Work is currently underway to identify significant infrastructure programmes that could be implemented in both the economic relief and recovery phases to support those dependent on this sector. This infrastructure development could include the creation of fire breaks, fencing, tourism facility upgrades, road building and maintenance, all of which are labour intensive activities. These activities would ensure that the sector is better managed and has better offerings after the Pandemic.

Waste recycling and the transition to a circular economy offers huge opportunities for our country to dramatically scale up its interventions to create jobs, formalize informal micro enterprises, divert waste from landfills and the environment and improve our country's overall system of waste management. The Waste Phakisa identified 27 waste streams where upwards of 120 000 jobs could be created through recycling and waste recovery and reuse. Initiatives are underway to ensure that voluntary industry schemes in these sectors get the green light soon.

These are just a few examples of the potential for job, livelihood and enterprise creation that could result from a well thought through *"green stimulus"* plan that would be part of the broader economic recovery plan. More research and consultation is needed to identify even greater set of opportunities.

To ensure our economy and our society fully benefit from the potential of a *"Green Recovery Initiative"*, two things need to happen. The first is proper feasibility and impact assessment studies on the areas mentioned above to enable government and industry interventions to unlock project execution.

The second area is to track domestic and international green funds and COVID response funds to prepare and articulate structured responses for prioritized applications.

To do this quickly and effectively, government will need to work across departmental silos and harness the collective energies of business, labour, and civil society. It is no small task and in the past we have sometimes failed to achieve our aims.

We have a unique moment in history to re-shape and re-boot our economy so that it is sustainable, resilient and offers greater opportunities to our people and society. The extreme distress and hardship facing our people demands we re-double our efforts. In the words of President Cyril Matemela Ramaphosa: "**we must do whatever it takes.**"

NOTES

1 United Nations Economic Commission for Africa, ***Inclusive Green Growth and Structural Transformation Policies in Gabon***, 2017, p. 37

2 Dahir, A., ***Gabon Will be Paid by Norway to Preserve its Forests***, https://www.weforum.org/agenda/2019/09/gabon-will-be-paid-by-norway-to-preserve-its-forests/ 27 September 2019, page accessed on 2 May 2020

3 http://www.fonerwa.org/investments, page accessed on 2 May 2020

4 Sinha, S., ***Here's How India Became a Global Clean Energy Powerhouse***, https://www.weforum.org/agenda/2019/09/here-s-how-india-became-a-global-clean-energy-powerhouse/ 16 September 2019, page accessed on 27 April 2020.

POST-COVID-19'S ECONOMIC TRANSFORMATION OPPORTUNITIES

"The ANC should lead South Africa in a new programme of Growth & Reconstruction….In addition to the spatial transformation of the apartheid geography and ensuring the schooling and higher education programmes recover from the impact of COVID-19, the Growth & Reconstruction programme should articulate specific and accelerated plans aimed at overcoming growth-impediments in key sectors…"

By **Dr Kenneth Creamer**
(Economist, activist and Jeannette Schoon ANC Branch, Ward 87 Johannesburg)

The COVID-19 pandemic is without doubt, the biggest and most significant health and economic shock of our lifetime and in the life of our nation.

All around the world COVID-19 has triggered a health emergency and to try and limit the spread of the virus economic activity has largely been brought to a stop with the exception of the food and health sectors and certain other essential services. In South Africa, COVID-19 has re-exposed the unfair contours of the world's most unequal society and the weak state of many of the country's public services, particularly for the poor and marginalised.

How will COVID-19 impact on the ANC's vision and praxis for the radical social and economic transformation of South Africa? In answering this question there are three subsidiary questions that we should consider.

- How will the COVID-19 pandemic impact on South Africa's economy and on the ANC's programme of economic transformation?
- In the short-run, what must be done in response to COVID-19?
- In the longer-run, what must be done to stimulate inclusive economic growth and build a capable developmental state?

The impact of COVID-19 on economic transformation

The COVID-19 pandemic occurs in the context of a South African economy which, for a number of years, has been experiencing persistent low growth, rising unemployment, poverty, de-industrialisation, poorly performing state-owned companies and an ever-upward national debt trajectory.

The ANC's programme of economic transformation, to build a developmental state, to promote industrialisation, to boost longer term social and economic investment and to overcome the economy's deep structural inequalities of race, gender and class has not been as effective as it could have been. This failing has come at high cost to the African, Indian and Coloured working class and marginalised communities, who are the ANC's core constituency.

Before COVID-19 the ANC identified a renewed emphasis on policies to promote inclusive growth. These were considered a very high priority and a wide range of initiatives throughout the country and across various sectors were being put into place to improve the performance of the economy. Unfortunately, whatever challenges we faced before COVID-19, the pandemic has made it that much more difficult to strengthen and rebuild our programme of economic transformation.

The economy has had to be locked-down in response to the virus. This has placed people's incomes and business operations at risk. Inevitably this will mean that lower tax revenues will be collected by the state, which in turn will lead to an increased budget deficit, acceleration of our national debt and a reduction in public resources available for service delivery and economic transformation.

Immediate responses to COVID-19

In the immediate term, public finances must be mobilised to fund a massive health response and income and food support must be given to key sectors and to the most vulnerable. The increase in existing old aged pension and child support grants payments will ensure that a number of those from poor and vulnerable households will have access to basic incomes. Programmes, such as food distribution, aimed specifically at those who fall through the cracks of South Africa's social grants system will also be critical.

South Africa's Unemployment Insurance Fund (UIF) has been reconfigured to assist workers laid off due to COVID-19. Industrial capacity, severely limited by the closing off of international trade exemplified by the temporary closure of many of South Africa's automotive plants, has been mobilised towards the production of essential items like ventilators and personal protective equipment, for health workers in particular.

Competition policy instruments, instead of pre-COVID-19 concerns with regulating mergers and acquisitions, has sought to prevent price-gouging by unscrupulous operators who might seek to unfairly push up the prices of crucial items during the lockdown.

The agricultural and food sectors put in place a policy framework aimed at ensuring food security and the operation of the food supply chain both domestically and via imports and exports. Through donations, social solidarity measures were put into place with the aim of providing food and care to the most vulnerable, for whom there is no social safety net.

Such interventions should be outlined as new and unexpected items in our country's budget. Like all countries in the world implementing programmes in response to COVID-19, these interventions will entail a significant expansion of the country's budget deficit. Due to changing circumstances, a rising budget deficit, which would have been inadvisable before COVID-19, because of the implication of high debt-repayments now and in the future, has become inevitable in the current emergency situation, for the sake of people's lives and livelihoods.

Similarly, monetary policy, which previously would have been primarily concerned with growth-enhancing price stability, is forced by change of circumstances to play a new role. To properly support expanded government spending and borrowing, the South African Reserve Bank has not only cut interest rates, but has had to begin to actively intervene in capital markets – for example by buying government bonds – in order to boost capital market liquidity and to ensure that government can continue borrowing sufficient funds, and at not too high a price, in order to be able to properly respond to the crisis.

It is important to keep the balance right. If the Reserve Bank, during crisis times, assists capital market liquidity by buying government bonds this can be very useful in supporting fiscal expansion. But if the Reserve Bank does this excessively it has the potential to do serious damage to our currency and financial system. It will impact negatively on South Africa's ability to implement a sovereignly-determined programme of economic transformation if through monetary policy missteps the gets Rand damaged to the extent that we lose our ability to borrow in capital markets in our own currency. We will then be forced to borrow in dollars, and other so-called 'hard' currencies. And if we then have difficulty repaying hard currency debts and buying imports in hard currencies, our programmes will face major funding constraints.

A plan for Growth & Reconstruction post-COVID-19

In the longer run, South Africa should plan to pay for the programmes and financial bridge put in place to carry the country though the COVID-19 pandemic through the growth and expansion of the real economy. If we do not expand the economy after the COVID-19 then the negative effects of the pandemic – in the of form of higher levels of unemployment and poverty and crippling debt repayments – will continue to haunt South Africa and limit economic progress for many years to come.

The ANC should lead South Africa in a new programme of Growth & Reconstruction. The objective of this programme would be to as rapidly as possible stimulate investment, economic growth and job creation in order to pay off the debts incurred during the response to COVID-19 and in order to shape a more inclusive growth path for the South African economy.

In addition to the spatial transformation of the apartheid geography and ensuring the schooling and higher education programmes recover from the impact of COVID-19, the Growth & Reconstruction programme should articulate specific and accelerated plans aimed at overcoming growth-impediments in key sectors including: energy & industry, water infrastructure, telecommunications, mining and tourism & hospitality.

Energy & industry: 'Green' energy industrialisation will be facilitated by the accelerated implementation of South Africa's Integrated Resource Plan, which though the Independent Power Procurement (IPP) Office-managed bidding process will see a large-scale, competitive build programme for wind and solar power. Re-regulation will also enable South African businesses to build their own generation capacity. Upstream, South Africa should create certainty for, and incentivise, the localised production of wind and solar plant components. Downstream, new green industrial sectors should be nurtured, such as, green fuels and electric vehicles.

Reliable lower cost energy, together with efficient transport and logistics infrastructure, is key to South Africa's re-industrialisation efforts. Such infrastructure also assists in ensuring the competitiveness of South Africa's exports, such as, in the automotive sector - in which South Africa continues to play a significant role in global supply chains - and in the export of agricultural and food products into Africa and the rest of the world.

Eskom's restructuring will facilitate South Africa's energy transition and the programme of green energy industrialisation. International and domestic finance should be secured that conditionally links the resolution of Eskom's debt crisis with the entity's restructuring and the broader just transition in the country's energy sector. The closure and repurposing of old coal power stations in Mpumalanga should be linked with efforts to create new employment in the region linked to the energy transition.

Water infrastructure: South Africa needs to invest massively in water infrastructure to improve water security. It must extend water infrastructure and sanitation services to communities, schools and businesses around the county. Increased collaboration is needed among scientists and government and private sector entities to ensure expanded investment in South Africa's water infrastructure.

Telecommunications: The auction of electromagnetic spectrum should be accelerated to ensure technological advancements, such as 5G rollout, and create conditions for lower data costs for South African businesses, consumers and the education sector. These objectives should be based on an auction design which will require that telecommunications companies that secure the new bandwidth are required to fulfil certain widened access and low pricing criteria to the benefit of the broader economy. Lingering uncertainties as to the role of the proposed publicly-owned part of spectrum should be removed decisively.

Mining: South Africa's mining sector can play a significant role in investment and economic growth in the post-COVID19 era and the sector has a particular role to play in bringing export earnings into the country. Conditional on removing regulatory obstacles and policy uncertainties, the mining sector should commit to an expanded investment programme and the support of local industry and labour in the fulfilment of such an expansion programme.

Tourism & hospitality: South Africa's tourism and hospitality sector has significant growth, investment and job creation potential, but will need to be rapidly restored post-COVID-19. Bridging finance may be required to ensure that key tourism assets and enterprises are retained. Such support should be conditional on a carefully designed and coordinated programme of low-cost domestic and international tourism offerings to boost tourism numbers, in a globally competitive market, as soon as possible once travel restrictions are lifted.

To be able to lead such a Growth & Reconstruction Programme, the ANC will need to move from words to actions in building a capable developmental state. Paradoxically, the developmental state will need to be built in an era of financial weakness, yet will need to be incorruptible and attract the best minds to provide leadership, insight and direction. Public sector pay scales, which currently are bottom heavy, will need to be recalibrated to ensure that the state is able to attract the right kind of skills into public service.

Another key feature of building a post-COVID-19 developmental state in South Africa is that given the weak state of public finances, private sector balance sheets will have to be utilised more than ever to build South Africa's social and economic infrastructure, therefore dramatically improved alignment between the private and public sectors – probably through various forms of social compacting – will be required to ensure that public policy goals can be achieved in this context.

To transform the lives of South Africa's people, the ANCs vison of economic transformation requires, by way of precondition, that there be an effective and sovereign state machinery. In our response to COVID-19 we must be careful to avoid the kind of serious policy errors which will weaken, or even destroy, our ability to implement our economic transformation programme.

Ever rising national debt is a serious threat to our country's policy sovereignty as it means that we are increasingly dependent on borrowing money to pay for government service delivery. It is imperative that we undertake the kinds of reforms that will stimulate growth and increase tax revenues, or we will have to borrow more and cut back on government spending, both of which alternatives will put serious limits on the ANC's vision of social and economic transformation

MAKINGS OF A NEW WORLD ORDER THROUGH COVID-19

"We must examine the possibilities of sustaining the global thrust. What is the function of the pandemic if not one of forging solidarity? Not to do so would be suicidal. This calls for a sustained inter-science and global ethics. We have to move beyond disconnections and territorializations, to ever new connections. For such a political economy, antagonistic differences would be the first thing to go. This calls for collective action, beyond the crisis, fusing ideas, feelings and action. An integrative process is everything."

By **Professor Muxe Nkondo**

Chairperson of Collins Chabane Foundation and Rixaka Forum, and Member of Council, University of South Africa

This article aims to reveal how the investigation of the sources of global solidarity enables us to gain a complex understanding of the origins and foundations of the existential passion for intense political, social, and ethical bonds. To do so, we define the Covid-19 pandemic as a resource that, under current political-economic conditions, can be regarded as the ground for global fellow-feeling.

Political economy is then conceptualized as the processes and technologies of governing, amongst other things, of the mobilization of resources within a given place at a specific historic moment. One therefore considers the way existential crisis emerges as a key site of possibility where different interests and actors can gain access to a common humanity. Indeed, examining the alliance between existential crisis and solidarity means focusing on the material, ethical, and historical conditions of solidarity and locating the crisis in law, politics, culture, economics, and ethics.

Whether you are European, African, Chinese, Coloured, Indian, male or female, your chances of being recognized as equally human are now quite great across the globe. A way of describing this recognition is by saying that all human beings, irrespective of race, ethnicity, class, gender, sexual orientation, or nationality – show a sense of solidarity which we lacked in pre-coronavirus days. Our social imaginary, as it manifests itself now, is of a world in which solidarity is manifest. What this means is that there is something within each of us – our essential humanity – which resonates to the presence of this same thing in other human beings in a world of differences (Rorty, 1989; 2010).

This way of explicating this notion of global solidarity does not cohere with the historical categories of 'one of us' against 'not one of us', 'neighbour' against 'stranger', 'insider' against 'outsider', 'citizen' against 'expatriate', 'male' against 'female', 'straight' against 'gay', 'able-bodied' against 'disabled', and so on. The idea is that we all possess some component which is essential to a fully-functioning human being. It does not have to do with historical contingency in a narrow sense, but with a global, existential event as deep and fundamental as to break through traditional identities shaped by local historical contingencies. This global reach implies that what counts, ultimately, as being a human being is not relative to local historical circumstance. It is not a matter of transient consensus about what attributes are human and what practices must be inculcated.

However, this does not mean that we have to agree about the existence of something that stands beyond history and institutions. What is bringing the whole globe together is the passion for and reverence for life.

Since the outbreak of the pandemic in China a few months ago, an existential crisis has shown to be capable of regulating thought, feeling, and action, cognizant of the fact that the passion is caused by something deeper than conventional identities, which so far have shaped political, social, and economic relations within and across nation states. Again, it is not necessary to prove that this sense is antecedently shared. This passion cannot be privatized, neither can it be commodified, a phenomenon so radically different from the contingency of community, nation, selfhood, and language (Rorty, 1989).

Since the outbreak of the pandemic in China a few months ago, an existential crisis has shown to be capable of regulating thought, feeling, and action, cognizant of the fact that the passion is caused by something deeper than conventional identities, which so far have shaped political, social, and economic relations within and across nation states.

A sense of global solidarity and obligation are fused into a single, global mega-program of action, collapsing the historic distance between 'us' and 'they'. Nowhere in the world is it said that some people deserve to be protected and defended because they are European, American, British, Chinese, Indian, etcetera. The point of these examples is that, in the coronavirus crisis, our sense of solidarity has nothing to do with historical identity such as 'black' and 'white'. Nothing to do with historical subjectivities, which always refer to something much smaller and more local than the human race.

From this standpoint, the tendency to feel closer to those with whom imaginative identification is localized or historicized is simply deplorable. In a real sense, the pandemic has produced a secular universalism. Far more persuasive than reason, truth, and logic. It has nothing to do with the notion that we should feel an obligation toward her or him because she or he is a rational human being (Kant, 1997; Habermas, 1967). It has become clear, in the last few months, that there is something morally dubious about a greater concern for a fellow American, British, European, Chinese, African, Indian, female, male, heterosexual, homosexual, citizen, foreigner, than someone facing a threat as overwhelming and universal as the coronavirus pandemic.

This position is incompatible with liberalism, capitalism, and nationalism. It is incompatible with the notion that there is a 'natural, aboriginal cut' in the spectrum of similarities and differences which span the identity distances, 'you' and 'the other'. Whether the human solidarity movement that is emerging constitutes a final vocabulary is hard to say. Whatever the case, the human solidarity emerging in the United Nations will be sustained, is a work of time; but it certainly constitutes moral progress, and this progress is in the direction of greater human fellow-feeling.

It is thought of as a recognition of a fundamental human self. It is also thought of as the all-too human ability to think and feel about people as human beings who, on the surface, look different. Hopefully, going forward, democratic institutions and a cosmopolitan consciousness will be infused with the global recognition of the humanity that binds all of us, given palpable form in this crisis. Here, shared fear and mutual obligation come together. Here, the empirical and normative are fused. Morality is not distinguishable from experience, the universal and the particular are integral to each other. Here, 'reason', a faculty that Enlightenment philosophers assumed to be the ground of moral obligation, does nor feature; we can dispose with it. At the level of lived experience, what is urgent now is shared feeling. 'We-intentions', in a narrow, exclusive sense, have no place here. Yet it is not ahistorical.

This notion of solidarity provides the basis for political, social, and economic transformation. This is a process that we should try to mobilize and institutionalize. It compels us to create a more expansive sense of solidarity than we presently have. 'We' and 'us' are given as concrete and existential a sense as possible. Understood this way, the international protocols to contain the pandemic are a mega-technique for reweaving our vocabulary of solidarity in a world of strangers', as Nadine Gordimer characterized it in a novel of that name. There is no tribunal here, no dreadful Sanhedrin of jurists to hand down a judgment beyond which there is no appeal. There is a compelling existential crisis, and something moral deep down in our being is beginning to respond.

Strategies for Solidarity

This is based on the need and the desire to collaborate, the desire to have everybody legislate political, social, and ethical meaning. It is vastly different from the desire for nationalism and regional blocs or constellations: European Union, African Union, BRICS, South-South Cooperation, and so on. This movement is taking place everywhere and at different levels of the state and society; it is everybody's problem. It is an existential crisis we all carry within ourselves, and we need to develop an experientially based analysis of the political possibilities of the crisis, and carefully construct and execute a diagnosis of its origins. The attempt should treat the flow of capital and the flow of obligation as two closely related economies. It is the common economy of flows. COVID-19 is not a private affair, a regional preoccupation; it has to be confronted globally.

Once we forget about our national, class, and patriarchal egos, altruistic forms of politics and economics become possible, where differences collectively are no longer at odds with each other, and where collective expression of the love of life is possible (Nagel, 1978; Zizek, 2014; Wolfreys, 2004; Deleuze, 1983). Such a political economy does not seek to regiment individuals according to a hierarchical regime of norms, but to de-hierarchize relations through a multiplicity of new, collective arrangements to confront a global threat. The goal is the consolidation and integration of human relations in a struggle against imminent death.

We must examine the possibilities of sustaining the global thrust. What is the function of the pandemic if not one of forging solidarity? Not to do so would be suicidal. This calls for a sustained inter-science and global ethics. We have to move beyond disconnections and territorializations, to ever new connections. For such a political economy, antagonistic differences would be the first thing to go. This calls for collective action, beyond the crisis, fusing ideas, feelings and action. An integrative process is everything.

Of course, the global solidarity movement is a combination of various elements and forces of all types. Hence the need to listen not only to experts and politicians, but also to those involved in decision-making positions across all sectors. The essential crisis clasps all of us in its powerful transformative embrace and reproduces our will to survive in a way all the more intense because it is fundamental. It is at work everywhere, functioning powerfully everywhere. Here, the traditional politics of personal or sectional gain and power are all wrong from the very outset. Solidarity is not impossible. Even the most repressive and most divisive form of social production and distribution will yield to this.

But as we mobilize for global solidarity beyond the pandemic, we should understand the political economy of capitalism in both theory and practice. First, resilient and adaptive as ever, how is capitalism adjusting to the crisis? Is the capitalist machine capable of providing a code that will apply to the need for global solidarity? How can it regulate the flow of capital such that it creates conditions for solidarity?

What is at issue here is that capitalism, through its processes of production and distribution, produces an awesome accumulation of resources, upon which it brings all its vast powers of domination and repression to bear; but, fortunately, almost always it touches its limits. For it constantly constructs this inherent tendency, or so it seems, while at the same time allowing it free reign. It continuously seeks to avoid reaching its limit while simultaneously tending towards that limit (Stiglitz, 2002; Deleuze, 1983; Chomsky, 2017; Zizek, 2009, 2015; Deneen, 2018; Standing, 2016; Streeck, 2016).

How to sustain this sense of global solidarity is the rub. Social scientists are concerned with this emergence of a secular universalism, not based on religious belief, but on a profound pragmatism, which could not happen without a strong social bond. So in order to understand what has been an alternative for the few has become so for the many. Needless to say these observations are very provisional, given the immensity of human life and the complexities of radical transformation.

In a sense, the pandemic is effectively inducting everyone into the same concern, in the process tending to reduce social, economic, and political distinctions, inculcating in most people the same social imaginary, relating to all societies in the world. However, the actual road from here to there will be more comprehensive than a simple diffusion story can capture. Whether there will be a decline after the pandemic is difficult to tell. It is much too early for the figures to be conclusive. This, of course, wouldn't surprise us. All earlier efforts to build a United Nations Organization based on global solidarity have been tentative and uncertain.

The drive of socialism across national borders, as Trotsky would have it, has had serious setbacks, something that Lenin himself had to accept. But then socialism has not been driven by an existential crisis as aboriginal as the coronavirus pandemic. What is intriguing is that the global desire is secular, not driven by religious belief or faith. How this is reaching people who have previously been divided on cultural, ideological, and religious grounds, requires in-depth interdisciplinary research. This development is certainly relevant to the prospect of fundamental change in human relations.

But does this mean that beyond the pandemic human relations will not be shaped by power, wealth, knowledge, and interests? Simultaneously, of all these forces is occurring, at least for now.

So what does this mean for the current passion for global solidarity? It is a commonplace that something that deserves such a force is taking place in all our civilizations and cultures, although this may be contested by social scientists, philosophers, and theologians. The immediate problem, however, is defining exactly what it is that is happening. Like so much of human experience, the crisis turns on questions of evidence and interpretation, and given the intricate relationship between experience, epistemology, history and politics, human relations across time may continue to be shaped by power, wealth, and knowledge, or a combination of all these three agents of history.

As history of hermeneutics tells us, interpretation is fraught with all sorts of subjectivities, personal and collective (Jay, 2005). But something new and important is gained by raising the question of global solidarity as a force for global solidarity. Coming to think of it, what in the past are we comparing it with? Part of the intellectual challenge, and much of the reason to call for an inter-science, is that there is also an important need to 'unthink', to use Foucault's innovative term, which underpins the new form of solidarity (Foucault,).

I am not arguing some 'anarchist' thesis, that we need a total collapse of structure, norm, and identity, and must do everything to dispense of normative and analytical frameworks. Emerging evidence helps us marshal arguments to induce all of us to modify our more or less reluctance to embrace the new phenomenon outside the constraints of traditional normative fields. People, as they enter into these disruptive deliberations, don't just leave their beliefs, values, and languages at the door. Older, if not ancient, premises continue to shape thought and feeling at a much deeper level, and it is only a continuing open exchange with those of different standpoints which will help us shape new understandings. For this reason, we have to be aware on the ways in which an 'unthought solidarity', as well as various forms of contingency, can bedevil deliberations.

There is, indeed, a powerful urge for such 'unthinking' operations, mindful of the perspective which maintains that the new solidarity might decline once the pandemic has been effectively treated, because faith is based on transcendental authority, or some combination of belief systems, and because democracy gives an increasingly important place to individual autonomy and freedom.

The new solidarity is now the occasion for re-composition of political, social, and economic life in new forms, and for new ways of existing in relation to each other in a complex and unequal world.

A difficulty in this whole discussion is that there is some uncertainty as to what the 'new solidarity' thesis finally amounts to practically. Is the source of the solidarity movement inarguable? This raises endless questions about the origin of thought, feeling, and language. It is also important to point out that the new solidarity exists in a field of choices which include various forms of demands and rejections. The new solidarity is now the occasion for re-composition of political, social, and economic life in new forms, and for new ways of existing in relation to each other in a complex and unequal world. The social imaginary here is based not on identity, but comes out of an all-consuming existential anguish.

Is this not enough? Beyond the pandemic, what process should be accepted to mobilize for global obligation? This means that it should be induced through the actions of governments, social organizations, churches, knowledge institutions, and corporates, which will entail altering their social imaginaries, their sense of place and belonging in the world. And in a globalizing economy, with its inexorable flow of capital, whatever political, social, and religious structures we aspire to have, must be mobilized into existence and sustained

(Mason, 2007). Thus this powerful form of global solidarity will have to weave at least four strands together: existential need, discipline, relationships leadership and management, and a clear image of a new civilizational order. They strengthen each other, and together they can make a whole.

As we proceed, we should examine the creation and reproduction of the current neoliberal hegemony, focusing on both the strategies for and opposition to the production and distribution of neoliberal ideas and practices in a diverse range of political, social, and economic contexts. We should study the global network of institutions, foundations, forums, think tanks, aid agencies, and multilateral institutions which have underpinned the ideological and the political dominance of neoliberalism, and, consequently, neoliberal forces of globalization, focusing on: specific neoliberal projects, regional contexts, and knowledge constellations; impact of neoliberalism on national and international formations; the growing corporate and political connections; the effects of neoliberalism on media, popular culture and education; and the various forms of resistance to change (Plehwe, 2006, 2017; Stiglitz, 2002).

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REINS OF THE INFORMAL SECTOR *in the* TRAJECTORY OF ECONOMIC TRANSFORMATION

"The neglect of the informal economy is owed to the historical focus on informality as minute and survivalist economic activity in developing countries. Informality was seen and treated as a symptom of under-development, or the beginning stages of what would eventually become a formalised economic activity. The desertion of the informal economy is also exacerbated by the widespread belief that capitalism, as a result of the free-market economy as well as neoliberal economic methodologies, is becoming more inclusive and hegemonic; expanding its limbs to every economically active individual and thus absorb everyone into the formal economy."

By **Sarah Mokwebo**

Democratic South Africa is known and characterized by a racialized, monolithic and undiversified economy owing to its colonization and Apartheid history. The South African economy has very few players, with regular occurrences of uncompetitive behaviour in addition to other monopolistic behaviours. In effort to change the distorted ownership patterns, the African National Congress, as the country's governing party, devised and resolved on a number of intervention measures for the South African economy through its policies and conference resolutions.

An extract from the ANC's 54th Conference Resolutions document (2017) states that *"The ANC's vision for the South African economy is guided by the Freedom Charter's clarion call that the people shall share in the country's wealth. The ANC is committed to building a more equal society, in which all can find decent work and enjoy a sustainable livelihood."*

Some of the notable resolutions on economic transformation are as follows:

1. On the Financial Sector Transformation, State Bank and DFIs

1.1 The state must develop a more effective programme to ensure access to, and ownership of, financial institutions by black people, youth and women. This should include new approaches to regulation and licensing that fosters competition and enables diversified ownership of these institutions.

1.2 The use of state banks to promote economic development must be stepped up.

1.3 Development finance institutions and state banks should give greater emphasis to employment creation, empowerment, industrial diversification and development, small businesses and cooperatives, small-scale agriculture, micro-enterprises and local and regional economic development.

1.4 Development finance institutions' mandates should include the development of black-owned companies. Public finance institutions must be given clear developmental mandates.

2. On Economic Concentration

2.1 The high levels of concentration of ownership in many sectors of our economy is dysfunctional to growth, entry of black South Africans in the economy and effective competition.

2.2 Conference calls for effective measures that expand the mandate of the competition authorities to identify high levels of concentration and to have the powers to act to de-concentrate levels of ownership, in order to open the market to new, black-owned companies.

2.3 The penalties for uncompetitive behaviour must be increased and the Competition Commission needs to be strengthened with additional resources to build on its current capabilities.

3. On strengthening Broad-Based Black Economic Empowerment (BBBEE)

3.1 State procurement should be used as an empowerment lever.

3.2 The PPPFA should be significantly amended to fully realize all objectives set out in s217 of the Constitution. Set asides must be further strengthened so that they work more effectively in promoting black businesses.

3.3 Government should intensify the use of state concessions as a policy tool for economic development and transformation, including in minerals, petroleum, fishing, spectrum, land, water, energy, etc.

3.4 A worker empowerment component should be introduced in the policy framework to massify share-ownership among workers and to provide for worker representatives sitting on the boards of companies.

4. On beneficiation and building high value-added value-chains

4.1 New measures to inwardly orient those components of mining and upstream production such as petrochemicals and basic iron and steel, which are crucial for metals fabrication, capital goods production especially engineering activities, need to be put in place in support of a coherent strategy of industrial development based on raw minerals beneficiation.

4.2 The state should apply export taxes to strategic minerals where required to ensure local beneficiation.

4.3 Encourage recycling, especially of metals and other products such as plastics, rubber and paper. This will require that we promote the local recycling industry, especially metals recycling in order to significantly reduce energy consumption in the process of metals production and fabrication. In this connection, we should continue to limit the export of scrap metal.

The ANC's economic and social policies are known to be rooted in social democratic systems and are given shape and form by resolutions of Conferences and Councils held regularly. Social democracy is a variant of socialism. It is distinguished by a conviction that democracy makes it both possible and desirable to take advantage of capitalism's upsides while addressing its downsides by regulating markets and implementing social policies that insulate citizens from those markets' most destabilizing and destructive consequences.

Current economic policies addressing inequality are devoid of broader inclusivity, and have little to no consideration for people constantly marginalized by both the public and private sectors, structurally and otherwise. Majority of legislative measures and practices geared towards economic and social redress are underlined by race – which is granted owing to the racial segregation policies from the pre-democratic era and current make of the formal economy. However, centering race as the main determinant for economic redress has proved ineffective in multiple ways. Race is a social category that intersects with other types of social disparities such as geography, gender and education levels, which heavily influence people's access to economic opportunities and thus determine their social class (Dooms and Pillay, 2020).

The pervasiveness of the informal sector in South Africa is also contributed to by high unemployment levels dating back to South Africa's historical (and Apartheid) policies which had the sole objective of discriminating on the basis of race. Apartheid industrial policy enthused capital-intensive investments which deliberately excluded black people from ownership as well as occupying high levels of employment. This was perfected by other enabling policies which controlled the movement of black people, segregated schooling system, put controls on economic activity that black people could participate in, had lack of access to asset ownership and barriers to entry for black entrepreneurs which still persist (Altman, 2007).

Marginalization owing to the convergence of some or all these social identities and structural barriers have resulted in majority of black people participating in the informal sector/economy for either business opportunities or employment.

The neglect of the informal economy is owed to the historical focus on informality as minute and survivalist economic activity in developing countries. Informality was seen and treated as a symptom of underdevelopment, or the beginning stages of what would eventually become a formalised economic activity. The desertion of the informal economy is also exacerbated by the widespread belief that capitalism, as a result of the free-market economy as well as neoliberal economic methodologies, is becoming more inclusive and hegemonic. That its expanding its limbs to every economically active individual and will thus absorb everyone into the formal economy (Sallah, 2016). It was assumed in the 1950s that the free-market approach will lead to economic development that would gradually absorb the informal economy into the formal one.

The formation of nation-states had capitalism organising through the state, and took the form of national capitalism as an attempt to manage markets and money through a central bureaucracy (Sallah 2016 in reference to Hart 2001). This was prevalent during the Apartheid era in South Africa as well. The informal economy, which is the antithesis of national capitalism, solidified the informal sector as unregulated activities of the marginal poor. More especially in third world countries, this was taking place at mass scales. Over time, the informal sector increasingly became a pervasive feature in modern economies and continues to not being paid attention as a (legitimate) economic activity.

According to Altman (2007), in reference to Chen (2004), the three basic approaches to the informal sector are s follows:

1. The *Dualist School* of thought that contends that the informal sector would disappear if development and per capita incomes were to rise. There is no evidence however fully supporting this claim as 10-15% of official GDP in most developed countries comes from the informal sector.
2. The *Legalist School* argues that the informal sector consists of entrepreneurs and businesses who are avoiding the costs that accompany formalisation; more especially when it comes to labour regulation and company tax. However, this is normally prevalent in countries where there's onerous tax regimes as well as high costs of regulatory compliance.
3. The *Structuralist School* perceives the informal sector as part of the spectrum of the market, although located and also treated in a subordinate manner. The structuralist approach considers how the informal and formal sectors interact in and with demand-supplier relationships or in employment relationships.

In 2004, the then President of the ANC and state, President Thabo Mbeki, introduced the term "second economy" to the South African economic discourse. It was in many instances used to refer to the informal sector. The guiding policy at the time was the Accelerated and Shared Growth Initiative for South Africa (ASGISA). This policy sought to "eliminate the second economy" along the lines of the dualist school of thought by enlarging the "first economy" in order make it accessible to marginalized people (Altman. 2007).

A notable difference between the formal and informal sector in South Africa is race. The formal economy is dominated by whites and the informal sector is predominately black (Dooms, 2020). As mentioned, in as much as economic discrimination was based on race, there were additional exclusionary practices in place that exacerbated this, and therefore solutions for economic transformation must factor in much more than race.

The informal sector should be assessed by how the sector is shaped by trends in the economy as a whole as there are inter-linkages as well as displacing qualities between the formal and informal sectors. The two sectors may grow a complementary or inverse relationship; depending on circumstances. The complimentary relationship is characterised by supply and demand linkages, where the formal sector is depended on the informal sector for cheap intermediate goods which can be used in further production of its final products (Shodhganga, n.d.). The recycling sector is one such example. With the inverse relationship, the relationship is exploitative as the formal sector crowds out the informal sector. An example is in instances where large retailers displace informal retail (Altman, 2007).

The resolutions of the ANC cited are intended for translation into policy of government, as well to persuade the private sector behind ANC thinking as the governing party. They though do not factor in the existence of the informal sector, or accommodate it within all the intervention measures envisioned for economic transformation in the country.

For instance, the BBBEE policy favours individuals who are already well positioned economically as it enables market access for businesses based on formal and legal (black) ownership and compliance with legal requirements. The BBBEE interventions are reliant on legal compliance in place of practical and inclusive development measures that will offer cross-cutting solutions for black business owners (Dooms, 2020). Businesses that do not comply with the BBBEE requirements become neglected, which practically goes against economic transformation, more especially when it comes to black people as they are the ones in need of economic inclusion. It can also be argued that the BBBEE framework is only enforceable in the state, and not necessarily in the private sector which them limits economic opportunities available for black business.

It is important for us to preoccupy ourselves with the informal sector in order to understand the precariousness and uncertainty in the ability of households to assemble and sustain a livelihood and maintain stability. Some industries in the formal sector are characterized by high wage inequality as well as lack of job security. It is extremely difficult for poor or low-income households to accumulate assets, more especially to aid them in time of crisis. The COVID-19 pandemic was one such instance where poor households suffered, more especially those reliant on informal activities as they had no protection and immediate consideration by the state to avert the structural challenges that they were faced with which threaten their income and livelihoods.

Perhaps the question that should be asked beyond this article is what can be done for the informal sector and by extension marginalized people in order to ensure economic inclusion, and the answer lies on what intension is sought to be addressed. Is the intervention meant to improve the stability of the small businesses in the informal sector and to reduce economic uncertainty in poor people's lives? Is it to ensure an increase in tax revenue for the state? Or is it to address the explicit avoidance of government regulation? The answer is that the policy implications for the informal sector depend on the aims of the intervention, and what relation that intervention has to economic transformation.

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BUILDING A PEOPL'ES ECONOMY AND A PROSPEROUS SOCIETY

"The developmental state must not be equated as holiday resort for capitalism. It must produce an approach to develop the economy without prescripts of the ruling class. The state must collaborate with the private sector to enhance national interests. The roles and objectives of state capitalism in building the economy must be determined by the multiclass character of the ANC with an intention to enhance working class biasness."

By **Advocate Seitebaleng Alfred Dikole**

The ANC Manifesto made a commitment to voters to build a broader and inclusive economy where all South Africans participate and benefit. The fundamental point of departure is that there should be broader participation of various class forces in the transformation of the economy. There has been a consistent misconception in this country to regard the economy as something that belongs to the elite. Sadly, the ANC always speaks on behalf of the market instead of fighting for an economy that seeks to reflect what the ANC seeks to achieve.

The role of the developmental state becomes paramount in a sense that the state must coordinate all role players in building an effective economy that is not unstable. Local economic development cannot be divorced from main stream economic development. The emphasis cannot only be made on the township economy whilst you create dichotomy within the rural economy. It is therefore crucial for the nation to identify impediments within local economic development that hinder progress.

Reciprocity and mutual benefits between rural and urban areas should be given particular attention. The template of a capitalist economy that seeks to champion profit maximization must be discouraged because of its' failure to create inclusive growth that is aspiring to create human civilization.

The current state of the COVID19 pandemic provides an opportunity for the state to invest in the public health system and also to reorganize State Owned Enterprises (SOEs). Social investment must now become a priority for growing and developing our economy. Principals of neoliberalism must be discouraged because in many virtues they are calling for public resources and wealth to rescue capitalism so that it can continue with its laissez faire practices.

ANC POSITION ON ECONOMIC TRANSFORMATION

The ANC has a long-standing position on how to transform our economy. The election manifesto provides a framework that must be used to champion economic transformation. It states that "we must build an economy in which our people have meaningful stake and which from they can benefit". Also, the principles of the National Democratic Revolution must be our guiding factor.

It is important for every key stakeholder to have key performance areas. Workers' money that belongs to different investments cannot be controlled by capitalists, let alone to bail out business practice. Policy restrictions should be developed to protect our economy from abuse by those with no national interest of building an egalitarian society.

RADICAL LAND DISTRIBUTION

The land question remains one critical matter that needs urgent attention. Policies should be scrutinized to evaluate both strengths and weaknesses to address current realities. The most important task by the ANC is to avoid undermining its congress resolutions in purport to please the market. Land reform is about addressing historical injustices and land dispossession of the black community. Land reform must be more radical but with intention to address food securities and sustainable livelihood to our communities.

The word "communities" cannot be left uncontested, since it is made up with various role players in the form of class forces and strata. Ours must be more biased to the rural poor and working people in general.

Progress has been made with regard to the amendment of section 25 of the RSA Constitution. This on its own becomes a best legal template to use in addressing the land question. The main tasks are to clarify land ownership, wherein land must be owned by people not the state. This must find expression within the process of radical transformation.

We have experienced confusion brought by both municipalities and tribal authorities in so far as land usage and distribution is concerned. Therefore, there should be promulgation of laws that will protect land and people from local scavengers. We must in many respects promote greening revolution where we live, work and study.

Big business must also impart skills to producers in agricultural industries. Funds must be available in this regard to incentivize women and young people from previously disadvantaged communities. In this regard, the state has to avail relief funds for small scale farming in rural areas and defend big emerging farmers against bullying of big monopolies in the agricultural sector. In the rural areas there must be strict measures that are applicable in both municipalities and traditional leaders.

It is therefore crucial for the ANC structures to play political oversight in land distribution. Failure to do so will lead to the process being highjacked by business consultants.

FOURTH INDUSTRIAL REVOLUTION

The Fourth Industrial Revolution should be used in such a way that it can broaden participation and beneficiation from all walks of life. Deliberate method should be applicable to ensure that it becomes pro poor and working-class bias. The industrial strategy must ensure that manufacturing becomes a central role player in our economy.

This must serve as a corner stone for economic transformation by ensuring that all sectors of the economy utilize it in their production level.

This is one area that can be used to remove red tapes and bureaucracy in acceleration for development in rural areas. Proper training of young people and women in 4IR must be given priority so that they become prime beneficiaries of the revolution.
The main task is to make sure that 4IR does not become a tool for job losses and exploitation of the poor working people. Therefore, it will be more crucial to develop a tool that will assist workers and the poor to be beneficiaries in the whole project.

There must be an urgent Digital Industrial Strategy which deals with disruptive changes and entail over aching public control. There must be democratic public control of our national broadband spectrum and reduction of the cost of data. It will be important to continuously heighten mobilization of the working class and progressive strata and within this context, develop a leadership role to forge a broad patriotic and a left front.

It is widely recognized that 4IR will place premium on digital literacy, skills and technicity occupation in number of respects. As a country we must anticipate that the deepening and widening of technological revolution may create high floor of digital competence as a basic requirement in the job sector.

The existing realities of high-level concentration, centralization and tax avoidances will need robust engagements within the spirit of promoting national interest in the digital revolution. There should be the sovereignty of data that must not be used by external forces to promote their cosmopolitan character of abusing and undermining the interest of the country. The role of institutions of high learning must be visible in provision of skills revolutions within the context of 4IR. It is within the same context that state must give incentives for them to simplify understanding as well as put 4IR into reality.

The ANC manifesto demands the roll out of a public infrastructure programme to support broader based access to digital technologies. There must be an enabler for broader participation in the digital economy. We need to recognize profit seeking entities in a manner that will enhance poor people in townships and villages to earn income. A public roll out of public infrastructure will be fundamental to a struggle for an inclusive digitalization programme as opposed to the release of public spectrum to advance private profit maximization.

TOWNSHIP AND VILLAGE ECONOMY

Townships and villages are an integral part of local economic development and a solid foundation at that level should be established. The practice by other nationalities who own tuck shops and other local business have given us a great lesson. We need to develop biasness for local participation in local economic development since current activities are more of making profit that is not contributing to effective economic growth. There must be legislation that provides for bias ownership of spazas and tuck shops by South Africans. The law must be tight enough to ensure that there is growth and development in the local areas. Big role players such as retail stores must assist in terms of economic boosting for those who are interested.

The promotion of tourism and creative industry in the locality cannot be divorced from local economic development. The challenge is for the government to dismantle bottle necks that have been created by the big monopoly which deny local artist to prosper. The financial sectors must relax measures in order to ensure that local people access funding for their small businesses. It is also advisable for the sector to lay infrastructures for local growth of the economy.

CONCLUSION

In conclusion, it will be important to obliterate key features of Colonialism of a Special Type rearing its ugly head in our economic transformation. Budget planning should not be accountable to the ruling class who have stupendous concentration of wealth in their private hands. The developmental state must also create and be characterized by a non-capitalist developmental path. In the long run the state must smoothly regulate functions of private capital in creation of an egalitarian society.

This will unfold within a fierce class battles between contending classes that are role players in championship to erect new growth path. Domination of the financial markets in the state has over period of years lowered the state capacity in addressing neoliberal prescripts. For us to develop state capacity we must have political capacity. This entail training and deployment of best cadres who are skillfully trained and carefully selected to drive the agenda of the National Democratic Revolution (NDR) within the state. This must be underpinned by organizational discipline and revolutionary honesty.

It is appreciative that the ANC started to institutionalize political education by making it a requirement for every member who occupy areas of responsibilities to undergo training. ANC structure must take economic transformation as one of the key pillars within the NDR project. It cannot be correct for the entire economic engagements to be left to bourgeois analysts and consultant to interpret and give the masses a wrong recipe.

The economy has to be transformed in a radical manner that seeks to address the evil bequeathed to us by Colonialism of a Special Type. Radical economic transformation must not be an empty slogan that reflect a cry for bail out by the bourgeois compradors within a class existing society. All role players must have a clear distinctive participation in advancing and deepening economic transformation.

There is fertile ground for the working class to occupy its rightful place in taking NDR into the next step. Local economic development must be a priority by locals becoming active participants in that regard. The state must remove impediments that works against people accessing finances and it must develop capacity to discipline capital and ensure its' held accountable in addressing economic challenges. Radical transformation must be understood by every role player as it shouldn't be a mere sloganeering that seeks to champion bailing out of sinking and parasitic business.

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TIME FOR REMAKES IN OUR ECONOMY

We have been very shy to speak boldly about structural economic reforms to address a system still bearing an apartheid architecture… The cost of living has also been increasing with prices of food, fuel and education all going up by huge margins… Covid-19 presents a plethora of challenges, chief amongst them is the looming unavoidable job losses, contraction of the economy, ever-increasing budget deficit and shrinking SARS revenue.

By **Sigqibo Biggz Mfuywa**
(PhD candidate at University of South Africa)

Over the past 26 years the post-apartheid (or democratic) government has adopted numerous economic plans, all anchored on a robust economic growth of not less than 6%. That target is yet to be achieved sustainably over at least a decade and many blame this on poor execution. But is that the only problem?

We have been very shy to speak boldly about structural economic reforms to address a system still bearing an apartheid architecture. The ANC government has made strides to transform the economy but little has been achieved, and many factors contribute to that. As a result, the economic transformation debate has become a dominant discourse. People of South Africa are tired of being unable to play a meaningful role in the mainstream economy. Another cohort is tiredness with jobless and inability to put food on the table.

The cost of living has also been increasing with prices of food, fuel and education all going up by huge margins. Corruption, racism and incompetency have played a huge role in our economic woes. We are now talking about a new economy post Covid-19 and this presents vast economic opportunities.

However, Covid-19 presents a plethora of challenges, chief amongst them is the looming unavoidable job losses, contraction of the economy, ever-increasing budget deficit and shrinking SARS revenue. The United States is already reporting 20 million job losses between February and April 2020, which has pushed unemployment to almost 15% in 3 months. The South African Revenue Services Commissioner Edward Kieswetter predicted 15 to 20% revenue losses which translates to R285 Billion. And this is due to a sluggish economy and effects of the corona virus. The agency also predicts that some businesses will not survive post Covid-19. The effects have been severe and survival is doubtful.

The junk status is also adding salt to the wound, and we need to dig deep and find solutions post-Covid. Credit rating agencies have not been kind to South Africa and Moody's in particular has warned that an increased likelihood of *"the debt burden….ris(ing) to even higher* *levels than currently projected, with even greater uncertainty regarding its eventual stabilisation, would exert downward pressure on the rating".*

Some pundits are predicting that South Africa will hit 40% unemployment rate post-Corona and this will be a major blow for our ailing economy. Currently our economic growth outlook has been revised downwards to below 1%. Other pundits are predicting a negative outlook. Our budget deficit has been on an upward spiral and debt-servicing costs have not been kind.

Our key economic drivers i.e. mining, manufacturing and agriculture have not been doing well in the recent past. We have witnessed consistent contraction hence we now in recession. We have now witnessed a big debate gravitating towards Quantitative Easing, and this cannot be ignored as it is exerting a lot of pressure on the South African Reserve Bank (SARB). Some argue that this unconventional way of doing things is long overdue, cutting only interests will not be sufficient, and we need to go beyond that.

Investopedia website defines Quantitative Easing as an unconventional monetary policy in which central bank purchases long-term securities from the open market in order to increase money supply. In the recent past SARB has spoken about injecting liquidity into the economy and buying some government bonds. The current period requires unpopular decisive decisions. We must not be haste or casual. The long term effects will be severe.

The following should happen:

Import substitutes: this is defined as a replacement of imports with domestically produced goods, rather than the production of goods for export, to encourage the development of a domestic industry. South Africa is the 34th largest export economy in the world and the 47th most complex economy according to the Economic Complexity Index (ECI). In 2017, South Africa exported $108 billion and imported $81.9 billion, resulting in a positive trade balance of $26.4 billion. In 2017 the GDP of South Africa was $348 billion and its GDP per capita was $13,5. At all times our exports must exceed imports, but we must import what we are not capable to produce locally. This picture illustrates that we are big on imports and it must change if we are to grow South African economy.

The Covid-19 is exposing South Africa in many fronts. We are even importing goods like masks, something our textile industry should be producing. We should reach a stage wherein we reduce our imports considerably and increase our exports. This is only possible through industrialization and increasing our value adding, manufacturing and agro-processing capabilities.

This requires a protectionist approach, which is backed by legislation and thorough analysis of trade agreements. It is time to close ranks and protect our industries especially those in agriculture, manufacturing, textile etc. It should be coupled with stimulating domestic demand. Many of these industries have complained about how imports have killed them over the years. We must only import what we cannot produce locally. For example, do we really need to import poultry from US or Brazil?

Value Chain Analysis and Integration: The value chain approach seeks to understand the firms that operate within an industry from input suppliers to end market buyers. Meaning the support markets that provide technical, business and financial services to an industry. And the business environment in which such an industry operates.

The value chain analysis is very important in making sure that we take advantage of what we produce by adding value instead of us being exporters of raw material. Throughout the chain a lot of jobs can be created and these would in turn stimulate local economy. Whatever we produce we should add value to up until the consumption stage. For example, we have an abundance of mineral resources and it is unclear why we are we not processing these. We should look at our production potential and make an assessment in order to exploit our competitive advantage.

Localization: For a very long time we have consumed goods from outside our borders. Locally produced items battle to command space within the local market. These are low hanging fruits.

In agriculture, by way of example, all schools, hospitals, correctional services centers and others should be supplied by their local farmers. There should be deliberate aggressive marketing strategies targeted at promoting local goods, and legislation should be enacted to advance this agenda. The automotive sector should also be sourcing some components locally. Mercedes Benz South Africa (MBSA) in East London or VWSA in the Nelson Mandela Bay should be buying leather from local tanneries. These car manufacturers must intensify efforts into localizing production, service and repair parts.

Industrialization: *"One district one factory"* should be our slogan and this can go a long way. A socio-economic assessment should be done per district in an attempt to establish potential industries which can strive in that locality. These should be labor-intensive industries, which will create millions of jobs and in turn alleviate poverty and stimulate growth. This is the only way to create jobs, increase tax base and develop local economies.

Government should set aside funding dedicated for establishing these factories jointly with private partners. There are many industrial hubs which were used by erstwhile governments before 1994. Those should be brought back to life. Fort Jackson, Dimbaza, Butterworth etc. come into mind.

Resuscitation of Vocational Institutions: Post-1994 we have witnessed the consistent decline in the supply of artisans in the country. This can be attributed to challenges faced by vocational institutions. For most of the above to be a success there needs to be strong vocational institutions which will focus mainly on producing artisans. In terms of today's experiences, it is not clear why a vocational college offers office management or accounting instead of focusing more on artisanal skills.

Vocational institutions should strategically partner with government and business to produce the required skilled force. For an example the maintenance of roads, buildings and government fleet should be carried out by artisans from these vocational institutions. Mini factories should be built for some of the artisans, i.e. mini industry hubs for welders, spray-painters, etc.

Access to Finance by SMEs: According to the World Bank, Small and Medium Enterprises (SMEs) play a major role in most economies, particularly in developing countries. SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development.

They represent about 90% of businesses and more than 50% of employment worldwide. Formal SMEs contribute up to 40% of national income (GDP) in emerging economies. These numbers are significantly higher when informal SMEs are included. According to estimates, 600 million jobs will be needed by 2030 to absorb the growing global workforce, which makes SME development a high priority for many governments around the world. In emerging markets, most formal jobs are generated by SMEs, which create 7 out of 10 jobs. However, access to finance is a key constraint to SME growth. It is the second most cited obstacle facing SMEs to grow their businesses in emerging markets and developing countries.

Small business enterprises are a backbone of any economy. No economy can grow if this sector is neglected. The SME sector in South Africa makes a significant contribution to job creation. Thus entrepreneurial activities must become a cornerstone of our economic growth and this can be an important source of net job creation, which the country sorely needs.

One of the notable predicaments that this sector face which the World Bank also speaks about is financial exclusion i.e. access to finance. Improving access to finance or funding for SMMEs is an important step towards improving the country's economic growth. It is not a doubt that funding for small businesses has increased exponentially over the years but the major problem is access. For an SMME to be financed for both Capex and Opex, a plethora of requirements must be met which is often difficult for a small black business.

Some of the requirements to access finance must be relaxed, for example 50% own contribution. We have some Development Finance Institutions (DFIs) who operate like commercial banks. They want surety, audited financial statements, proven track record, healthy credit history. Though an affected black entrepreneur has an idea that is viable but because he doesn't meet the DFIs requirements, is denied access to finance. This disconnect between small black business and government funding institutions need serious attention and it must be fixed now. To address the cancerous problem of unemployment, it is important to deal with access to funding.

Gideon Nieman in his book titled ***Small Business Management: A South African Approach (2006)***, wrote extensively about SMMEs in South Africa. There is no way that a developmental state like ours can ignore this sector because:

- Its labour-absorptive capacity.
- Allows for more competitive markets.
- Can adapt more rapidly than larger organisations into changing consumption patterns.
- Often utilize local resources.
- Provides opportunities for aspiring entrepreneurs, especially those who are unemployed, under-employed or retrenched.
- Workers at the smaller end of the scale often require limited or no skills or training; they learn on the job.
- Plays a vital role in technical and other innovations.

This could be the catalysts we need for a new compact on rebalancing the structural defects in our economy. As stated by President Cyril Ramaphosa, *"with the local and global economy under pressure, it is small enterprises that present the greatest potential. I have long said that entrepreneurial skills should be included in the basic education curriculum"*.

STOKVELS & BURIAL SOCIETY *in the* ECONOMIC TRANSFORMATION DISCOURSE

"The Old Mutual Annual Survey Report in 2016 further showed that that usage of stokvels in South Africa by black households has increased from 50% in 2010 to 59% in 2016. As a consequent, there are different types of stokvels that black household members belonged to. In 2016 there were burial stokvels at 34% and followed by grocery stokvels at 18%. At the same time, these stokvels and burial societies consume global products."

By **Ashley Nyiko Mabasa**
(Holds Masters Degree in Labour and EconomiSociology at Wits University)

The ANC government has been turning a blind eye to revitalisation of the township economy for the longest time. The township economy continues to reflect the legacy of apartheid. Black cheap labour is reserved for the industrial sector in cities, particularly mining sector and now retails stores. Global and local monopoly capitalism has entrenched townships through building of malls with multinationals stores and financial institutions such as Istore-Iphone, Absa, Nike, Standard Bank and Pick n Pay.

Under the current inherited nature of the capitalists' state, our country has no control over global capitalism. Especially since the ANC government around 1996 reached agreement with the World Trade Organisation (WTO) that it can control our tariff imports from Europe and the United States. Consequently, global forces entrenched its hegemonic powers in our country through markets.

This resulted in deindustrialisation of South Africa's local economy and cemented global market hegemonic power to determine maize and breads price. Noting that the apartheid government used to have Maize Boards that regulated maize prices with global forces. Today South African maize is determined by global forces in Chicago.

Our government's agreement with WTO led to key sectors such as clothing and electronics deindustrialising. This can also be attributed to delay of transformation of townships since the 1994 democratic breakthrough. Our townships continue to reflect the black working class and the poor in the uttermost vacation of consuming with producing anything because of lack of employment.

Gauteng government came with a progressive plan to revitalise the township economy. It is plausible that this government initiated the revitalization of the township economy project. The Gauteng township economy seeks to build an inclusive economy and alleviate poverty and inequality in the province. Since the inception of this project, Gauteng government has been playing a significant role in building the township economy. Today, Gauteng has 14 registered co-operative banking institutions serving over 16,000 member-owners, with over R100 million in savings and R150 million in assets.

Revival of Township Economy Through Stokvels and Burial Societies

Stokvels have long been existing in South Africa. Their origin can be traced to colonial and apartheid regimes which marginalised black South Africans and excluded them from the mainstream economy. The fact of the matter is that stokvels appeared in the black communities so that black people could survive the economic and social oppression imposed by the apartheid system, buttressed by racial, class and gender exploitation.

The first component of stokvels was the Bantu Burial Society formed in 1932. ANC government must unbundle the economy by bringing stokvels and burial societies into the mainstream economy. This will automatically revitalise the township economy. People joining stokvels must also purchase locally produced products.

The apartheid regime has created a perception that stokvels are structures for poor black communities and for older generations. On the other hand, stokvels are considered informal organisations by the banking sector, although they are governed by a set of rules and principles through their members. These capitalist driven stereotypes behind stokvels continue to exist in our townships and rural areas.

Stokvels have kept lives thriving because it creates a social economy where black people locally share their money and buy each other groceries at certain times of the year. Stokvels contribute to the economy of our country. Therefore, our government must begin to assess the ways in which they can penetrate the stokvel industry and grow it to be eventually incorporated into the mainstream economy. Over the years stokvels in our country have been growing phenomenally.

Stokvels seriously contribute to community development and local economic growth in several ways - such as the creation of employment and micro businesses. In other words, stokvels strongly contribute to the promotion of financial capital, social capital and social cohesion. On the other hand, they also significantly serve the market. They are reported to contribute about R45 billion to the economy.

It is estimated that there are 800 000 stokvel groups with 11 million individual members. Gauteng standing at 24% of the people engaging in stokvels *(see figure 1)*. Gauteng has the largest townships in South Africa. Combined, Soweto, Tembisa and Katlehong has almost 2 million people.

The Old Mutual Savings and Investment Monitor Annual Survey embarked on the task of contacting black Africa households about their investments. In 2016 they revealed that the stokvel sector's estimated economic share has increased to R49 billion in savings. A total of 8% of these, which is about R8.8 billion, were formed to buying groceries.

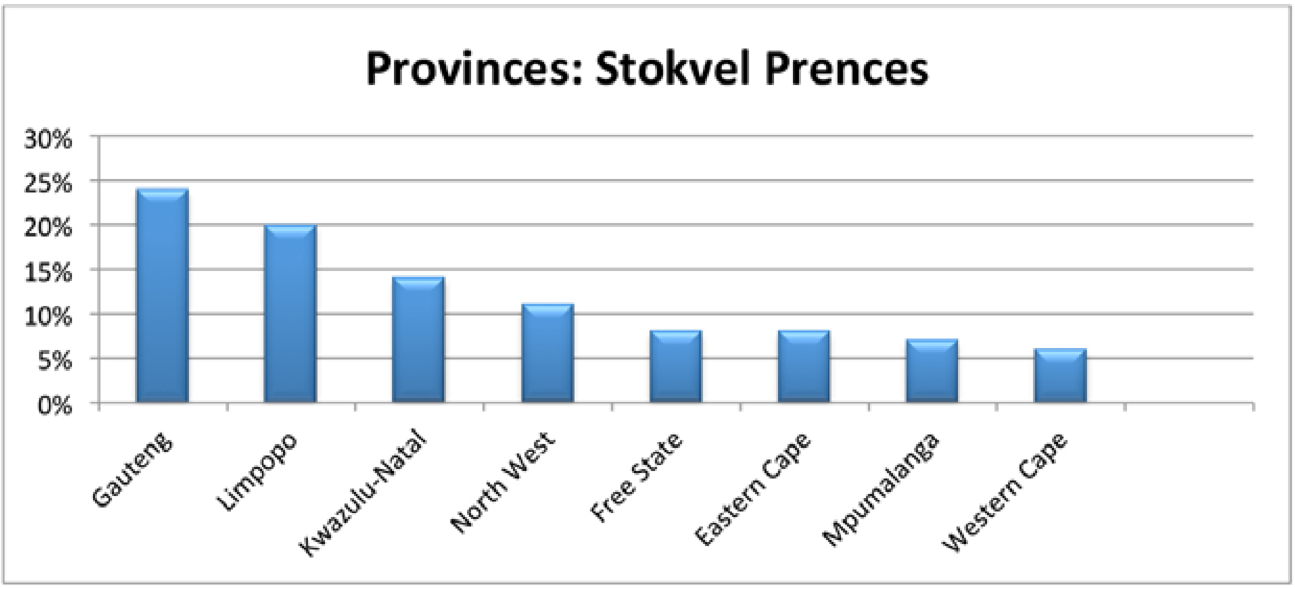


Figure 1

The Old Mutual Annual Survey Report in 2016 further showed that that usage of stokvels in South Africa by black households has increased from 50% in 2010 to 59% in 2016. Consequently, there are different types of stokvels that black household members belonged to. In 2016 there were burial stokvels at 34% and followed by grocery stokvels at 18%. At the same time, these stokvels and burial societies consume global products.

The ANC government, in line with their 54th National Elective Conference, adopted Radical-Socio Economic Transformation. The revitalization of the township economy is very important and stokvels and burial societies are central to boosting this. The ANC must also revitalise the township economy to solidify transformation of the economy to black people.

Dismantle the apartheid-capitalists legal framework

Government must revisit the Friendly Society Act of 1956 and Bank Act 1990. This was the strategic framework put together by the apartheid capitalist government because they wanted burial societies to work in a way which benefits apartheid financial institution such as banks. Burial societies are supposed to open an account with a bank and are not allowed to accumulate money without banking it. As well, the Bank Act recognises stokvels within a legal entity, and place limits to the maximum level of deposits for Stokvel to R9.99 million.

The ANC government must adopt the bottom-up approach in dealing with economic transformation. If it is serious about the call for radical economic transformation they must start by amending the Friendly Society Act of 1956 and Bank Act of 1990 to allow small scale burial societies to open accounts with banks. Currently burial societies open bank account as cooperatives and some bank their money under the beds.

Still today these acts benefits only big banks such as FNB, Standard Bank and Absa. ANC must attempt to eradicate these laws which seek to work in favour of capitalism, by forcing the burial societies to work with banks and give restrictions of level of deposits for stokvels. Government must continue to buffer the Co-operative Act of 2005 and amend the National Credit Act 2006 because this act poses limits on the interest rates for loans, which currently stand at 32% per annum. As thing stands, the phenomena of stokvels are informal structure (majority of them) and National Credit Act are impossible to apply to those stokvels. Government must scrutinise these laws in order to make them work in favour of stokvels.

There is no clear Act which governs stokvels but they are regulated by National of Stokvel Association of South Africa and apartheid Bank Act of 1990. This is troubling because, post the-apartheid regime, government has not paid enough attention in the development of stokvels. National Stokvel Association of South Africa is the mobilising group of stokvels and it is only authorised by the Reserve Bank'.

SACP and FSCC

In 2004 the South African Communist Party (SACP) made a critical call to the Financial Sector Campaign Coalition (FSCC) and SAFOBS. These are entities created to enhance the regulation of burial societies mostly in the townships. The General Secretary, Blade Nzimande, in his address on 16 October 2004 at Johannesburg City Hall, called upon SAFOBS and FSCC to ensure that burial societies can deal with a bank on the basis of the needs and interests of members of burial societies and not based on profits for bank.

Since its launch of the FSCC in 2000, the SACP has been placing pressure on South Africa's financial institutions to be considerate of the poor and working class. The SACP campaigned against banks exploiting the poor and called for government to transform the financial sector. The SACP called for the following:

- To struggle for community re-investment legislation and the transformation of the financial sector in favour of the poor and working people.
- Banks, through legislation, need to be forced to set aside certain amounts of money in low-cost housing, SMMEs, the informal sector and other developmental initiatives beneficial to the working people and the poor
- To build co-operatives through an appropriate legal and financial environment.
- To fight for the creation of a co-operative banking sector and other publicly owned financial institutions.
- Creation of a co-operative banking sector, in which the savings of the working class are decided by the working class itself and can be used to address the developmental needs of our people. For example, in a country like Cyprus, co-operative banks, which are legislated in law, provide for housing, infrastructure and loans to ordinary people at rates below the lending rates of commercial banks. There is no reason why we should not be saying the time has come now for the workers' to reclaim their stokvel monies , insurance investments and for their provident funds to be used for the benefit of the people.
- The convening of an urgent sectoral summit on development financing and banks. We need to ensure that this issue is placed very high on the agenda of NEDLAC.

- This campaign also needs to deal with the issue of prescribed assets.
- The campaign should also contribute to the evolution of a strategic approach around the restructuring of public development finance institutions like the Development Bank of Southern Africa in order to re-orient these towards infra-structural development initiatives aimed at realising overall development goals.

The SACP must revive and intensify the FSCC and the call for government to build the state bank that will only focus on the township economy. This bank must solely focus on stokvels and burial societies. It must push government to assess cooperatives, because 85% of these funded by the state failed whilst government has already spent around R1billion on cooperatives.

Build the state bank to boost the local economy

Our government must strategically boost the township economy through stokvels. This can happen in a variety of ways.

Firstly, going back to an undying debate that our government must establish a state bank. Understanding the development of the British, one will comprehend that British government was controlling their banks. This is not dissimilar to the one of the National Party 1989 resolution and the ANC elective conference 2017 resolutions that must further take a step to nationalise South Africa's reserve bank.

Clearly, with a state bank and the nationalisation of the reserve bank, our people can afford to make their transition cheaper as Standard Bank alone takes, through bank charges, about 6 cents (in 2004) for every deposit made by each member of more than 50 000 members. This comes close to R300 000 per month. It is troubling that in post-apartheid black people continue to be financial enslaved by banks. *Figure 2*, show stokvels which are predominated by black working class and the poor benefit South Africa's financial institutions.

The Post Office, through the Postbank which is a state financial institution, hold more stokvels accounts to Standard Bank. The government must revive the Post Office and boost the township economy by encouraging stokvels and burial societies to bank with Postbank. However, the Post-Office must be treated as a workers and community bank. The Post-Office must not be involved in mainstream markets of the financial sector. Like Northern Province of Italy did not engage in financial markets hence the 2008 bubble burst did not affect this area of Italy.

Practical fight capitalism system

Surely there is a need for a combat strategy to replace the capitalist emphasis in especially the financial and agricultural sectors. It is essential for the land issue to be resolved to recreate the manufacturing sector. Most of the food can currently be manufactured or processed in our country. ANC, at its watershed 2017 elective conference, resolved for the expropriation of land without compensation. As former Chinese President Mao Zedong pointed that *"a revolution is not the same as inviting people to dinner."*

If the ANC is serious about Radical Socio-Economic Transformation, then it must use the Industrial Development and Corporation (IDC) and Land Bank to fund black farms. Local food production must be supported. Legislature must be developed to force shops such Pick and Pay and Spar to buy more locally produced food than imports.

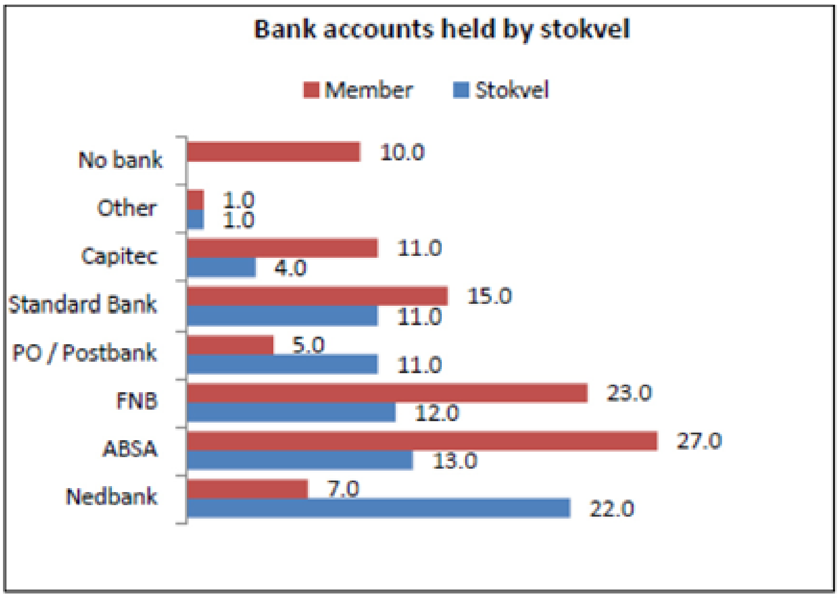


Figure 2

Let's pause and check the facts – through purchase of grocery stokvels contributes a lot to our economy. For example, Shoprite (69.9%), Pick 'n Pay (49.2%) and Spar (32.9%) are the three main retail outlets used by individuals for their grocery purchases. When it comes to shopping for the stokvel, this varies slightly with the top 3 outlets being independent wholesalers (23.3%), Shoprite (20.7%) and Spar (10.6%).

If these groceries are purchased locally the township economy, for instance in retail consumer co-operatives, can rapidly revitalise our township economic. Therefore, the consumer co-operative can significantly supply local food to stokvel members. Given that they issue members of the grocery stokvel, the challenge they are mostly faced with, is the lack of transport. Government must supplement members of stokvels buying at local cooperatives with transport to deliver.

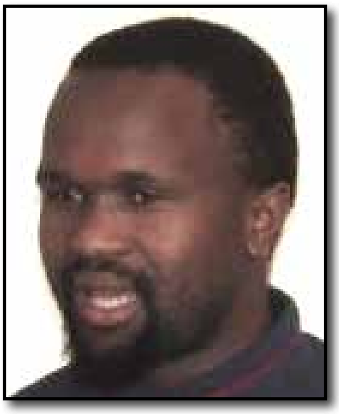
Society is confronted with enormous social and economic challenges which can be resolved by revitalising the township economy through boosting stokvels and burial societies. Our nation needs an urgent solution to address three oppressions; poverty, unemployment and inequality.

ANC government must critically attempt to assist black people to revitalise their local economies by helping to integrate the local economy into the mainstream economy. This might also improve living conditions and create job opportunities. Ultimately, government will minimise social and economic problems such as inequality, unemployment and poverty among black people.

The Need of a DEVELOPMENTAL STATE in ECONOMIC TRANSFORMATION

"In our context we paid lip service in regards to building a strong, professional and proficient state that directs and support economic growth and development through effective state entities that can drive strategic investments initiatives. In other words, we do not have the necessary mechanisms or instruments such as professional and highly skilled bureaucracy to dispatch and drive our developmental agenda. Though we do have a highly sophisticated and advanced skilled personnel in South Africa. That obstructs any aspirations of having a pointed, objective and rational developmental agenda."

By **Tolika Sibiya**
(Heads Policy and Research Unit of South African Youth Council (SAYC), and an ANC/ANCYL member of Ward 57, David Webster Branch in Greater JHB Region)



In his book *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975*, the "father" of the development state concept Chalmers Ashby Johnson argued that the state (not business, or labour) has a focused role when it comes to growth and development of the economy and need to undertake necessary policy measures to accomplish this long-term objective. Mathebula (2016) concurs that central to a developmental state is macro-economic policies to drive growth through industrialization and socio-economic development.

Whilst the notion of a development state arose out of unique settings of the World War era in Japan and other East Asian economies, the main objective behind it was to bring into discourse something new beyond the known differences between America capitalist and Soviet inspired economies and find a middle ground between two dominant economic models of the time with the state legitimately central in development (Hauge & Chang, 2019).

Wade (1990) posits that for the programme to thrive the state has to take industry into confidence and not be hostile to business functions in the economy as long as disciplinary measures are in place to intervene when it goes astray for narrow selfish-ends of profit. In this regard, the state has to intervene for the collective interest of the nation rather than reforming and succumbing to principles of laisses-fair. Therefore, the state's principal goal in this context is to drive economic growth through an industrialization process. Fukasaku (2004) concurs that allowing business and foreign direct investment to trade freely has many rewards to liberalising economies in terms of exports, employment, productivity all of which are crucially to propel growth.

Asian Tigers

The concept of development is associated with high levels of growth and development. It was inspired by unique experiences of Japan in the 1950s, South Korea in the 1960s, and China in the 1980s as Asian countries pursued growth at phenomenal rates. The Asian tigers, as the countries are popular known, are a point of references of nations who, in the context of a developmental state, successfully (though not perfect) ushered in economic growth and recovery post the world war. They employed the Weberian approach to focus on building resourceful and efficient bureaucratic systems that are interrelated which in turn accelerated growth ensuring that socio-economic conditions of poverty, unemployment and underdevelopment occasioned world wars significantly declined. Albeit, some managed to stabilize and achieve growth equity, others have been sluggish to address inequality,

Amsden (2010) postulates that the success of poverty alleviation methods will not succeed in employment creation unless stimulated by government. Thus, industrial growth is seen as a necessary catalyst for socio-economic transformation and creating employment opportunities. Developmental states have a role to play in economic transformation to address inequalities, poverty and unemployment. It though requires visionary leadership, political commitment to use necessary resources efficiently as well appointment of qualified and capable workforce to drive state institutions. Craig (2017) posits that some African countries notably Ghana, Botswana and Rwanda have followed the developmental agenda or Asian miracles in a fairly successful (not perfect) manner.

The South African case

There is no doubt that the debate in South Africa is still an open-ended discussion with contending views on whether South Africa is a developmental state. Dominant narratives suggest that South Africa is not a developmental state, but work in progress. Mathebula (2016) argues that South Africa is aspiring to become a developmental state employing the same models of the Asian countries.

Gumede (2008); (2009); (2011) concurs that the South African context of developmental trajectory is rather work in progress because of minimal measures such as appropriate vision, some level of commitment, policies are in place, institutions exist and a living democracy with fairly free elections. Ben Turok had similar observations arguing that South Africa fails the test of being a developmental state albeit significant strides have been made towards the right direction.

The features of this broad vision are anchored on state capacity to intervene in the economy in the interest of growth and sustainable development to address socio-economic problems of poverty, inequality and unemployment. Therefore, the desire of the ANC led government to pursue a state led growth is important to transform the economy to arrest poverty and other social disparities that are interconnected. For Chibba and Luiz (2011) orthodox economics have severe and profound fault lines that have failed in many policy areas, including addressing persistent poverty and inequality. They argue that there is convergence amongst many role players including policymakers and social scientists alike about the severity of failure of the conventional economic policies in comparison to other emerging market economies

Industrialization and Policy nexus

The overarching problem facing South Africa is it's extreme levels of poverty, racial inequalities and the stubbornly increasing levels of unemployment (Francis, 2001; Statistics South Africa, 2018; Treat et al., 2012; Tregenna & Tsela, 2008; Woolard, 2002). To address the poverty conditions and lack of employment due to growth constrains, industrialization is central to economic growth to create employment and thus reduce poverty.

Industrialisation is often seen as a gateway to inclusive growth. Zalk (2014) posits that industrial development plays a role by growing the economy for rapid development of society. To achieve economic transformation as one of the economic objectives of the congress alliance, empirical literature is evident in support of industrialization-growth nexus. Thus, it's important for South Africa to invest energies in shaping policy framework that ensures promotion and sustainability of industrial manufacturing sectors by providing relevant and industry-recognized requisite skills to achieve rapid growth (Guadagno, 2012).

Education and training are central for industrial development because a highly capable and well trained workforce with technical skills is also critical to drive the developmental agenda. After these good policies, state institutions, industrialization which have been pursued by Asian countries were driven to a greater extent by a strong, professional, competent and adept public service.

In our context we paid lip service in regards to building a strong, professional and proficient state that directs and support economic growth and development through effective state entities that can lead strategic investments initiatives. In other words, we do not have the necessary mechanisms or instruments such as professional and highly skilled bureaucracy to dispatch and drive our developmental agenda. Though we do have a highly sophisticated and advanced skilled personnel in South Africa but not in the public service.

Chapter 13 of the National Development Plan (NDP) concurs that whilst progress has been made, there is inadequate capacity that led to unevenness of performance at all levels. This is caused by a set of complicated factors such as tension administrative-political interface, skills deficit, and general erosion of accountability, low staff moral and disregard of authority. The NDP proposes eight targeted areas of intervention which amongst others is developing technical and specialised professional skills. Also, State Owned Enterprises the important state institutions amongst many that needs to drive a clear public interest developmental mandate with a clear governance structures to facilitate and reconcile with economic and social objectives.

Post-1994 Economic Performance

There is no doubt that the transition to a democratic state was rather a nightmare in South Africa that had a dysfunctional economy that over the years excluded the majority population (Burger & von Fintel, 2009; Statistics South Africa, 2018; Van der Berg, 2011). As result, our economic performance since 1994 has been lacklustre particularly in manufacturing.

Furthermore, existing government policies seem unable to crowd-in needed investment and capabilities to grow a strong and sustainable manufacturing sector. It seems there is no proper and effective coordination and cooperation amongst several ministries engaged in trade and industrial policies. In addition, our state owned entities that should be central in transforming and driving the developmental agenda, are instead swamped with poor governance, weak management thus corruption is inevitable. Unfortunately, this impedes their effective role in driving the developmental agenda.

In this context, the state broadly lacks the vision, political will and commitment to drive a developmental agenda.

The starting point to drive industrialisation is reposi-

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tioning of the industrial policy to reduce number of sectors to be prioritized to make a meaningful dent in our growth trajectory. We currently have approximately 15 sectors, and we need to decrease these to at least five sectors minimum and our industrial policy needs to be forceful and large in scale.

In an industrial policy dialogue organized by Trade for Industry Policy Strategies in September 2019, the South Korean developmental economist Ha-Joon Chang commented about Industrialization history of SA, arguing that once upon a time, we were once literally the most industrialized nation outside of the core capitalist world. He postulated that our per capita manufacturing value added (MVA) in the 1960s was around 61% to that of Japan and 15% compared to the US. Currently, our MVA now sits at 11% compared to Japan. Even our Brics partners (China and India) have overtaken us in this regard.

Ha-Joon attributed the industrial policy failure to poor and weak coordination in policy development, including an overly restrictive macroeconomic policy. For South Africa to be a democratic developmental state, the government must take control of the socio-economic transformation programme. In the main, South Africa needs a thoughtful reorganization of state-capital relations, if not the complete shakeup of the society itself (Gumede, 2008, 2009, 2011, 2014). Gumede postulates that anything else would simply scratch the surface and the developmental state aspirations would continue as that (i.e. a dream) so long as Africans remain worse off in important socio-economic development aspects.

Conclusion

To address the poverty conditions and lack of employment due to growth constrains, industrialization is central to economic growth to open up new industries and create employment thus reduce poverty. It is critical for economic transformation to uplift the poor and vulnerable communities from shackles of squalor conditions which boarders on injustice and indignity. Existing empirical evidence at a global scale seem to support the industrialization- growth nexus. Thus, as a developing country we need to invest in shaping policy structure that ensures not only promotion, but the sustainability of industrial manufacturing sectors.

A developmental trajectory should be centred on a strong, professional, competent and adept public service. National Development Plan (2010) postulates that proficiency, skills and technical capabilities are central to the state's vision to drive developmental and transformative role.

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COVID-19 *and basic facts of* MARXIST ECONOMICS

"The way the capitalist markets work, however, is that they anticipate more and more growth as workers go to work every day and create new value while being exploited by the bosses. When that's not happening, there's a big crisis.

Marxist economics is crucial to understanding what is behind the economic catastrophe accompanying the COVID-19 crisis."

By **Deirdre Griswold**

(originally published in **Mundo Ubrero** *Workers World)*

The (United States/US) stock market crashed in March but partly recovered after the (US) Federal Reserve Bank lowered the interest rate for borrowing. Then it crashed again. Companies are going bankrupt. The price of oil has dropped to its lowest level in decades.

All are signs of drastically decreased economic activity right now.

But what does that really mean?

It isn't just that people aren't buying as much stuff when they're forced to stay home in this pandemic. Much more importantly, it means that far fewer workers are producing new value.

And that's the key to what is happening to the capitalist economy now. When workers aren't working, no new value is being created. The way the capitalist markets work, however, is that they anticipate more and more growth as workers go to work every day and create new value while being exploited by the bosses. When that's not happening, there's a big crisis.

Marxist economics is crucial to understanding what is behind the economic catastrophe accompanying the COVID-19 crisis. So here's a very brief summary of some of the basics of Marxism.

Everything that is exchanged (usually for money), which we can't just get for free, like plucking a dandelion, has to have two kinds of value. One is use value. The other is exchange value.

Use value vs. exchange value

The water we drink is probably one of the most valuable things we consume every day. Without it we would die. So the use value of water is enormous.

But it is also very cheap, meaning it has a very low exchange value. As vital as water is for life, it will never cost as much as champagne, for example – which is nice, but we can survive without it!
So why is water cheap?

In simplified terms, its price is low in relation to other things we buy (called commodities) because little labor is involved in making it available. That's why it has a low exchange value.

Way back when the reservoirs in this country were first built, along with the aqueducts leading from them, quite a bit of labor went into providing water. But now oceans of water are flowing to cities and towns in many sections of the country with little human labor expended in the process. So water, in most areas, is a minor expense.

What's not so cheap, of course, are the bottles of specialty waters from Fiji or some other distant source that are sold in stores all over. This water costs money, not because it might be better, but because of the labor it takes to locate sources, transport the water, bottle and market it.

You can probably think of lots of other commodities that have a high use value but a low exchange value. Flour, for example, the main ingredient in bread–called the staff of life. Pencils. Writing paper.

Other commodities may have limited use value, like binoculars you keep in your closet and barely use, but a much higher exchange value. They're very costly compared to water.

So what is exchange value and how is it measured?

Human labor is the key

Exchange value is how much a commodity costs in relation to other commodities. And that is the key to measuring it: The exchange value of a commodity comes from how much human labor is incorporated into it. Let's say it again: It is human labor – workers working – that creates all exchange value.

This is basic to Marxism, but is either ignored or downplayed by most bourgeois economists.

The more labor it takes to produce something, the more exchange value it will have. Exchange value isn't the only factor determining price, of course. Prices can fluctuate according to supply and demand. But they fluctuate around a basic ingredient: how much labor it took to produce the commodity. No matter how much the market may be glutted with cars, for example, even an old, battered car will never sell for the same price as a loaf of bread.

Unemployment and the economic crisis

So, to come back to the current and growing economic crisis, Fortune magazine wrote on April 16: *"Another 5.2 million Americans filed initial unemployment claims in the week ending April 11. That brings the total unemployment claims over the past four weeks to 22 million."*

These millions of workers have either lost their jobs or are housebound because of the virus – and therefore are not creating new value.

It's the obvious explanation for the growing crisis of the economy – but not one you're likely to read about in the newspapers or hear about on radio and television. The corporate media will report on unemployment as the result of the economic crisis, not the cause. But that is putting the cart before the horse.

To repeat, human labor – workers working – is the creator of all exchange value.

And right now, tens of millions of workers are quarantined or staying home under shelter-in-place orders. They are *"essential workers"* needed for the creation of new values, but are unable to do their jobs.

As a result, the capitalist economy is going into crisis mode.

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