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All GEARed Up for a New Growth Path – On the Road to Nowhere

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interests of the ruling class. In fact, the ruling class – in the form of capitalists and high-ranking state officials – will never deliver employment for all and equality. Their positions at the top of society are based solely on the exploitation and oppression of workers and the poor. Hence, workers and the poor can't rely on ruling classes or their documents like the NGP, or states – which due to their centralised and hierarchical nature serve and generate rulers – to bring about an end to unemployment, inequality, oppression and exploitation.

While the working class needs to engage in struggles to fight for jobs, end privatisation, stop labour flexibility, raise wages and improve working conditions today, there also, therefore, needs to be a realisation that the state and capitalism are the root causes of these evils. As such, we need to begin to work towards galvanising the existing struggles in South Africa into a movement that could become a counter-power to the state and capitalism, and in doing so we need to gradually transform struggles from defensive in nature to offensive. We, therefore, need to use the fight for reforms today to begin to build towards a social revolution. Social revolution, however, does not mean the state simply nationalising industries, as COSATU, other left forces and some nationalists have called for in South Africa. It rather means doing away with the state and capitalism completely – only when these oppressive and exploiting systems are gone can workers and the poor achieve freedom. As such, only when workers and the poor have direct control of the economy, when all wealth has been socialised, and when the state has been replaced with structures of direct democracy, self-management and self-governance – like federated community and worker assemblies/councils – will unemployment and inequality be permanently ended. Claiming that the NGP breaks with neo-liberalism or placing hope in the state, however, is not bringing us any closer to such a society or struggle; it rather distracts us from it, offers nothing and leads down a road to nowhere.

Bolsheviks first seizing state power, worker-self-management was ended, strikes were effectively outlawed, labour was militarised, one-man management was imposed, Taylorism was embraced, and the relations of production that define capitalism were celebrated and entrenched⁴¹. The fact that the Soviet state had nationalised most of the factories, which had originally been seized by workers from the capitalists, contributed to this – it gave the Soviet state immense power which it wielded against the workers. In fact, the Soviet state accepted no independent initiative from workers in factories and state rule proved itself incompatible with workers self-management, direct democracy and genuine socialism⁴². Indeed, state ownership never translated into the socialisation of property and wealth, it never led to an end to capitalism, it did not overturn capitalist relations of production, and it smothered workers' control. Therefore, the very logic of all states has proven to be centralist, authoritarian and elitist. It is this that needs to be reflected upon and considered before placing faith in states, or believing that they could deliver justice and freedom for the oppressed.

Conclusion

The NGP needs to be seen for what it is: an attempt by the state to improve the economy's efficiency, to maintain economic growth and to nurture the continued growth of a black elite. To do so, workers and the poor in South Africa have to be ruthlessly exploited. The NGP itself makes this clear with its calls for wage restraints and productivity agreements. At a rhetorical level the NGP may claim that it wants to promote employment and fight inequality, but due to its capitalist and statist orientation it cannot do this and is rather an instrument developed by the ruling class to serve the

⁴¹ Brown, T. 1995. *Lenin and Workers' Control*. AK Press: United States

⁴² Brinton, M. 1970. *The Bolsheviks and Workers' Control*. Black Rose Books: Canada

It has become common knowledge that South Africa is the most unequal country in the world. Only 41% of people of working age are employed, while half of the people employed earn less than R 2 500 a month¹. Worse still, inequality is growing with wages as a share of the national income dropping from 50% in 1994 to 45% in 2009; while profit as a share of national income has soared from 40% to 45%². In real terms this means that while a minority live well – and have luxurious houses, swimming pools, businesses, investments, and cushy positions in the state – the majority of people live in shacks or tiny breezeblock dwellings, are surrounded by squalor, and struggle on a daily basis to acquire the basics of life like food and water. Likewise, while bosses, state managers, and politicians – both black and white – get to strut around in fancy suits barking orders; the majority of people are expected to bow down, do as told, and swallow their pride.

Despite being expected to be subservient, however, protests in working class areas are spreading. People have become fed up with being unemployed, having substandard housing, suffering humiliation, and having their water and electricity cut off. In fact, per person South Africa has the highest rate of protests in the world³. It is in this context of growing community direct action, even if still largely un-coordinated, that the state has felt it necessary, at least on a rhetorical level, to declare its intentions to lead a fight against unemployment and reduce inequality. To supposedly do so it unveiled a new economic framework, The *New Growth Path* (NGP), late in 2010 with the declared aim of creating 5 million jobs by 2020⁴.

Amongst certain state officials and politicians, including amongst the ANC alliance partner – the South African Commu-

¹ www.treasury.gov.za/documents/national%20budget/.../chapter%203.pdf

² [../www.info.gov.za/view/DownloadFileAction?id=135748](http://www.info.gov.za/view/DownloadFileAction?id=135748)

³ Bond, P. South African development goals will not be met. www.zcommunications.org 29th September 2010

⁴ [../www.info.gov.za/view/DownloadFileAction?id=135748](http://www.info.gov.za/view/DownloadFileAction?id=135748)

nist Party (SACP) — the NGP has been presented as a monumental paradigm shift. In fact, it has been presented as the state's trump card that will set the country on the road to greater equality and full employment in the long run⁵. Even the SACP's Deputy General Secretary has hailed the NGP as a break from neo-liberalism and "market fundamentalism"⁶, a decisive shift from the *Growth, Employment and Redistribution Policy* (GEAR). Unfortunately, as will be argued in the first half of the paper from an anarchist perspective, all of these claims are either wishful thinking or outright distortions. Neo-liberalism — in the form of a class war from above — is alive and well in South Africa. As such, it will be argued that the NGP builds on past ANC-led state policies that have attacked workers and the poor; while furthering the interests of the ruling class and promoting the growth of a black elite within it.

The anarchist critique which is offered in this paper, however, is not the first critique of the NGP. Various other left individuals and organisations, using a mixture of Marx and Keynes, have over the past few months also critiqued the NGP (what makes this paper different though is its anarchist framework, which leads to different conclusions). Due to their theoretical framework, the suggestions that have come out of these past critiques have called for a greater role for the state in the economy. For example, the Congress of South African Trade Unions (COSATU) has called for the state to nationalise key industries and align itself firmly with the working class in order to address inequalities and unemployment. In the second half of this paper, it will be argued that such suggested alternatives are flawed from a class perspective. This is due to the reality that despite calling for what amounts to a 'mixed' economy, the alternatives suggested by COSATU ultimately fail to fully ad-

⁵ Mantashe, G. The New Growth Path is the answer for jobs. *ANC NEC Bulletin* January 2011.

⁶ Cronin, J. Lets consolidate support for a new growth path. *Umsebenzi Online*. Vol. No. 2 www.sacp.org.za 19th January 2011.

make decisions, instruct others what to do, and enforce these instructions through the state. Bakunin noted that it may be better to live under a parliamentary system than a pure dictatorship, but he also pointed out that a parliamentary system was "the surest way to consolidate under the mantle of liberalism and justice the permanent domination of the people by the owning classes, to the detriment of popular liberty"³⁹. As a consequence, even under a parliamentary system, when people don't obey the top-down instructions of the state or disagree with them, the power of the state is used to coerce and/or punish them. Thus, the state as a centralised mechanism of ruling class power also claims a monopoly of legitimate force within 'its' territory; and will use that force when it deems necessary — including against protestors raising issues like a lack of jobs, a lack of housing, poor wages and a lack of basic services. States are, therefore, the antithesis of freedom.

The Soviet Union was a prime example of this. It was the Soviet state, under the dictatorship of the Bolshevik Party, which violently destroyed the drive by workers, peasants and the poor for freedom and socialism in Russia. This happened shortly after the October Revolution when the interests of the working class and peasantry began to openly clash with those of the elite within the Bolshevik Party. Beginning in 1917, once the Bolsheviks had solidified their grasp on state power, they used the state to undermine the hope of direct democracy within the soviets; they created a new secret police to crush anarchists, workers and peasants who wanted stateless socialism; they re-instated hierarchies within the military; and they ended freedom of speech⁴⁰. By 1921 those who resisted Bolshevik and state power were even sent off to concentration camps. Likewise, and under Lenin, the state also killed any hope of worker control over the economy. Within months of the

³⁹ Dolgoff, S (ed.). 2002. *Bakunin on Anarchism*. Black Rose Books: United States, pg. 224

⁴⁰ Chattopadhyay, P. Did the Bolshevik seizure of power inaugurate a socialist Revolution? A Marxian inquiry. libcom.org

der Keynesianism workers are still robbed by the ruling class and inequality still exists.

Perhaps the biggest problem with COSATU's suggested alternative, from an anarchist perspective, is its faith that states could deliver greater equality, meet the needs of the working class, and side with the working class. All states, of whatever variety, are inherently oppressive and violent. Thus, beneath all of the rhetoric about being instruments of the people, states are centralising and hierarchical institutions which exist to enforce a situation whereby a minority rules over a majority³⁶. The hierarchical structure of all states also inevitably concentrates power in the hands of the directing elite. States and the existence of an elite are, therefore, synonymous. Thus, the state serves dominant minorities and by definition it has to be centralised, since a minority can only rule when power is concentrated in their hands and when decisions made by them flow down a chain of command. It is specifically this that allows minorities who seek to rule people (high ranking state officials) and exploit people (capitalists) to achieve their aims³⁷. Therefore, states, including the South African state, ultimately can never serve the interests of the working class, or have a bias towards the working class (as COSATU hopes), but are rather central instruments of ruling class power. As Bakunin stressed, the state is "the flagrant, the most cynical and the most complete negation of humanity...it shatters the universal solidarity of all men and women on the earth, and brings some of them into association only for the purpose of destroying, conquering and enslaving all the rest"³⁸

The oppression and exploitation of the majority of people will, and does, happen even under a parliamentary system. This is because even in a parliamentary system a handful of people get to

³⁶ Bakunin, M. *The Immorality of the State*. libcom.org

³⁷ Van der Walt, L. & Schmidt, M. 2009. *Black Flame: The Revolutionary Class Politics of Anarchism and Syndicalism*. AK Press: United States.

³⁸ Bakunin, M. *Rousseau's Theory of the State*. www.libcom.org/library/rousseau-theory-of-state-mikhail-bakunin

dress the root causes of unemployment and inequality: class rule, the capitalist and *state* systems.

Does the NGP represent anything new?

While the NGP may claim that its central aim is to reduce unemployment and fight inequality, in terms of policies, it is clearly mostly a continuation of neo-liberalism. Certainly, while the ANC-led state has become adept at avoiding much of the language overtly associated with neo-liberalism – like privatisation – the neo-liberal framework of the NGP at a macroeconomic level is explicit. Consequently, the NGP stipulates that the state will be guided by "a more restrictive fiscal policy backed by macroeconomic measures to contain inflationary pressures and enhance competitiveness"⁷. This, far from representing a break, replicates the main elements of GEAR at a macro-economic level. This, therefore, translates into a situation where in real terms, and for the foreseeable future, the spending of the state will be reduced. While economic growth is envisioned as being 4% per annum in the NGP, and inflation slightly higher, government spending will be increased by only 2% a year⁸. By its own admission, therefore, all the state is aiming to do is to use its resources more effectively and target its spending towards investments that would bring economic growth – and according to its rhetoric, the accompanying new jobs. Far from rolling services out to the poor, therefore, the NGP's main aim is to allow for a more efficient capitalist economy and it calls for hard choices to be made in order to do so⁹. Thus,

⁷ South African Treasury. 2010. *New Growth Path*, ../www.info.gov.za/view/DownloadFileAction?id=135748 pg. 16

⁸ South African Treasury. 2010. *New Growth Path*, ../www.info.gov.za/view/DownloadFileAction?id=135748 pg. 16

⁹ South African Treasury. 2010. *New Growth Path*, ../www.info.gov.za/view/DownloadFileAction?id=135748,

in terms of macroeconomics the NGP is hardly a new path or a fundamental break from GEAR.

It is not only at the level of restrictive fiscal policy that the NGP fails to break with the central tenets of GEAR. Like its predecessors – GEAR and the Accelerated and Shared Growth Initiative for South Africa (ASGISA) – the NGP views an export orientated economy, increased competitiveness, foreign direct investment, increased productivity, wage restraints, cutting of costs for businesses and economic growth as being central to supposedly creating jobs¹⁰. This is largely a carbon copy of the main elements of GEAR. In fact, the NGP promotes the idea that wages should be capped and productivity agreements widely implemented. Of course, productivity agreements make wage increases conditional on increased productivity; they decrease the ability of workers to control the pace of work; and lead to the greater exploitation of workers¹¹. The NGP, therefore, contains classic neo-liberal elements and anti-working class measures. It outlines eloquently in its introduction how workers and the poor in South Africa have suffered, but it then calls for greater exploitation of the workers and the poor as a measure to paradoxically overcome this suffering.

While the NGP crows loudly about its declared intentions to create jobs and reduce inequality, the omissions of NGP document are, in many ways, more telling. The neo-liberal framework in South Africa is not a new phenomenon; it has been systematically put in place over a period of three decades. Aspects of neo-liberalism were first violently imposed by the P.W. Botha regime in the 1980s. It was in the 1980s that the drive to commercialise and privatise services and state-owned entities first began – at the time the main beneficiaries were a white elite associated with the apartheid state.

¹⁰ South African Treasury. 2010. *New Growth Path*, [./www.info.gov.za/view/DownloadFileAction?id=135748](http://www.info.gov.za/view/DownloadFileAction?id=135748)

¹¹ www.docencia.izt.uam.mx/egt/publicaciones/capituloslibros/ingl.pdf

reversing the class, race and gender inequalities in South Africa. As such, it argues that the state should intervene to alleviate the worst effects of capitalism³³.

Although its critique of the NGP is by and large sound, in terms of its suggested alternatives, COSATU falls into a number of traps. Although COSATU has a genuine desire to see the lives of workers and the poor improved, it does not call for a complete break with capitalism. As such, COSATU in essence demands a mixed economy and ultimately its suggested alternatives amount to a call for a Keynesian type welfare state. In this, however, COSATU fails to fully address the reality that even under Keynesian capitalism, where the state has ownership of certain key industries and roles out greater welfare, unemployment, inequality and exploitation of the working class still continues³⁴. Under all forms of capitalism, whether neo-liberalism or the type demanded by COSATU, it is the working class that produces all the wealth, and it is the ruling class that seizes most of it through the wage system and taxes. Worse still, because under all forms of capitalism goods are produced for profit, and not need, the fewer workers that are employed the better for the capitalists: it increases their profits³⁵. Hence inequalities and unemployment are part and parcel of all forms of capitalism. COSATU's suggested alternatives don't fully address this, and their alternatives – if implemented – would amount to a situation whereby there would be a continuous papering over of cracks; and the root cause of inequality and unemployment, capitalism, would remain unaddressed. Certainly, it may be better to live under Keynesian capitalism than a neo-liberal variety, but un-

³³ Congress of South African Trade Unions (COSATU). 2011. Government's New Growth Path Framework: One Step Forward, Two Steps Backward. www.cosatu.org.za/docs/subs/2011/ngp_response.html

³⁴ Van der Walt, L. 2010. COSATU's response to the crisis: An anarcho-syndicalist perspective. *Zabalaza: A Journal of Southern African Revolutionary Anarchism*, No 11.

³⁵ Berkman, A. 1989. *What is Communist Anarchism*. Phoenix Press: Britain

the poor and workers; while in reality facilitating their exploitation and oppression. It is this that led the revolutionary anarchist Errico Malatesta to argue that the state: “cannot maintain itself for long without hiding its true nature behind a pretence of general usefulness; it cannot impose respect for the lives of the privileged people if it does not appear to demand respect for human life, it cannot impose acceptance of the privileges of the few if it does not pretend to be the guardian of the rights of all”³². Via the NGP, and other documents, therefore the South African state is attacking workers and the poor whilst claiming to be their defender. As such, one of its central goals is to stop people identifying the South African state for what it is: an instrument of exploitation and oppression. In terms of this hypocrisy the South African state is no different to any other state and, as such, it is well-versed in the art of politics: lying and deceiving.

A solution from Marx? or is that Keynes?

Although the SACP has rained down praise on the NGP; other left organisations have been more critical. Despite being in an alliance with the ANC and ‘deploying’ officials into the state, the largest union federation in the country, the Congress of South African Trade Unions (COSATU), has also rightly described the NGP as neo-liberal. To counter this neo-liberalism it has suggested that the state should play a greater role in the economy and align firmly with workers and the poor. Amongst other things it has argued that a new growth path should, therefore, be based on the state expanding its direct employment of people, the state rolling out social services, the state undertaking land redistribution, the state ensuring fair trade and the state nationalising key industries. It believes that through this, and by becoming bias towards the working class, the state could play a key role in addressing and

³² Malatesta, E. 1974. *Anarchy*. Freedom Press: Britain, pg. 10.

Likewise, it was also during this period that a neo-liberal township housing policy was initially implemented and municipal taverns and community halls privatised. This was done in the context of massive black working class militancy and was aimed at promoting an allegiance to the notion of private property amongst black township residents to counter this militancy. Coupled with this, the aim of furthering the growth of a black entrepreneurial class – via privatising municipal taverns in townships and encouraging the private taxi industry was pursued. The state hoped that if it could encourage the growth of a black entrepreneurial stratum, it would align itself with the regime and capitalism and blunt calls for socialism¹².

When the ANC came into state power in 1994, they continued and deepened neo-liberalism. Naturally, top ANC officials did this for their own interests (more of which will be discussed below). Under ANC rule, therefore, trade tariffs were cut; financial liberalisation cemented; labour flexibility promoted, privatisation extended, and the corporatisation of state-owned entities accelerated and expanded. During the first months of ANC rule, the neo-liberal housing policy of PW Botha was also revived by the new housing minister and SACP heavy weight, Joe Slovo¹³. Indeed, the ANC used its ‘liberation’ credentials to push through neo-liberal measures that the apartheid state, due to popular resistance, never could.

For almost two decades, the ANC led state has built on these policies, meaning the economy and social life has been fundamentally altered by neo-liberalism. The consequences of these policies have been devastating for workers and the poor. Since 1994, 10 million people have had their water or electricity cut; 5 million people have been evicted from their homes; millions of people have lost

¹² Schmidt, M. The Dictatorial Roots of Neo-liberal Democracy in South Africa and Chile www.ainfos.ca/en/ainfos23104.htm 13th September 2009

¹³ Bikisha Media Collective. 2001. *Fighting Privatisation in South Africa: Lessons from the Struggle Against Neo-liberalism at Wits University – an Anarchist Pamphlet*. Bikisha Media Collective: South Africa.

their jobs due to the impact of either privatisation or greater labour flexibility; and the housing backlog has grown to mammoth proportions¹⁴. This means that although people had high hopes for a post-apartheid society, and envisioned a more egalitarian society, the continued entrenchment of neo-liberalism has led to worse material conditions for the black working class (who due to apartheid already had very little), while the coloured, Indian, and white working classes have also sunk into poverty. Likewise, the gendered nature of neo-liberalism has also proved evident, with women disproportionately bearing the brunt of restructuring and privatisation¹⁵. So while a black elite, via the state, have joined the white elite in the ruling class with the fall of apartheid, little has changed for the majority of people: the black working class may have won the vote, but beyond that little has altered and people within the working class have generally sunk deeper into poverty. The fact is that the NGP fails to effectively address this nor does it link deepening poverty to neo-liberalism. The NGP is, therefore, not a break with neo-liberalism, as claimed by the SACP, but it rather takes the neo-liberal restructuring of the South African economy and society as a given.

Why does the SACP then view the NGP as a break with neo-liberalism?

Perhaps the fundamental mistake the SACP makes, when viewing the NGP as a break with GEAR, is that they have come to see any sort of state intervention in the economy as a shift from neo-liberalism. Consequently, the SACP views the NGP as a break from

¹⁴ Van der Walt, L. 2007. After ten years of GEAR: COSATU, the Zuma trial and the dead end alliance politics. *Zabalaza: A Journal of Southern African Revolutionary Anarchism*, No 7. zabnew.wordpress.com

¹⁵ ILRIG. 1999. *An Alternative View of Gender and Globalisation*. ILRIG: South Africa.

tion of BEE, very little is new including the rhetoric that it should be 'broad based'.

It is also in this context of striving to expand the black elite and 'middle class' strata that the NGP's proposal to create a state-owned mining company, and possibly bank, should be viewed. These proposals too have been lauded by the SACP, who views them ultimately as being a possible foundation on which socialism could be built once the National Democratic phase of the 'revolution' is supposedly completed²⁹. When the state-owned mining company, discussed in the NGP and so praised by the SACP, was 'launched' in May 2011 it, however, entailed expanding and further commercialising an existing state-owned entity, the African Exploration Mining and Finance Corporation (AEMFC). The central aim of the AEMFC is to mine minerals that are seen as strategic for the growth of the South African economy. In fact, the AEMFC will be heavily involved in coal mining to supply the state-owned energy producer ESKOM (which provides electricity at below cost to the biggest companies in South Africa) with coal. As part of expanding the AEMFC, private companies with BEE credentials will be receiving the contracts for the construction of coalmines³⁰. As such, the expansion of the state's mining company fits in nicely with the state's commitment to BEE and its goal of ensuring capitalist growth. It is also clear that the state-owned mining company itself will be run on capitalist lines and perhaps it is no accident the largest mineworkers' union was deliberately snubbed at the launch of AEMFC's newest coal mine³¹.

By claiming that its aims are to end inequality and unemployment, however, the NGP attempts to hide its true intentions and to hide the real nature of the state. When under pressure, or to maintain the status quo, states will regularly claim to be the servants of

²⁹ Programme of the South African Communist Party. 1962. *The Road to South African Freedom*. Farleigh Press Ltd: United Kingdom

³⁰ www.businesslive.co.za 26th February 2011

³¹ www.businesslive.co.za 26th February 2011

therefore was used as a tool to promote BEE. The ANC has also directly used the state to further the development of a black elite via well-paid state jobs for top party members and making state loans to businesses conditional on them being BEE compliant. In fact, the ANC's nationalist agenda has always been to try to promote the development of black elite and black 'middle class' strata. For most of its history, the ANC leadership envisioned doing so through the nationalisation of key industries under a capitalist framework²⁷; by the 1990s, however, privatisation, equity schemes, state finance and outsourcing was viewed as key²⁸. Nonetheless, as part of its commitment to foster the growth of a black elite, the possibility of the ANC-centred state officials (who form a distinct part of the ruling class) nationalising key industries in the future to further bolster this elite should also not be completely ruled out, despite the ANC's current commitment to neo-liberalism.

To foster the growth of this black elite, workers and the poor, the majority of whom are black, however, have been and will continue to be ruthlessly exploited and oppressed. Indeed, the wealth of the elite in South Africa – white and black – rests on the exploitation of the working class and the continued oppression of black workers. As such, the proposal of the NGP to further the growth of a black elite and entrepreneurial strata, from a class perspective, offers very little indeed to black workers and the poor, and the working class of all races in general. The SACP, due to its commitment to a two-stage theory of revolution, fails to grapple with this – let alone openly recognise it. Thus, with regards to the NGP's promo-

²⁷ Zabalaza Anarchist Communist Front (ZACF). BEE-llionaires in Mbekistan: BEE debate shows nature of post-apartheid SA, and limits of 'left' critique.. *Zabalaza: A Journal of Southern African Revolutionary Anarchism*, No. 6. zabnew.wordpress.com

²⁸ McKinley, D. The real history and contemporary character of Black Economic Empowerment (Part 2). www.sacsis.org.za/site/article/617.1 9th February 2011

neo-liberalism partly because the state has made its intentions clear to continue its investments in infrastructure, and use state-owned corporations to try and stimulate growth, as first outlined in ASGISA¹⁶. However, the bulk of the infrastructure that the state intends to invest in is aimed at promoting the efficiency of the capitalist economy. This mainly revolves around improving infrastructure related to freight transport and expanding the energy supply by investing in green technologies and nuclear power¹⁷. The main beneficiaries of this will, of course, be corporations. As pointed out by South African anarchists such state intervention, and the expansion and maintenance of vital infrastructure, in itself does not represent a break from neo-liberalism¹⁸.

The flawed logic of the SACP, however, is merely representative of a general trend amongst many within the left. There is often a mistaken assumption that neo-liberalism equates to a reduction in the power of the state, and that under neo-liberalism the state withdraws from the economy. Nothing could be further from the truth. Neo-liberalism arose as a response by states to the downturn in the global economy – including in South Africa – that first erupted in the 1970s¹⁹. In terms of this, neo-liberalism represents a class war from above to restore growth rates and increase profits to pre-1970 levels. Neo-liberalism, therefore, involves the state actively moving against workers and the poor through promoting privatisation, labour flexibility, wage restraints and the cutting of services to the working class. While this is done to workers and the poor, as part of neo-liberalism the state also intervenes for the

¹⁶ www.sacp.org.za/main.php?include=docs/pr/2010/pr1128.html 28th November 2010

¹⁷ South African Treasury. 2010. *New Growth Path*, [./www.info.gov.za/view/DownloadFileAction?id=135748](http://www.info.gov.za/view/DownloadFileAction?id=135748)

¹⁸ Van der Walt, L. 2008. ASGISA: a working class critique. *Zabalaza: A Journal of Southern African Revolutionary Anarchism*, No 8. zabnew.wordpress.com

¹⁹ Hattingh, S. The global economic crisis and the Fourth World War. www.zcommunications.org/the-global-economic-crisis-and-the-fourth-world-war-by-shawn-hattingh 15th April 2009

benefit of the ruling class through amongst other things bailouts, tax reductions for the rich, opening up new investment opportunities to corporations, outsourcing, providing cheap finance and even subsidising certain key industries. Furthermore, neoliberalism promotes a strong state that can maintain a “level playing field” for the private sector and actively and effectively enforce private property rights. Thus under neo-liberalism states have also expanded their oppressive functions, such as policing and intelligence gathering, to try blunt the protests that often accompany the attack on workers and the poor²⁰. The aim of all these measures, therefore, is not to decrease the power of the state, but rather to use state power to increase the ruling classes’ profits and wealth, while also securing its own sustainability by cutting the costs of providing services to the poor²¹. Indeed, state officials, in order to secure their own position in the ruling class, desire a strong economy – and in the current context they push neo-liberalism to try and ensure this. In this, their interests converge with the other part of the ruling class, the capitalists.

In South Africa, therefore, while attacking workers and the poor, the neo-liberal South African state has continuously tried to assist corporations in restoring and maximising growth. This has even involved the state using its resources to provide services to corporations at below cost and, when needed, it has also bailed out companies²². Therefore, states – whether in South Africa or internationally – continue to play a key role in the economy (in South Africa state expenditure still accounts for over 30% of the GDP²³).

²⁰ Price, W. 2001. Capitalist globalisation and the national state. www.utopianmag.com/files/in/1000000048/globalization.pdf

²¹ Hattingh, S. The global economic crisis and the Fourth World War. www.zcommunications.org/the-global-economic-crisis-and-the-fourth-world-war-by-shawn-hattingh 15th April 2009

²² Hattingh, S. Subsidies for the rich, cut-offs for the poor. www.zcommunications.org/subsidies-for-the-rich-cut-offs-for-the-poor-by-shawn-hattingh 30th April 2010

²³ www.iol.co.za/.../highlights-of-sa-2011-12-budget-speech-1.1031293?

Although some states (but certainly not all) may cap their spending, what they do spend is also increasingly directed towards benefiting the ruling class. As such, neo-liberalism, both in South Africa and internationally, has involved the state using its vast power and resources to shift the balances of forces continuously towards the ruling class. Given that neo-liberalism is a class war from above, the fact that the South African state intends to spend money on projects that will stimulate growth and ultimately benefit the ruling class is, therefore, not a break with neo-liberalism; it is rather a central part of it.

The SACP has also lauded the fact that the NGP proposes that the state should intervene to broaden black economic empowerment (BEE). In reality, however, this is simply a continuation of past state policies and offers very little indeed for the black working class. The NGP makes it clear that the interventions proposed are aimed at benefiting black-owned businesses. To promote BEE, therefore, the NGP proposes that the state increase its procurement, in terms of products and services (which would involve outsourcing), from black entrepreneurs²⁴. Added to this, it makes proposals for the establishment of a single funding agency to assist medium and small enterprises gain easier access to credit²⁵. Again this is not anything new. ASGISA strongly promoted BEE, and it tied it to – amongst other things – the promotion of medium and small businesses²⁶. Likewise, when the ANC took state power, in the context where neo-liberalism was hegemonic internationally, it sought to use neo-liberalism to promote the emergence of a black elite. This was done through privatisation and outsourcing. Although BEE in and of itself does not represent a neo-liberal policy; neo-liberalism

²⁴ South African Treasury. 2010. *New Growth Path*, [../www.info.gov.za/view/DownloadFileAction?id=135748](http://www.info.gov.za/view/DownloadFileAction?id=135748), pg. 17

²⁵ South African Treasury. 2010. *New Growth Path*, [../www.info.gov.za/view/DownloadFileAction?id=135748](http://www.info.gov.za/view/DownloadFileAction?id=135748), pg. 21

²⁶ Van der Walt, L. 2008. ASGISA: a working class critique. *Zabalaza: A Journal of Southern African Revolutionary Anarchism*, No 8. zabnew.wordpress.com