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Neoliberal austerity and what we can do about it

Introduction

South Africa is in many ways the microcosm of the terminal features of the crisis of global capitalism. Globally, seen by growing multiple crises of crashes in the leading centres of accumulation, whose cycles have increasingly shortened as witnessed US post-World War 1 of 1924, the 1973/1979 crisis, the 1997/8 crisis in emerging markets led by Argentina and Indonesia, the 2008/9 financial crash in the US leading to a global financial crisis, the Covid-19 induced shutdown in economy and crisis in 2020. In South Africa, we have witnessed stagnation and regression in the economy since the 2008/9 global financial crises. Between 2014 and present, our economy has experienced technical recession more than four times. Our current projections have continually been revised downwards, now projected to grow only at 0.4% for 2023-2024.

The continuing trajectory of capitalist system of accumulation and its playout through neoliberal austerity in South Africa is deepening the effects of producing a struggling economy, an economy completely elusive to historically disadvantaged South Africans. Latest StatsSA figures show growing unemployment, standing at 32.6% (with an expanded figure of 42.1%). Youth unemployment stand at a staggering 60,8% (with an expanded figure of 70,1%). Black Africans and women specifically, remain the most affected by exclusion and inequality from our economy with figures of 36,8% unemployment. Expanded unemployment (which includes those no longer looking for work and discouraged workers, 46,6% of black Africans do not work employment.

The result of this is the crisis of social reproduction, manifest through vulnerability, hunger and desperation of many of our people in townships and rural countryside. Excessive rates of crime, violence as well as festering of socio-political instability, e.g., growing instances of sporadic populist mobilisation, vigilantism and violence are some of the glaring outcomes of growing crisis wrought by dehumanisation of the poor. The crisis of social reproduction prevalent in our society is the opposite of the outcomes of the struggle for socialism Chris Hani fought for. As he exclaimed that for him socialism was not just ‘big concepts’, but tangible transformation in the lives of ordinary people, the building of a society on values of humanity for all, with adequate housing, eradication of hunger and provision of quality healthcare for all.

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The 6th administration, which came to power with much promise, to redress the 'so called 9 wasted years", build the economy and create jobs. As we speak today, the economy is still stagnant and struggling, the collapse of SOEs is deepening, with many of them being prepared for sale to private players, the introduction of SRD grants during Covid-19 pandemic has shrunk with now less than 7 million people receiving the grant as opposed to the initial just over 10 million in the first wave of SRD grants. The "2021 riots" from anecdotal responses of people interviewed by respective media outlets, taking mostly food substances from shops highlighted the looting as their only option to eat in the context of a crisis of food security, exemplified in the NIDS/CRAM Survey, which showed more than 41% of respondents in the first wave of the survey experienced food shortage (sleeping without food).

The South African crisis of capitalism is both international as indicated, but also historical. Historical in the sense of emanating primarily from South Africa's long history of extractive accumulation regime, in which apartheid was as Wolpe (1972) argued a political formation to manage crisis of social reproduction as wages of migrant workers were producing a crisis of social reproduction, as the countryside reserves were no longer sufficient for subsistence. The advent of neoliberalism, first brough through Thatcherism and Reaganism in UK and US respectively began to be adopted by the dying apartheid regime from the late 1980s, characterised by selling-off by the state, which started with SASOL, then retraction by the state through privatisation, even as the regime was going through negotiations. While the democratic transition first introduced the RDP in 1994, by 1996 the neoliberal agenda, first introduced by the apartheid regime, as well as financialization of the economy driven by the capital in the mineral and energy complex saw the shift to GEAR, a neoliberal macroeconomic framework, claimed to create environment for growth, investment and produce employment (trickle-down approach).

As we speak today, not only has the crisis remained, but deepened. As the crisis deepens, so also has been neoliberal machinations by government driven by the National Treasury. So, neoliberalism was imposed on claims that it will grow the economy, create jobs and expand distribution. At its height, i.e., 2003-2006 the economy grew on average of above 4%, but not without corresponding reduction in unemployment, resulting in the era being called 'jobless growth'. When the fallacy of neoliberalism was exposed, we were told the policy was not open enough, labour unions are too powerful and hindrance to employment creation and foreign direct investments, or the state bureaucracy was inhibiting investment, growth, hence unemployment. The 4th administration, which led more public investment in the economy and infrastructure expansion, also recorded highest labour absorption rates in the post-apartheid era. Somehow strangely after 2014, the 5th administration returned to neoliberal austerity, with the 2019, 6th administration advancing GEAR 4.0. National Treasury is proponents of neoliberalism consistently preach a mythology, *"state capture looted public resources. Austerity is our most effective means to solve state capture and there is no alternative"*, more recently of *"the purse becoming empty"*.

As we meet here, IEJ recently published a report critiquing National Treasury's latest political campaign of financial despotism through fear mongering, with their recent claim of "South Africa is on a fiscal cliff/financial crisis". IEJ report rejects this claim and provides alternative

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macroeconomic, especially on monetary and fiscal policy, putting primacy on stimulating the economy. We should note, the IEJ injunction is not the first, as the SACP wrote a critique back in 2019 of the National Treasury paper, in which the SACP response exposed that National Treasury paper of being a copy and paste of the 2018 OECD as well as exerts from the IMF report respectively.

If it doesn't work change it

For discussion here, it is important to start on an agreement that neoliberalism has consistently and conclusively failed to produce results it claimed it would produce. The 26 years of neoliberal austerity, in its variable iterations have consistently produced and reproduced a weak economy, very low to no growth in GDP, high unemployment, growing and deepening inequality and growing poverty, with the 2020 World Bank report showing that 55.5% (30.3 million people) of the population is living in poverty at the national upper poverty line (ZAR 992) while a total of 13.8 million people (25%) were experiencing food poverty. At first, the failure of neoliberal GEAR resulted in increase in public infrastructure by the 4th administration (2009-2014), although with its own contradictions. This produced positive results on employment and poverty reduction.
Yet, supposedly, to advance these gains, the 5th administration (2014-2019) revisited neoliberalism, through austerity, with added corporate capture of the state for looting. When this became catastrophic to economy and society, the 6th administration (2019 -) argued that intensified austerity was the solution both to undo state capture looting and to revive the failing economy.
South Africa's perennial multiple crises clearly illustrate that any possibility of reprieve to the economy and our people lie outside neoliberal austerity. The continued posturing of austerity by National Treasury, supported by the SARB and their sycophants only amounts to ideological dogmatism with neoconservative economics. This has to be exposed as a haux.

The first answer to the question: *"what can we do?"*, is to finally reject neoliberal austerity, coalesce all our efforts, research, public engagements to expose the madness of neoliberal austerity, and to expose continued proponents of this failed agenda as proponents and political agents for maintaining the South African crises.
The second answer to the question: *"what can we do?"* is through public education, public engagement, political and worker education, not only of the weaknesses of the current logic and trajectory of neoliberalism, but of actual concrete alternatives. Here the works and contributions of Cde Rob Davies, Cde Alex Mashilo on industrial policy, re-industrialisation; Cde Duma Gqubule and Redge Nkosi, Cdes at IEJ, etc., on fiscal and monetary alternatives, as opposed to claims by National Treasury for more taxation; as well as by Cde Tebogo Phadu, Cde Tebelo Radebe and Cde Pat Horn work on the socialised economy, etc.
Third and last, while there has been growing critique of neoliberalism, mostly from within the Alliance, particularly by the SACP, COSATU and a myriad of progressive and even just heterodox economists, proponents of neoliberalism in our government have proceeded to unilaterally impose a failing and failed policies, even to an extent of undermining the Alliance

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itself. Emerging from the 15th National Congress, the SACP program is "building a powerful socialist movement of workers and the poor". The program is premised on building the movement from concrete social struggles of workers and the poor, through which mobilisation and coalescing people's power can ensue. In the recent Plenary Statement of the 15th National Congress Central Committee, the CC argues, *"A popular left front should emerge out of popular mobilisation and campaigning. It should not be seen as first the cobbling together of a variety of formations at leadership level that variously proclaim themselves "left" or "socialist", and then only launching a programme of mobilisation and action afterwards. Forging a popular left movement must be grounded in a network of active struggle – "feeling the stones to cross the river"*. In this the Central Committee correctly identifies concrete struggles and mobilisation on the ground as the path for transforming the negative course of our transition and to re-ignite the NDR. Our deliberations especially through seminars, written publications, even through numerous engagements and demands made during our Alliance engagements with the ANC have not swayed our comrades in government, on the contrary with all our efforts government policy intensified austerity.

The CC recent statement noted the program to invite progressive trade unions, intellectuals, research and think-tanks, NGOs and community-based organisations on an anti-austerity program.

Emanating from the Chris Hani Institute Political Economy Series, which we organised between 2020 and 2022, was the call for the progressive forces to identify a minimum programme of action, as the basis for coalescing the call for unity of workers and working class. We argue for developing at most a minimum programme of action based on 5 basic and common demands or programs. A minimum program can be a rallying point to build unity across progressive formations. The Central Committee's call for anti-austerity programme of action is one such possible expression of concrete struggles. We have seen NUM work together with Numsa in struggles at ESKOM, or NUM work together with AMCU at Sibanye Stillwater mine, or NEHAWU work together with other public service unions at the PSCBC. In 2020, we saw COSATU collaborate with SAFTU and FEDUSA on the Section 77 Day of Action against rising cost of living, which these federations also mobilised in 2022 August 24. Last year November we also saw Public Sector unions march together to National Treasury in Pretoria. Concrete struggles, minimum programs of action should feature as tactical struggles for building powerful socialist movement.