ASGISA: A Working Class Critique

Lucien van der Walt

February 2008

Contents

The announcement of the Accelerated and Shared Growth Initiative – South Africa (Asgisa) in 2006 has been met with some enthusiasm in left and labour circles. There is, however, very little to be excited about.

The SA Communist Party (SACP) praised the Asgisa programme soon after its launch. Blade Nzimande admitted that Asgisa was not a new macro-economic policy, and that it ignored "logistics" relevant to the working class, like decent transport and education.[1] Even so, he was "broadly" upbeat, claiming to see signs of a shift towards "an active developmental state … a comprehensive industrial policy and … integrated local development planning", a "welcome shift." All reasonable people, he added, "agree with the relevance" of promoting a competitive national economy.

Cosatu was more openly critical, criticising Asgisa at its September 2006 congress. The union federation went on to argue for its usual social democratic and nationalist project: expand the State sector, promote export-led manufacturing growth, and (in line with Keynesian thinking)[2] redistribute income to the poor in order to boost local demand and, so, economic growth. Still, Cosatu reaffirmed its support for the ANC – or, more, specifically, for disgraced ANC leader Jacob Zuma, who many naively believe will implement a pro-labour programme.

WHAT IS ASGISA?

The differences between the SACP and Cosatu are not that deep. Both currently embrace the notion of a "developmental state", which they take to mean an interventionist State machine that can actively shape the capitalist economy – hopefully in the interests of the masses.

The "developmental state" is, in this context, really a restatement of Cosatu and the SACP's long-standing support for a "national democratic" interventionist State that would supposedly help provide the basis for a future transition to socialism. This is in line with the Marxist two-stage theory that the immediate task is a "national democratic revolution" (NDR), meaning a mixed capitalist economy in which the "national question" is resolved before socialism becomes possible.

The term "developmental state" was originally coined to refer to ruthless but efficient capitalist dictatorships in East Asia like South Korea, which succeeded – despite a colonial legacy – in becoming significant industrial capitalist powers. Since then the term has mutated, and has become widely used by the State-centred left to describe just about any alternative to neo-liberalism. Even the ANC government (which avoids the term "neo-liberal" like poison, while applying neo-liberalism in practice) now calls itself a "developmental state".

The difference between the SACP and Cosatu on Asgisa is, in other words, that the SACP sees Asgisa as a move from neo-liberalism to the "developmental state"; Cosatu does not. So, is Asgisa a break with the neo-liberal framework laid out ten years ago in Gear? And, second, will Asgisa help meet the needs of the broad working class?

[1] Blade Nzimande, 11 April 2006, "Asgisa's devil lies in the detail," *Business Times*

[2] J. M. Keynes argued that higher working class incomes were good for capitalist business.

THE GENERAL PROGRAMME

Like Gear, Asgisa starts by stating that it aims to create jobs, halve unemployment, and reach sustained economic growth (around 6% annually by 2010).[3] But since job creation and reducing poverty are the supposed goals of just about any economic policy, we can't evaluate Asgisa on the basis of its intensions. As with Gear, the crucial issue is how will these goals be reached? And it is here that the problems start.

As Deputy President Phumzile Mlambo-Ngcuka (closely identified with Asgisa) has stated,[4] it is not a replacement for Gear. It is a package of specific, short-term initiatives to take the restructuring of the South African economy forward by removing "binding constraints" and identifying "growth points."

The country's current economic trajectory is praised in Asgisa as showing "steady improvement" in improving living conditions, creating jobs, promoting growth, and improving business confidence (pp. 2–3). A dishonest representation of the data lets Asgisa make manifestly ridiculous claims that the real incomes of the poor have increased sharply since 1994 (!), and that 540,000 net new jobs were created in 2004–2005 alone (‼).

The "binding constraints" include a currency that is "overvalued" (making exports uncompetitive), poor infrastructure that hampers efficiency (particularly in transport), skills shortages, a high price of labour due to transport costs, lack of competition and opportunities for new businesses, a "sub-optimal regulatory environment" (in labour law and other areas), and a lack of State capacity (pp. 4–6). There is nothing in this stress on competition, export-led growth, cutting costs for business, and developing an efficient State, that departs in the least from neo-liberalism.

"DECISIVE INTERVENTIONS"

Asgisa's "decisive interventions" (not "a shift in economic policy") (p. 6) to deal with these issues are generally also within the neo-liberal framework, except when they involve "Black Economic Empowerment" (BEE) measures. BEE does contradict neo-liberalism to the extent that black capitalists are given special treatment; however, BEE and neo-liberalism can also be partly reconciled by using neo-liberal measures like privatisation (the transfer of state operations and assets to the private sector) and outsourcing to BEE companies.

Asgisa's "decisive interventions" include sector strategies (mainly promoting tourism, and attracting outsourced jobs from other countries), a set of fairly unco-ordinated plans to promote skills (with the emphasis on skills for a competitive economy), promoting small businesses (with an emphasis on BEE through privatisation, cheap loans, and a "review" of tax and labour laws), suitable macro-economic policies (mainly continuing Gear's stress on a weak rand, low inflation, and spending less money more efficiently), and "governance" issues (more efficiency, and continuing to move towards a "social contract" on "economic matters") (pp. 8–16).

Perhaps the most important part of Asgisa is a heavy stress on promoting infrastructure. Admitting that a large backlog in infrastructure developed in the first decade of Gear, Asgisa envisages real and significant increases in investment spending, growing at perhaps 10–15 per-

---

[3] The Presidency, 2006, *Accelerated and Shared Growth Initiative – South Africa (a summary)*, Republic of South Africa, pp 2–3. All subsequent Asgisa references are to this document: the closest to an official statement of Asgisa available, it first appeared as a background document at a press conference.

[4] Vicki Robinson, 10 February 2006, "From Gear to Asgi," Mail and Guardian Online. See here

cent per year, and leading off with R370 billion being spent from October 2005 to March 2008. Around half of this will be done via the corporatised (and partially commercialised) State corporations, Eskom (electricity) and Transnet (transport) (pp. 6–8). This supposedly (but not really)[5] "unprecedented" rise in expenditure will contribute to the 2010 World Cup initiative, promote "public-private partnerships" (PPPs, a type of privatisation) in infrastructure, and also contribute to the various Industrial Development Zones that are designed to promote exports and attract direct investment.

A HIGHER GEAR?

While Asgisa is, as should be expected, far more concrete than Gear in setting out precise objectives and initiatives, there is nothing here that breaks with Gear. Asgisa's "decisive interventions" are either directly in line with Gear's approach (such as the stress on outsourcing), or are direct restatements of Gear's policies (inflation targeting, fiscal discipline, the "social contract", more flexible labour laws).

And – this is especially important to stress – the emphasis on infrastructure development in Asgisa is entirely consistent with Gear's call for "a substantial acceleration in government investment spending, together with improved maintenance and operation of public assets," up to, and including, the use of PPPs.[6] This aspect of Gear was almost totally neglected in the past, with the result that infrastructure has crumbled. Even the dullest bureaucrats, it seems, have come to realise that rolling electricity blackouts, courtesy of Eskom, and an overworked and unreliable railway grid, courtesy of Transnet are disastrous to efficient capitalist accumulation.

BEE IN THE NEO-LIBERAL ERA

The only real break is, perhaps, the heavy stress on BEE. Gear itself said almost nothing about the apartheid-derived context. Gear emphasised promoting small and medium enterprises (p. 13), but did not link this specifically to BEE. Given that the ANC is a bourgeois nationalist party, Asgisa's stress on BEE is not surprising.

As a capitalist party, at the helm of a capitalist State, the ANC must adapt the new order of neo-liberalism. As an African nationalist party, built in the anti-apartheid struggle, the ANC must also promote the development of the African elite: it has done this in the State machinery quite quickly and effectively, but has made quite limited inroads into the private sector. This somewhat contradictory agenda lies at the heart of ANC policy. Neither side of the contradiction, however, offers the working class anything.

NEO-LIBERAL CLASS WAR

If by "developmental state", we mean a break with neo-liberalism, it is mere wishful thinking to see Asgisa representing a shift towards "an active developmental state." It is an elaboration

[5] It is easily overshadowed, for example, by the massive expansions in State capital spending in the 1950s and 1960s, the hey-days of import-substitution-industrialisation by the National Party.

[6] Government of National Unity, 1996, *Growth, Employment and Redistribution: a macroeconomic strategy*, Republic of South Africa, pp. 16–17

of the Gear project. Only a highly abstract analysis, where neo-liberalism is viewed in the most purist terms, could deny Asgisa's neo-liberal credentials.

With Asgisa firmly part of the neo-liberal agenda, it follows that it offers nothing positive to the working class. As we have argued before, neo-liberalism is about restructuring capitalism in a period of long-term decline to restore profitability, and shift the balance of class forces decisively in favour of the ruling class. This involves a whole series of measures against the working class: flexibility, cost recovery, wage freezes, cuts in welfare and public transport, an ideological offensive against unions, and so on.

Neo-liberalism succeeds in its objectives to the extent that capitalist economic growth is restored, and to the extent that working class conditions and power are eroded. On both counts, Gear is a "success". That the South African economy is growing at its fastest since the 1970s at the exact same time as poverty, unemployment and de-unionisation accelerate is not accidental – it is the necessary outcome of neo-liberalism.

That Asgisa will continue the pattern is quite clear, once we examine its class character. For example, hundreds of billions will be spent on infrastructure, but the emphasis is on meeting "rapidly growing demand", and providing "spin-offs" for "business development and empowerment" (p. 7), rather than cheap, reliable and safe public transport; roads will be developed through a so-called "Extended Public Works Programme", which will centre on short-term jobs and outsourcing to (black) sub-contractors (p. 14).

AND NOW?

The fact of the matter is that capitalism, in general, is based upon the systematic domination, exploitation, and exclusion of the working class. The slums are not the consequence of isolation from the "economic mainstream," but its creation. BEE does not marginalise the working class by accident, but because all capitalists – and the larger ruling class as well – inevitably and necessarily marginalise the working class, of whatever race or nationality.

In the era of neo-liberalism, these problems are particularly marked, for neo-liberalism involves a systematic redistribution of wealth and power away from the working class. To assume that neo-liberalism can be halted by "engaging" the ANC – let alone, by electing a political opportunist facing corruption charges like Zuma – is extremely naïve.

"Social equity" requires a significant redistribution of wealth and power towards the working class, and this requires, in turn, large-scale struggle. Only partial gains are possible within the current social order; substantial change requires a new order of things. The task of the hour is not to place false hope in the policies of the ruling class, nor yet to choose which member of the ruling class assumes the presidential throne. The task is to start winning people to the vision of a world beyond capitalism, based on participatory planning, distribution by need, internationalism and self-management.

Lucien van der Walt
ASGISA: A Working Class Critique
February 2008

Retrieved on 2nd July 2021 from lucienvanderwalt.com
Published in *Zabalaza: a journal of southern African revolutionary anarchism* #8, February 2008

theanarchistlibrary.org