

COSATU Response to the ANC Discussion Paper on the Second Transition

20 May 2012

Preface

We would like to thank the ANC for providing us with an opportunity to respond to all the papers, in particular the one on the Second Transition. We hope and trust that our response will find a place for serious consideration in the conference proceedings.

We want to state right from the onset that our response is based on an understanding that when we speak to the ANC - to use Oliver Tambo's phrasing, "we speak of and to our own". Whilst this input allows us a chance to respond to our movement, at the same time it also allows us to stand in a vantage position to look at ourselves as part of this glorious movement. This response is therefore not just for the ANC but a reflection on the revolution as a whole under the leadership of the ANC.

This document is a product of an intensive process of engagement in the Federation, a similar process unfolded in relation to the other Discussion Documents towards the Policy Conference. This document does not give a class-neutral response and neither does it depart from the revolutionary framework within which the ANC's historical positions evolved.

In its introduction the Second Transition document says that, "we must therefore not only celebrate our history of struggle and the ebbs and flows of our movement, but pause and ponder the future of South Africa and the ANC over the next 100 years. We must ask and answer the difficult questions about the future of our country... the achievements we made during our first two decades of democracy, the persistence of widespread poverty and extreme inequality in a middle-income country poses a major threat to social cohesion and nation building.... a business-as-usual approach will result in South Africa failing to meet a great many of its objectives".

We welcome this development because with all its conceptual problems and self-contradictions, the Second Transition document realises the tragic failures and blunders that have been committed since the 1994 democratic breakthrough. This opens an opportunity to once and for all completely uproot the ideological basis of these blunders and to position the movement to adequately deal with the legacy of neo-liberalism and Colonialism of a Special Type.

We appreciate that the central theme of the Second Transition document is to provide an answer on what is to be done. The theme seeks to refocus our attention so that we achieve a decisive and qualitative breakthrough in tackling the capitalist relations of production that are at the very foundations of Colonialism of a Special Type. These capitalist relations continue to form the basis of a colonial system in which blacks in general, and Africans in particular, remain subjected to extreme levels of exploitation and white domination in all aspects of life.

As a document for a class conscious revolutionary movement, a disciplined force of the left, which "does not behave like a shapeless jelly-fish with a political form that is

fashioned hither and thither by multiple contradictory forces of sea waves”¹, it seeks to address the extremely skewed power relations that exist between the working class, to which the majority of the people belong, and the bourgeoisie, men and women, blacks and whites. It is a call for a new phase in the history of South Africa.

We can draw parallels with similar calls in Latin America/the Caribbean, Africa and in Asia, where qualitative progressive development projects were undertaken, predicated on the notion of what they called the “Second Independence”. This notion requires proper contextualisation and clarification of its class content, a point that we will elaborate later in this input.

In this context we are of the view that the content of the notion of Second transition must be an expression of an emerging, new anti-imperialist, anti-neo-colonial internationalism. Indeed it is a call for the movement to “return to the source” of its historical revolutionary anti-imperialist positions. It is a call for a return to the basics.

We also view the Second Transition document as a call for the right of South Africa to self-determination. The spirit and intention of the document is to fashion a society founded on the basic political-economy tenets of the Freedom Charter. Its content must therefore seek to re-assert the revolutionary content of the NDR as initially conceived by our national liberation movement.

We would like to state upfront that ours is not to quibble over words: “Second Transition”, “Second Phase”, “Second Decade for the Workers and the Poor”, “New Phase”, etc. One thing though is certain. All these words intend to express an urgent need to radically “shift to the left”, on to a genuine path towards social emancipation. What concerns us in this input are the ideological underpinnings, the theoretical bases and the class content of these words. We thus maintain the phrase: “Second Transition”, purely for purposes of discussion.

We urge that this input of ours be read in conjunction with other COSATU responses to the Discussion Documents. Our responses cover the following documents:

- 1.Organizational Renewal
- 2.Economic Transformation
- 3.State intervention in the Minerals Sector- SIMS
- 4.SOEs and DFIs
- 5.Land Reform
- 6.International Relations
- 7.Social Transformation related documents- which include Education and Health
- 8.Gender
- 9.Communications
- 10.Peace and Stability

We premise our approach to the Second Transition on the following observations:

1. “At a certain stage of their development, the material productive forces of society come into conflict with the existing relations of production or -- what is

¹ ANC 2007 Strategy and Tactics.

merely a legal expression for the same thing -- with the property relations within the framework of which they have hitherto operated. From forms of development of the productive forces these relations turn into their fetters. At that point an era of *social revolution* begins”².

2. The fundamental premise of a revolution is that the existing social structure has become incapable of solving the urgent problems of development of the nation. A revolution becomes possible, however, only in case the society contains a new class capable of taking the lead in solving the problems presented by history. The processes of preparing a revolution consist of making the objective problems involved in the contradictions of industry and of classes find their way into the consciousness of living human masses, change this consciousness and create new correlation of human forces. The ruling classes, as a result of their practically manifested incapacity to get the country out of its blind alley, lose faith in themselves; the old parties fall to pieces; a bitter struggle of groups and cliques prevails; hopes are placed in miracles or miracle workers. All this constitutes one of the political premises of a revolution, a very important although a passive one.

A bitter hostility to the existing order and a readiness to venture upon the most heroic efforts and sacrifices in order to bring the country out upon an upward road – this is the new political consciousness of the revolutionary class, and constitutes the most important active premise of a revolution”³.

3. “At a certain point in their historical lives, social classes become detached from their traditional parties. In other words, the traditional parties in that particular organisational form, with the particular men who constitute, represent, and lead them, are no longer recognised by their class (or fraction of a class) as its expression. When such crises occur, the immediate situation becomes delicate and dangerous, because the field is open for violent solutions, for the activities of unknown forces, represented by charismatic “men of destiny”.

These situations of conflict between “represented and representatives” reverberate out from the terrain of the parties (the party organisations properly speaking, the parliamentary-electoral field, newspaper organisation) throughout the State organism...In every country the process is different, although the content is the same. And the content is the crisis of the ruling class’s hegemony, which occurs either because the ruling class has failed in some major political undertaking for which it has requested, or forcibly extracted, the consent of the broad masses (war, for example), or because huge masses (especially of peasants and petit-bourgeois intellectuals) have passed suddenly from a state of political passivity to a certain activity, and put forward demands which taken together, albeit not organically formulated, add up to a revolution. A “crisis of authority” is spoken of: this is precisely the crisis of hegemony or general crisis of the State”⁴.

² Marx K. Preface and Introduction to the Contribution to the Critique of Political Economy.

³ Trotsky L. The History of the Russian Revolution Vol. 3, Chapter 3.

⁴ Gramsci A. Selections from Prison Notebooks: State and Civil and Society.

Part A. Concerning the Background, History and Ideology of the Second Transition

1. Background

1. This document is supposed to chart a strategic line of march, highlighting themes and areas of emphasis in the tasks of the movement, thereby giving direction on the issues that are dealt with in the rest of the Discussion Documents. For example, we had expected that the overriding notion of the “Second Transition” to be explicitly articulated and elaborated in all the Discussion Documents, if it is to serve to define the strategic line of march of the liberation forces. This however is not the case. The documents on Organisational Renewal, Economic Transformation (SIMS and SOE’s), Social Transformation, International Relations, Peace and Stability, Gender etc. do not reflect on the notion of the “Second Transition”. The “Second Transition” therefore remains an isolated notional idea; it is not elaborated into a concept that defines the parameters and content of the change that it purports to undertake.
2. The context within which the “Second Transition” is proposed is defined by extremely high levels of inequality, poverty and unemployment. This triple crisis is now the result of the combined effects of the continuing crisis of Colonialism of a Special Type that we inherited in 1994 and the ravages visited upon the vast majority of the people by neo-liberalism post-1994. The “Second Transition” document is littered with denialism about the deep-seated structural damage that neo-liberal ideology has caused to our capacity to advance the long-term objectives of our revolution, in the name of short-term stabilisation which was never achieved. In addition, the glue that held the motive forces of the revolution prior to the democratic dispensation has by and large weakened. Thus the political cohesion that was reflected by the broad coalition of organisations through which the progressive forces advanced the struggle has been severely weakened.
3. At the heart of these weaknesses is the demobilisation of the motive forces, the subsuming of the ANC under the dictates of the state bureaucracy, the undermining of the autonomy of the ANC as a ruling party to formulate state policy and monitor its implementation, and the tendency to elevate (untransformed) state power over mass power. The central feature of the elevation of the state over the movement has been to see mass-based activism against the deficiencies of the state as being counter-revolutionary, oppositional and thereby a) distancing the ANC from such activities, leading to a situation where a gap between the masses and the ANC develops and b) uncritical defence of the inherent horrible deficiencies of the inherited colonial and capitalist state, leading the masses to gradually lose confidence in the capacity of the ANC to drive transformation. This point is further in our comment on Organisational Renewal, in the context of Strategy and Tactics.
4. The political context within which the Second Transition document emerges is one where the oppression of black people by white minority rule and

imperialism has been formally eliminated. However, it is a political context in which the domination of black people by the white minority and imperialism has deepened, because of “attempts by the bourgeoisie and aspirant capitalist elements—and their imperialist supporters—to dominate state power and divert the revolution”⁵. It is for this reason that the concept of national liberation still resonates within our ranks. It is also for this reason that the national democratic revolution remains the dominant form of class struggle in our country.

5. To us, the ANC is a revolutionary, mass-based, national liberation movement, currently operating within terrain of electoral politics. The ANC is revolutionary because it recognises the class basis of Colonialism of a Special Type acknowledges the leadership role of the working class in the NDR and seeks to build a revolutionary-democratic state through which a society constructed on the basis of the Freedom Charter can emerge. The ANC is mass-based because it derives its perspectives from the masses, “because of its commitment to a mass approach line, based on the belief that the people are their own liberators and that the tasks that confront us require the active involvement of popular forces”⁶. This also defines the ANC as a movement, because it draws to its ranks people with a view to engage in active struggles and through those struggles, raise their political consciousness to the level of revolutionary consciousness. The ANC is a national liberation movement because it seeks to destroy colonialism and white minority domination in all sectors of our society”, but also because it seeks to destroy imperialist domination of our country and contribute to the anti-imperialist struggles around the world.
6. The perspectives of our movement are based on anti-imperialism, anti-neo-colonialism, and internationalism. For years the ANC actively participated and sometimes led international forums and structures that were a critical part of the struggle for world peace, democracy and justice. In addition it was the decisive contribution of the global progressive movement, at the forefront of which was the anti-imperialist movement that provided consistent and solid support for the struggle against apartheid. Whilst it is not a socialist movement, the ANC’s perspectives are a product of Marxist-Leninist tools of analysis. In its perspectives the ANC has never been ambiguous about “the aims of people’s power and the role of the primary social forces, both inside and outside our movement, which will underwrite these aims, and to gain increasing mass understanding for the idea that, in contrast to many old-style nationalist movements in Africa, we believe that there can be no true national liberation without social emancipation... To postpone advocacy of this perspective until the first stage of democratic power has been achieved is to risk dominance within our revolution by purely nationalist forces which may see themselves as replacing the white exploiters at the time of the people’s victory”⁷.

⁵ SACP (1989). The Path To Power.

⁶ ANC 1997 Strategy and Tactics.

⁷ Green Book, 1979.

7. In terms of the line up of social forces that is required to ensure an uninterrupted advance towards a revolutionary-democratic social order, the ANC has always maintained the importance of “an understanding that the aims of our national-democratic revolution will only be fully realized with the construction of a social order in which all the historic consequences of national oppression and its foundation, economic exploitation, will be liquidated, ensuring the achievement of real national liberation and social emancipation. An uninterrupted advance towards this ultimate goal will only be assured if within the alignment of revolutionary forces struggling to win the aims of our national-democratic revolution, the dominant role is played by the oppressed working people”⁸. The centrality and the leading role of the working class are therefore at the heart of our revolutionary perspective because the working class has the enduring organisational power, occupies a strategic location within the productive force, suffers the most from both exploitation and domination, and has made the most sacrifices to advance the revolution.
8. The NDR seeks to address the three interrelated forms and antagonistic contradictions – national, class exploitation and the triple oppression of women. In simple terms, black people’s domination is not only based on their colour, but it is equally a function of the inherent exploitation that is embedded in the capitalist relations that underpinned colonialism of a special type. It is therefore not enough to articulate the strategic objectives of our revolution as simply to eradicate the “manifestations” of colonialism of a special type, nor is it correct to just blandly assert that ours is just to build a “non-racial, non-sexist, democratic, united and prosperous South Africa”, without tackling the deep-seated class relations that underpin Colonialism of a Special Type.

2. The Notion of Second Transition and Its Ideological Misconceptions

9. The notion of a Second Transition is not ideologically neutral and neither is it new. More recent articulations mention the “First Transition” as the phase in which economies that were part of the socialist world moved away from central planning towards “free market” economics. In this perspective, the “Second Transition” describes the consolidation and stabilisation of the capitalist mode of production in these economies. However it would be a mistake to divorce these transitions from the concrete-historical context within which they were initiated. For example, one set of these transitions has to do with transformations out of a colonial situation and another, more recent set has to do with transformations from central planning to the consolidation of “free-market capitalism” and the modifications of development strategies within the context of the operation of market forces.
10. In the context of former Central and East European economies, the First Transition is described as the move from socialist planning to the market. The Second Transition is then used to describe the deepening of “free-market” capitalism, particularly through globalisation⁹. In the case of China, the “First

⁸ Ibid.

⁹ Fabrizio S., Daniel L., Mody A. (2009). The Second Transition: Eastern Europe in Perspective. Economic Paper 366, European Commission.

Transition” also entailed a move away from central planning towards “free markets”, underpinned by an export-led capital accumulation strategy that is supported by the suppression of wages in order to boost competitiveness. The global economic crisis has shown to the Chinese that this export-led model is fraught with risks, since the economies to which they are selling their products are prone to periodic crises. In the context of China then, the notion of the “Second Transition” is meant to describe a “shift from being export-led, labour-intensive and resource-intensive to a reduced dependence on investment and external demand”¹⁰. Therefore, the more recent articulations of the notion of Second Transition have to do with transformations that either seek to consolidate the capitalist mode of production or to amend the national accumulation strategy without fundamentally transforming the underlying property relations, and without effecting a fundamental shift in ideological orientation.

11. In the context of anti-colonial transformations, the First Transition describes the period of “political consolidation” in the aftermath of the national liberation movements coming into political office. History suggests that during this period, the socio-economic conditions of the working class, the peasants and sections of the petit-bourgeoisie deteriorate. Beyond a certain point, this gap between the deteriorating socio-economic conditions of the people and the ascendance to political office begins to eat away the cement that holds the multi-class coalition upon which the national liberation movement is based. This then tends to trigger a radical shift in rhetoric. Many left scholars view such radical left-ward shifts in rhetoric more as a desperate attempt by the leading petit-bourgeois elements in the national liberation movement to remain relevant and legitimate to “the masses”, than genuine ideological transformations that sought to establish working class power over the bourgeoisie.
12. There are a number of examples to demonstrate this. In 1969, seven years after independence, Uganda embarked on what some scholars referred to as “the second phase of ideological assertion”. This phase marked “the Move to the Left” by the Uganda People’s Congress under Milton Obote, captured in a number of documents key of which was “The Common Man’s Charter”, which sought, among other things, to close the yawning socio-economic gap between “the well-to-do on the one hand, and the mass of the people on the other”¹¹. In the case of Tanzania, six years after independence, the Tanzania African National Union under Julius Nyerere published the Arusha Declaration of 1967, which “explained the meaning of socialism and self-reliance, and their relevance to Tanzania”, marked a radical shift to the left. The “foremost” aim of the Arusha Declaration was to stop and reverse “a national drift towards the growth of a class society, based on ever-increasing inequality and the

¹⁰ Schucher G. And Kruger M. (2010). Do Rising Labour Costs Spell the End to the “World’s Factory”? *Asien Aktuell* 114—115, p.122—136. See also P. Bottelier (2007): *China’s Economy in 2020: The Challenges of the Second Transition*. *Asia Policy* 4, p.31—40.

¹¹ Nabudere D.W. (1980). *Imperialism and Revolution In Uganda*. Oryx Press, p.268.

exploitation of the majority for the benefit of a few”¹². In Zambia, four years after independence, the United National Independence Party under Kenneth Kaunda pronounced the Mulungushi Reforms of 1968, which marked Zambia’s Second Transition. The aim of these reforms was to deal a blow to the power of foreign capital and to eliminate imperialist domination of the Zambian economy. This was meant to release further resources for the development a new “Zambian Humanism” and to set Zambia on the road to socialism.

13. In India, the Second Transition was initiated with the ascendancy of Indira Gandhi as the head of the mass-based and multi-class Indian National Congress in the late 1960’s. The problem was similar to the African situation: the First Transition under Nehru “placed high priority on consolidating Indian democracy...but they also encouraged the hopes of the masses by promising egalitarian development to the poor”. By 1969, almost twenty years after independence, the socio-economic conditions of the masses had deteriorated and the Second Transition was initiated by Indira Gandhi, under the slogan of “poverty alleviation”¹³. In Malaysia the Second Transition was instigated by the race riots of 1969, which were sparked by the growing inequalities in Malaysian society, particularly the marginalisation of indigenous Malaysians from ownership and control of their economy. More than 60% of the Malaysian economy was owned by foreigners and more than 97% of the economy was not in the hands of indigenous Malaysians, who constituted more than 65% of the population. The Second Transition in Malaysia was embodied in the New Economic Policy, which sought to address ownership and control of the economy and elimination of poverty. In South Korea the Second Transition was initiated by the Park regime which came to power through a coup in 1961. This coup occurred in the backdrop of massive protests against continued control of the state apparatus by colonial forces, corruption, the re-establishment of ties with Japan and the on-going socio-economic hardships faced by the masses.
14. There are therefore two streams of ideological orientation that emerge from the concrete-historical treatment of the notion of Second Transition. One stream is the more recent version, inter-laced with neo-liberalism, which seeks to keep existing property relations intact and merely wants to perfect the functioning of the existing system of capitalist accumulation. Another ideological stream, which is left-oriented with strong socialist under-tones, seeks to tackle property relations as the starting point, and thus wants to lay the basis for the development of society along egalitarian lines. In all the post-colonial “Second Transitions”, one theme runs through: for Uganda “in our Move to the Left Strategy, we affirm that the guiding economic principle will be that the means of production and distribution must be in the hands of the people as a whole. The fulfilment of this principle may involve nationalisation of enterprises privately-owned”¹⁴. Nationalisation was sealed by the Nakivubo pronouncements of 1970. For Tanzania the Second Transition ensured that “all

¹² Nyerere J. (1977). *The Arusha Declaration: 10 Years After*.

¹³ Kohli A. (2004). *State-Directed Development—Political Power and Industrialization in the Global Periphery*. Cambridge University Press, Chapter 7.

¹⁴ Nabudere D.W., *ibid*.

private commercial banks were nationalised, on each of the succeeding four days further steps were taken to bring the economy of the country into the ownership and control of the people”¹⁵. In Zambia the government moved to nationalise the mines and other key strategic sectors.

15. In India the state nationalised 14 commercial banks, moved further to nationalise the mines in 1972 and it nationalised all foreign-owned oil companies, such as Caltex. In Malaysia, the New Economic Policy was characterised by active interventions to support the rise of Malaysian capitalists on the one hand, and it was also “based upon the wave of government acquisition of banks, plantations, and mines in the 1970s and early 1980s, plus the fantastic development of the state-run Malaysian petroleum industry”¹⁶. In South Korea, the Second Transition had no leftist undertones, and neither did it usher in a neo-liberal type of an economic arrangement. In fact upon assuming power “Park arrested some prominent businessmen on charges of corruption”, thereby setting the terms of engagement between the state and business. This Second Transition, although well-known for its anti-working class orientation, was encapsulated in the First Five Year Plan and its political-economic aim was to reduce dependence on foreign sources and to chart a new independent path of national development¹⁷. To achieve this, the state seized control of the banking system, the state owned and controlled critical sectors such as steel-making and in the 1970’s heavy chemicals manufacturing was a focal point of state-owned capital accumulation.
16. Subsequent to these developments, a number of factors came into play in various ways across these countries, some arising from a series of political struggles with the expropriated classes and in some cases objective conditions that were beyond the control of the movement involved, impacted on further progress. In the case of Zambia, the commodity price plunge of 1973 dampened the benefits that could have accrued from nationalisation. More importantly, further limits were imposed by the incapacity of the state to embark on broad-based industrialisation to strengthen its developmental trajectory. In Uganda, the coup by Idi Amin put an end to the “move to the left”. India was characterised by fragmentation arising from the multi-class character of the Indian National Congress, but nevertheless managed to embark on genuine industrial development in the late 1970s. Whilst more than 30% of the Malaysian economy was in indigenous hands by 1990, the continued state-ownership of critical sectors, such as in mining, petroleum and banking sectors, fortified genuine independence for the Malay people and ensured rapid and more equitable development. Similarly South Korea successfully

¹⁵ Nyerere J., *ibid.*

¹⁶ Hirschman, C. (1998): Ownership and Control of the Malaysian Economy Revisited: A Review of Research in the 25 Years Since the Publication of J.J. Putucheary’s Classic. In D.J. Putucheary and K.S. Jomo (eds.): *No Cowardly Past—James J. Putucheary’s Writings, Poems and Commentaries*, p.71—83.

¹⁷ Heo U. et.al. *The Political Economy of South Korea: Economic Growth, Democratization and Financial Crisis.*

managed to use authoritarian state power over the economy to autocratically direct broad-based industrial development.

17. The Latin American countries such as Venezuela, Ecuador, Bolivia, Paraguay and Peru are charting a new course of national development, which some leftist scholars have called “a Second Independence”. They are building societies based on social and economic justice. Venezuela has fostered new institutions free of US and Canadian influence. The new institutions are, for example, ALBA (the Bolivarian Alliance for the Peoples of Our America), Petrosur (an agency that coordinates the energy policy of Latin American oil-producing states), Petrocaribe (which does the same for the Caribbean area), the Bank of the South, UNASUR (the Union of South American Nations), CELAC (the Community of Latin American and Caribbean States, a regional cooperation bloc). The progressive trends and new institutions defeated the imperialist Free Trade Area of the USA. Intellectuals, professionals and many nations and social movements came together in Cuba to form an International Committee in Solidarity with the Bolivarian Revolution of Venezuela, the Nations and Processes of ALBA. Its purpose is to let imperialism know that the world supports the independence struggles taking place in Latin America and the Caribbean¹⁸.
18. The Second Transition document fails to locate itself within the above developments. It exhibits ideological contradictions and misconceptions throughout. We highlight just seven of the many examples to demonstrate this point. The first area of serious ideological misconception is the document’s effective ditching of the Freedom Charter. Nowhere does the document make even the slightest reference to this historic and ever relevant programme of the NDR. Instead the Second Transition document positions the neo-liberal National Development Plan as the “new Freedom Charter”. In its introduction “Towards a Watershed Conference”, specifically in paragraph 5, the document claims that “we have therefore undertaken as a country to adopt a National Development Plan (NDP) for the next 20—30 years”. In the part dealing with “The challenge of our developmental path”, the NDP is inserted as the base document upon which the Second Transition is predicated. Also read paragraph 179, in the part dealing with Economic Transformation, paragraph 181 which says “the economic transformation proposals in the NDP correctly build on the foundations of the last 18 years”, but the document coyly recognise that this line implies “more of the same”. The document instructs the movement that it “must engage with the NDP proposals”; we must engage this “new Freedom Charter” of the Second Transition called the NDP.
19. The fact of the matter is that the revolutionary class forces, especially the primary motive force, the working class, do not share the neo-liberal approach of the NDP, which seeks to effect cosmetic changes to Colonialism of a Special Type, by consolidating and perfecting the mechanisms of the capitalist mode of production and imperialist domination. Our perspective on the strategic objectives of the NDR remains: “Our drive towards national

¹⁸ Defeo C. ALBA—How Much of a Turn to the Left in Latin American Governance and Economic Policy. Council of Hemispheric Affairs.

emancipation is therefore in a very real way bound up with economic emancipation. We have suffered more than just national humiliation. Our people are deprived of their due in the country's wealth; their skills have been suppressed and poverty and starvation has been their life experience. The correction of these centuries-old economic injustices lies at the very core of our national aspirations. 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 NDP rejects this approach with a wave of the hand and informs us that our problems are education, health, infrastructure, etc., as if these are not manifestations of the deep-seated structural crisis of the capitalist property relations that define Colonialism of a Special Type.

20. The second area of ideological contradiction and misconception is an attempt to separate GEAR from neo-liberalism. Neoliberalism is characterised by the reduced role of the state in the economy, privatization, trade and financial liberalisation, labour market de-regulation, restrained fiscal policy, inflation-targeting as the overriding goal of monetary policy and central bank independence. All these embody features of what came to be known as the Washington consensus. They were implemented under GEAR in the following examples: trade liberalisation was effected through tariff reduction, financial liberalisation through exchange controls relaxation, privatisation through the sale of Telkom (Vodacom), unbundling of Iscor, inflation targeting and fiscal austerity, etc. In paragraph 39, after justifying GEAR as a "tactical detour", the document claims that "we therefore changed gear and shifted focus from liberalisation policies", but in paragraph 118 the document is scathing about neo-liberalism of which "its policy prescriptions are liberalisation, free trade and a limited role of the state". Thus the document wants the ANC to embrace GEAR whilst at the same time reject neo-liberalism? This is like a person wanting to go to heaven but refusing to die.
21. Furthermore the Second Transition document claims in paragraph 167, that "there is agreement that although we have liberalised and integrated into the global economy and we have macroeconomic stability, the structure of the apartheid colonial economy has remained the same". This is mentioned as if the very stability that the document is talking about is the stability of something else, and not that of "the apartheid colonial economy". But how can we agree that there has been macroeconomic stability when income distribution, unemployment and poverty have worsened in the democratic decade? How can we really agree that this "liberalisation and integration into the global economy" and the alleged "macroeconomic stability" are not true pillars of genuine neo-liberalism? We also know that this so-called "tactical detour", put structural impediments for effective implementation of the NDR, for example, allowing conglomerates to de-list from the JSE and take the money out, open doors for foreign-imperialist domination of South African banks and monopoly industry, etc. These major interventions cannot be called "tactical detours"

because they generated huge barriers for the achievement of the long-term objectives of the revolution.

22. The third area of ideological misconception arises from the ANC being a revolutionary movement that is in alliance with socialist forces, well-known for its anti-imperialism and its use of Marxist-Leninist tools of analysis, but at the same time it derives some inspiration from rabid anti-communists and reactionary ideological figureheads of the extreme right, such as Ludwig von Mises. In paragraph 123, the document refers to von Mises's Anti-Capitalist Mentality, which is laden with un-Marxist propositions such as: "capitalism de-proletarianises the common man and elevate him to the rank of 'bourgeois'... it is the ascension of the multitudes in which the radical social change brought about by the industrial revolution consists". This view is diametrically opposed to the revolutionary perspectives articulated in such writings as the Communist Manifesto: "The lower strata of the middle class...sink gradually into the proletariat, partly because their diminutive capital does not suffice for the scale Modern Industry is carried on, and is swamped in the competition with the large capitalists, partly because their specialised skill is rendered worthless by new methods of production. Thus the proletariat is recruited from all classes of the population"¹⁹. The fact that this quotation from von Mises contains words such as "anti-capitalist", "capitalism", "radical", etc. does not at all mean that it is revolutionary, it is in fact reactionary. It is such dubious ideological foundations that hollow out the content and intentions of the notion of Second Transition.
23. In this connection we find paragraph 124 historically inaccurate when it claims: "capitalism was presented as the best and most efficient and rational way of organising society and ordering social and economic relations in line with changing human needs". This claim completely disregards the genesis and development of the varied currents of socialist thought outlined, for example, by Karl Marx and Friedrich Engels in the Communist Manifesto. This misrepresentation of the history of political thought, and the suppression of the most obvious socialist critique of the 19th and 20th centuries, signals to us the questionable ideological orientation of the authors of the Second Transition document.
24. Fourthly the document consistently projects the phase of the Second Transition as a phase of the major balancing act. The ANC is called upon to "balance" all contradictions and not resolve them. At best the revolutionary movement is now being summoned to "regulate" the contradictions of Colonialism of a Special Type. In paragraph 62, the ANC must use the "balance of evidence" to advance the NDR, "balance relations between employers and employees", in paragraph 63 it must advance the NDR within the constraints of "macroeconomic balances", in paragraph 70 it must review the "balance of forces". In short, the ANC is reduced into being a master of the science and art of "balancing", mastering the skill of always taking the "middle-of-the-road" position, what Mao-Tse Tung called "middle-roading", in all contradictions. The effect of this is to render the ANC non-revolutionary and

¹⁹ Marx K. And Engels F. The Manifesto of the Communist Party.

the NDR moribund. This same “middle-of-the-road” type of gymnastics posed serious constraints to the Indian National Congress on the eve of the Indian Second Transition. It threatens to widen the gulf between the revolutionary forces and the leadership of the movement.

25. Fifthly, in relation to the section dealing with “Prospects for the Regeneration of Africa in the Twenty-First Century”, the document adopts a messianic and apocalyptic perspective about African renaissance, a perspective that was thoroughly critiqued by the SACP a long time ago. For example, while we appreciate the eye-ball type prophetic words by Pixley ka Seme and the inspiring vision by Kwame Nkrumah about Africa, the document fails to recover the advanced theoretical perspectives that were later elaborated by Kwame Nkrumah and Frantz Fanon. For example, Nkrumah harboured no illusions about a class-homogeneous and class-neutral march towards African unity. He maintained: “It is the indigenous bourgeoisie who provide the main means by which international monopoly finance continues to plunder Africa and to frustrate the purpose of the African revolution. The exposure and defeat of the African bourgeois therefore provides the key to the successful accomplishment of the workers-peasant struggle to achieve total liberation and socialism and to advance the course of the entire world socialist revolution”²⁰. The same perspective pervades Fanon’s views about the national bourgeoisie as “being the transmission line between the nation and a capitalism, rampant though camouflaged, which today puts on the mask of colonialism”. This perspective, which grounds African unity within the context of the class struggle towards a united socialist Africa, is completely gutted out of the Second Transition.
26. Sixthly, in paragraph 46 the document unnecessarily counterposes “developmentalism” and “welfarism”. This is highly problematic because it does not acknowledge the empowering effects of the social transfers, as if these social transfers have nothing to do with human development. Instead a dialectical approach would have assisted in showing that in fact social transfers do have significant human developmental effects and what is thought to be “developmental” interventions do have significant social welfare effects. The tone of the paragraph vulgarises the role of the state in rolling out social transfers by referring to “dependency”, whilst at the same time the document calls for a “democracy with social content”, that is social democracy built on the foundations of Colonialism of a Special Type.
27. In this connection, the Second Transition document claims in paragraph 15, without any scientific basis, that despite its efficacy, the Truth and Reconciliation Commission “weaved into the DNA of the new South Africa the African humanism of ubuntu and thus laid the foundation for a nation and society based on solidarity, accountability, tolerance and caring”. It unjustifiably and a-historically propagates an overly exaggerated South African exceptionalism in paragraph 16: “few societies in such a short space of time have experienced the depth and breadth of policy, legal and institutional transformation”. It metaphysically celebrates the liberal-bourgeois freedoms, overly painting a stupendous and breath-taking transformation of the

²⁰ Nkrumah K. (1970): Class Struggles in Africa.

superstructure into a rosy picture that is, in fact, based on the rotten economic base of Colonialism of a Special Type that continues to reproduce the socially polarising crisis of unemployment, poverty and inequality.

28. Clearly, this does not inspire confidence that a serious left turn into the Second Transition is being contemplated. We have seen for example, that Zambia had no option but to break the power of imperialism in order to build “humanism”; we have also seen that Malaysia was forced to foreground its “national unity” on a New Economic Policy that directly addressed ownership and control patterns of the economy through state-ownership and genuine efforts to support a transformative and productive (not parasitic) indigenous bourgeoisie. National unity in all historical cases was never based on a strategy that kept the current property relations intact, as the NDP does.
29. Seventhly, the Second Transition document is predicated on the problematic notion of “a first transition which focused on democratisation and a second transition which must focus on the social and economic transformation” (see paragraph 7). The problem about this formulation is that its resultant effect is to conceal the strategic rightist deviation committed and treats it as if it was our commonly agreed political and ideological choice. It is incorrect for the document to suggest that the last 18 years was focusing on democratisation and that our focus must now be on social and economic transformation, as if there exists a Chinese Wall that separates politics from economics and social development. Thus in paragraph 166 we are told that in South Africa there “may have been an appropriate political transition” which “has proven inadequate and even inappropriate for a social and economic transformation phase”. So what if we face a reality of an “appropriate social and economic transition” that is “inadequate and even inappropriate” for the political transition? Is the movement not made to chase its tail by such formulations? A revolutionary perspective always maintains the unity of these aspects of social life, hence the concept of politics as concentrated economics. The dangers of assuming political office only to install democracy that was devoid of its social development and economic content is well articulated in the historical documents of the ANC.
30. There are more examples where the document veers off a tangent and avoids confronting the monster that is Colonialism of a Special Type, at the heart of which is monopoly capitalism in general, white monopoly capitalism in particular. For example, the assumption that political transformation has more or less been completed derives from the tendency to separate politics from economics. This occurs in paragraph 13, where the document claims a successful “thoroughgoing political and democratic transformation”. The problem is that this is not correlated with our revolutionary conception of people’s power. Can we really say that we have now established revolutionary democracy in South Africa? The movement itself has consistently maintained that a number of key state organs still lack transformation, the judiciary, the media, the bureaucracy etc. It is therefore inadequate to mention the raft of laws enacted as an indicator of “successful thoroughgoing political and democratic transformation”. Having said all this, we have to emphasise the principal point of departure that when we spoke of and to the ANC, “we speak

of and to our own". What then, should be the content of the Second Transition? We tackle this question in more detail in Part C.

Part B. The Crisis of Colonialism of a Special Type, Its Historical Evolution and the Second Transition

1. In 1962 the SACP formulated the theory of Colonialism of a Special Type, it described South African society as follows: "On one level, that of "White South Africa", there are all the features of an advanced capitalist state in its final stage of imperialism. There are highly developed industrial monopolies, and the merging of industrial and finance capital...But on another level, that of "Non-White South Africa", there are all the features of a colony. The indigenous population is subjected to extreme national oppression, poverty and exploitation, lack of all democratic rights and political domination by a group which does everything it can to emphasise and perpetuate its alien "European" character....Non-White South Africa is the colony of White South Africa itself. It is this combination of the worst features both of imperialism and of colonialism, within a single national frontier, which determines the special nature of the South African system, and has brought upon its rulers the justified hatred and contempt of progressive and democratic people throughout the world"
2. By 1989 this Colonialism of a Special Type had reached a political and economic crisis. The SACP then analysed the situation as follows: "Large-scale and chronic unemployment has now become a central feature of South Africa's capitalist economy... On the economic front the crisis has many features: a severe shortage of skills as a result of the cultural and educational oppression of the majority, the large-scale under-utilisation of productive capacity, an increasing reluctance of capitalists to invest in fixed capital, and massive organic unemployment."²¹.
3. The crisis of Colonialism of a Special Type has not abated, and instead it has deepened. Unemployment among Africans was estimated to be 38% in 1995 and it stood at 45% in 2005. Overall, the unemployment rate in the South African economy was 31% in 1995 and increased to 39% in 2005. This is a massive wastage of human resources, which could be mobilized for development. As of 2009, the rate of participation of Africans in the labour force was 52% and for whites it was 68%. Because of the continued structures of domination and exclusion, it will not be wrong to conclude that most Africans do not participate in the labour force because they are the least absorbed in employment. Among Africans of working age (between 15—64 years), only 36% are absorbed into employment whilst on the other hand, 65% of Whites of working age are absorbed into employment. Among emerging markets, South Africa has the lowest labour force participation rate.
4. Poverty incidence remains high. There is no official poverty line for South Africa. Yet, based on measures that are sensitive to household size, one study found that 57% of individuals in South Africa were living below the income poverty line in 2001, and this remained unchanged from 1996. But measures

²¹ SACP (1989): The Path to Power.

that assume individuals need R322 a month to survive show that individual poverty has declined from 52.5% to 48%. This decline is said to be driven by an increase in the number of beneficiaries from government's grant system from 2.5 million in 1999 to 12 million in 2007. This means that 25% of South Africa's population lives on grants, and it is evidence of the anti-working class character of the post-1994 growth path. The economy reproduces poverty, and the state throws money at this problem, without intervening to change its structure.

5. Redistribution of income has worsened against the working class. Besides the decline in the real incomes of African households between 1995 and 2005, income inequality has increased across the board. In 1995, the Gini coefficient stood at 0.64 but it increased to 0.68 in 2008. The share of employees in national income was 56% in 1995 but it had declined to 51% in 2009, i.e. there has been reverse redistribution from the poor to the rich. The top 10% of the rich accounted for 33 times the income earned by the bottom 10% in 2000. This gap is likely to have worsened, given the fall in the share of employees in national income and the global economic crisis of 2008. Approximately 20% of South Africans earned less than R800 a month in 2002, the situation is worse for Africans. By 2007, approximately 71% of African female-headed households earned less than R800 a month and 59% of these had no income; 58% of African male-headed households earn less than R800 a month and 48% had no income.
6. In 2008 the top 20 directors of JSE-listed companies, the overwhelming majority of whom are still white males, earned an average of R59 million per annum each, whilst in 2009 the average earnings of an employee in the South African economy was R34 000. On average, each of the top 20 paid directors in JSE-listed companies earned 1728 times the average income of a South African worker. On average, between 2007 and 2008, these directors experienced 124% increase in their earnings, compared to below 10% settlements that ordinary workers tend to settle at. Hefty increases were also seen in state-owned enterprises. Directors in state-owned enterprises also experienced the same rate of increase their earnings, thereby contributing to income disparities in the economy. The top 20 directors in SOE's experienced a 59% increase in their earnings, collectively raking in R132 223 million. This amounts to R6.6 million per director, which is 194 times the average income of the South African worker.
7. Income inequality is still racialised, and has deepened within racial groups. An average African man earns in the region of R2 400 per month, whilst an average white man earns around R19 000 per month. The racial income gap is therefore roughly R16 800 among males. Black women are yet to be liberated from the triple oppression. Most white women earn in the region of R9 600 per month, whereas most African women earn R1 200 per month. The racial income gap in monthly incomes among women is therefore R8 400. The race gap is therefore overwhelmingly severe among males. The gap in monthly income between African men and White women is R7 200. In addition, 56% of Whites earn no less than R6 000 per month whereas 81% of Africans earn no more than R6 000 per month. These income disparities are deeply connected to the social relations of production at the factory floor and other places of work,

and macro-policies that violate the historical commitment to redistribution. Inequality has increased the most among the Coloured population, by 9 percentage points, whereas among Africans it has increased by 1 percentage point between 1995 and 2008.

8. The means of production remain concentrated in white capitalist hands: Estimates of black ownership of JSE-listed companies range between 1.6% and 4.6%. The JSE is still dominated by few large firms; 50% of JSE is accounted for by 6 companies and more than 80% is accounted for by large banks and companies engaged in the core of the minerals-energy-complex. Crucial sectors in the economy continue to be dominated by a few large conglomerates with cross directorships. These conglomerates are vertically integrated and therefore limit entry into the economy by smaller firms. In addition, there has been a rapid increase in foreign ownership of these conglomerates. This has served to consolidate their domestic power through their global networks. Traditional South African conglomerates, such as Anglo-American have undergone significant restructuring, encouraged by opportunities to globally diversify their operations, thanks to GEAR's neo-liberal financial liberalization. In addition, little by way of black ownership and worker control has been achieved over the past 18 years. Almost all the top 20 paid directors in JSE listed companies are white males.
9. Imperialist domination has deepened over the past 18 years and the ownership patterns have moved further away from domestic ownership, especially by the black working class. The financial sector is dominated by the banking sector, which has 4 large privately owned banks (ABSA, Nedbank, FNB and Standard Bank), two of which have significant foreign ownership. ABSA is 56% foreign-owned whilst Standard Bank is at least 40% foreign owned. The wholesale and retail trade sector is dominated by two firms: Shoprite and Pick 'n Pay, which constitute 66% of market share. The entry of Walmart will change the picture on foreign ownership. Even before Walmart's entry, Massmart was 60% foreign-owned, Shoprite is 35% foreign-owned, Truworths is 50% foreign-owned, Foschini is 40% foreign owned, JD Group is 40% foreign-owned, Lewis is 30% foreign-owned, Pick n Pay has less than 10% foreign-ownership, Spar under 20% and Mr Price and Woolworths 20%. Manufacturing is dominated by two sectors: petro-chemicals and basic iron and steel, which are dominated by SASOL and Arcelor-Mittal, which have significant foreign-ownership. SASOL is about 30% foreign-owned and Arcelor-Mittal is 65% foreign owned. More than 80% of the Johannesburg Stock Exchange is accounted for by the large banks and the few companies in the traditional sectors: mining and energy. All these companies are white, private, capitalist-owned and they are increasingly being foreign-owned. The Second Transition will be a hollow slogan if it does not address these fundamental patterns in favour of the revolutionary class forces. Malaysia ignored such patterns, only to be woken up by race riots in 1969.
10. The structure of the economy remains mineral-dependent and is now finance-led: The economy is still very much reliant on mineral exports for foreign exchange earnings. Although some have found that manufacturing exports have increased, surpassing minerals, such exports remain driven predominantly by the core minerals-energy-complex. Petrochemicals, mining

and Basic Iron and Steel make up 69% of total exports, and are highly capital and energy intensive. Many studies have found that the manufacturing sector has rapidly increased exports, attributing this to trade liberalization, which is said to have increased productivity and competitiveness. This is misleading, because the so-called manufacturing that has increased exports, especially basic iron and steel and petro-chemicals, constitute the key pillars of the minerals-energy-complex, and is heavily monopolised.

11. In fact, over a long-haul the structure of exports has failed to break the dominance of core minerals-energy-complex sectors, and imports continue to be made up of sophisticated manufactured items such as machinery and equipment. Between 2003 and 2008 manufacturing imports rose by almost 10 percentage points, thereby contributing problems in the external balance. Since 1975 the financial sector outperformed the non-financial sector in terms of growth performance. By 2005, the financial sector was growing almost twice the growth rate of the non-financial sector. A combination of the increase in finance and the capital-intensive MEC core puts further limits to job creation.
12. In terms of social development, the crisis of Colonialism of a Special Type has not abated, despite valiant efforts to deliver services. The health profile of the population has deteriorated: In 2006, a black female South African was expected to live 12 years shorter than a white male, and an average male in Sweden expected to live 30 years more than an average black South African female. The life expectancy of South Africans was the highest in 1992, at 62 years. Ever since then life expectancy fell to 50 years in 2006. The life expectancy of a white South African now stands at 71 years and that of a black South African stands at 48 years, according to the South African Institute of Race Relations Survey (2009). Whites therefore expect to live 23 years more than blacks according to the study.
13. The crisis in education persists and the quality of education is declining: The poor's children remain trapped in inferior education with wholly inadequate infrastructure. Indeed according to OECD research, "70% of (matriculation) exam passes are accounted for by just 11% of schools, the former white, coloured, and Asian schools". What is of major concern is that 12-year olds in South Africa perform three times less than 11-year olds in Russia when it comes to reading and 16-year olds in South Africa perform three times less than 14-year olds in Cyprus when it comes to mathematics. However, white learners perform in line with the international average in both science and mathematics, which is twice the score of African learners.
14. Furthermore it is estimated only 3% of the children who enter the schooling system eventually complete with higher grade mathematics, 15% of grade 3 learners pass both numeracy and literacy, 70% of our schools do not have libraries and 60% do not have laboratories, 60% of children are pushed out of the schooling system before they reach grade 12. In 1997, approximately 1.4 million learners entered the system in Grade 1. The matriculation pass figure of 334,718 learners in 2009 means that 24% were able to complete matriculation in the minimum of 12 years. Lastly, 55% of educators would leave the

profession if they had an opportunity to do so. This is symptomatic of an ineffective and dysfunctional education system.

15. The housing challenge is still persistent: There has been progress in the provision of housing; 74% of South African households live in brick structures, flats and townhouses. Nevertheless there remain 15% of households who live in shacks, which amounts to 1.875 million households. Despite the progress that has been made in the provision of decent human settlements, the quality of housing remains a major challenge; 46% of South African households live in dwellings with no more than 3 rooms, 17% of households live in 1-room dwellings. Among Africans 55% live in dwellings with less than 3 rooms and 21% live in 1-room dwellings, whereas at least 50% of White households lives in dwellings with no less than 4 rooms. These disparities in the conditions of living are a direct consequence of the legacy of Colonialism of a Special Type, and the capitalist relations of production that underpin it.
16. Progress has been registered in meeting basic needs but affordability remains a problem: Significant progress has been made in the provision of basic needs in the past 18 years. Households with no access to water infrastructure fell from 36% in 1994 to 4% in 2009. Access to sanitation also dramatically improved over the same period, from 50% to 77%. Access to electricity also improved from 51% to 73%. Nevertheless, in the light of high unemployment, low-paying and precarious work affordability is a problem. As a result, a number of communities have engaged in service-delivery protests, partly inspired by the low quality of services, partly by lack of services and general government neglect, and partly because of cut-offs, which have been informed by the notorious cost-recovery policy on basic services. Between 2009 and 2011, there was on average 10 service delivery protests a month in South Africa, which means that there are, on average, 120 service delivery protests a year! These protests are increasingly becoming violent, with 64% of these protests ending up violently in 2010. The main cause, of course, is lack of accountability and poor service delivery.
17. This policy has led to 1.3 million households, which account for almost 5 million people, experiencing water cut-offs due to non-payment. The main drivers of non-payment are affordability, low incomes and unemployment. The overarching policy framework within which service delivery occurs makes the impact of access to basic amenities not to be enjoyed by working class and poor households. The 15-Year Review captures this clearly when it says: “problems of quality and affordability of services reduce the impact of broader access. For example, women in households which can afford to use electricity only for lighting, and not for heating or cooking, do not reap the full improvement that electrification can bring to their lives”. We cannot agree more and we have to ask why this is the case.
18. The Second Transition document does not raise the limitations imposed by the commitments of the apartheid government, such as classifying South Africa as a “middle-income” country, when it is well-known that South Africa is composed of interrelated and symbiotic socio-economic extremes of the same economy. It also does not problematise the failure of the democratic government to review

these commitments. As long as the real status of South Africa remains distorted, it will be difficult to embark on transformative initiatives even within the framework of existing (and imagined) international constraints. Our socio-economic analysis of the deepening crisis of Colonialism of a Special Type clearly shows that class content of democratisation, that foundation of the democratisation process was the restoration of profitability of the capitalist mode of production. This set in motion further social polarisation in terms of rising inequality, poverty and unemployment.

19. The GEAR macroeconomic policy of the past 18 years has failed to support development. Policy tools to support broad-based industrialisation of the economy were completely demobilised. Instead, trade liberalisation was introduced, leading to the strengthening of the power of multinational corporations and monopolies; it has weakened the power of the state to direct industrialization and has led to disintegration of productive structures at local level. The secondary sector has been losing jobs since 1995, thanks partly to trade liberalization. Between 1995—2008, the secondary sector lost 350 000 jobs. The policies of the past 16 years have thus failed to promote labour-intensive industrialization. In addition, the relaxation of exchange controls and the granting of permission to South African conglomerates to de-list from JSE and to increase foreign ownership of critical sectors has led to massive capital outflow and a persistent depression of domestic saving: Gencor, Liberty Life, Anglo-American, De Beers, Old Mutual, SA Breweries, Investec and Didata are all big firms that have accumulated capital by exploiting South African and regional labour through the migrant labour system and apartheid repression. They have now found a way to avoid the responsibility of financing industrial diversification in South Africa, thanks to the neo-liberal “tactical detour” that GEAR is today so conveniently explained to be.

20. The Second Transition document prides itself about this “our stabilisation” in paragraph 139, and seeks to use this to explain fiscal expansion in the 2000s, forgetting that the externally-driven commodity boom played a big part in that. Nevertheless, what those GEAR policies engendered was high interest rates that are required to keep attracting short term flows to finance long-term expenditures. This way of managing the economy also led to a rapid rise in South Africa’s foreign debt from \$25 billion in 1994 to \$78 billion in 2008, with relatively little increase in real productive investment in the private sector. In just 5 years, the share of foreign capital inflows in total savings rose from zero in 2001 to 75% by 2008, a swing from the outflows registered in 2002. This makes our economy vulnerable to capital flow reversals and entrenches the power of global financial capital to hold domestic state policy hostage and does not represent an iota of stability. This has also been accompanied with an ideological stance that seeks to keep an over-valued currency under the excuse of containing inflation, when in fact this serves to boost the value of profits that are being siphoned from the country. For example, Telkom was privatised for R5.4 billion in 1997 to foreigners, thanks to neo-liberalism. Five years later, these foreigners sold their shares for R12.7 billion and took the money out of South Africa, supported by the strong currency. In other words they injected \$1.2 billion and took out more than \$3bn of our hard-earned foreign exchange, including management fees. The Second Transition

document simply ignores such long-lasting damages and dismisses our concerns as just “tactical differences” about the NDR.

21. The labour market in South Africa has increasingly become a field of reproduction of the working poor, it has further entrenched the apartheid wage gap, and the class income gap. It is effectively de-regulated, despite the so-called raft of legislation to protect workers. The state itself, through outsourcing, the allowance of casual labour, the use of labour brokers and illegal immigrant labour, pursues the interest of the capitalist class in a bid to restore profitability. Labour market deregulation also makes it impossible to combine employment with significant skills development because of the precarious nature of employment. As of 2009, it was estimated that 30% of employment in the South African economy is now due to labour brokers. Major players in the wholesale and retail sector for example, which is highly feminized, work with 20% permanent and 80% atypical employees, there are so-called permanent-casuals, flexi-workers, permanent-flexibles, etc. The UNDP Report 2010 says that 44% of workers in South Africa live on less than R10 a day, which is almost the same as the daily allowance on the child support grant. But this amount can barely pay for a dry loaf of brown bread a day. More than 30% of young workers earn less than R10 a day. These GEAR-related effects on the primary motive force of our revolution, the working class, are just dismissed with a wave of the hand as “tactical detours”.
22. There are also several problems with the theoretical approach of the Second Transition document. These problems mainly stem from the uncritical acceptance of the approach adopted by the National Planning Commission. For example, in paragraphs 28 and paragraphs 102—105, it refers us to the Diagnostic document of the National Planning Commission for an analysis of the crisis of Colonialism of a Special Type and obstacles to transformation. However, our reading of the Diagnostic Document is that it completely obfuscates the underlying root causes of the crisis that engulfs South African society. That Diagnostic claims that our problems reside in the fact that a) too few people are employed, b) the economy is mineral-dependent and carbon-intensive, c) infrastructure is crumbling, d) the education system is dysfunctional, e) the health system is failing to deal with a rising disease burden, f) there is unevenness and instability in the state apparatus, g) corruption is eating at the social fabric and h) South Africa is a divided nation. But these are symptoms of an underlying problem.
23. In terms of the underlying, or root causes, of South Africa’s biggest challenges, the NPC Diagnostic says: “The roots of South Africa’s high rates of unemployment, poverty and inequality can be traced to more than a century of colonial exploitation and apartheid – denying African people access to land, and the right to run businesses, to own certain assets, to quality education and to live in well-located areas” (p.10). But when one reads the Diagnostic document, it becomes very clear that the nine problems that are identified are not linked to the “more than a century of colonial exploitation and apartheid”. In our critique of the Diagnostic document of the NPC, we said: “South African capitalism is therefore inconceivable without colonialism. The massive wealth that has been accumulated over the years, the large corporations—the white

monopoly capitalist enterprises, are founded on the historical process of colonial exploitation of African labour by the white capitalist class”.

24. We continued: “It is precisely this economic relation between the white capitalist class and the African working class which defines, in concrete terms, the most fundamental relation upon which ideological and political superstructures of South African society rest. It is also this very same economic relation which informs the power relations in South African society, which power relations also explain the flow of resources among classes, between racial groups and between men and women. The continued existence of this economic relation also feeds into the ideological formation, especially racism. The democratic forces made it clear that to let existing forces to continue monopolising the means of production would feed the root of racial supremacy. This is the case because white monopoly capital, because of the power relation, would always ensure that the white population occupies a higher level in the food-chain, whilst non-whites are themselves structured in a hierarchy that affirms racial stereotypes”.
25. We then noted the admission by the NPC of the failures of the post-1994 policy trajectory, at the centre of which was GEAR, to resolve the problems of the nation: “Having correctly addressed the root causes of unemployment, poverty and inequality, the NPC has a second task, the task of explaining why over the past 17 years, the democratic order has failed to resolve unemployment, poverty and inequality. In the words of the NPC: “Our implicit conclusion is that a business-as-usual approach will result in South Africa *failing* to meet a great many of its objectives, and the diagnostic document *highlights the main reasons why this is so* (p.1)...The economy has *failed* to create jobs at the pace necessary to reduce extremely high unemployment, and the education system has *failed* to ensure that equalised public spending on schooling translates into improved education for poor black children (p.5)... Efforts to raise the quality of education for poor children have largely *failed*””.
26. We then concluded: “Unfortunately...the NPC document becomes highly inconsistent. It identifies 9 challenges that it considers to be obstacles to addressing unemployment, poverty and inequality. However it does not link these challenges to the underlying problematic economic relation that defines South African society, which the NPC itself acknowledges to be at the “root” of our problems as a country. As a result, the diagnosed root cause of the South African disease is divorced from the symptoms. The symptoms are then treated as problems in themselves, instead of them being expressions of an underlying economic relation that persistently generates them”. In short we said the Diagnostic document of the NPC does not assist us because it “diagnoses symptoms”, i.e. it diagnoses the obvious. The Second Transition document, hook, line and sinker, falls completely into the same trap and asserts: “there seems to be agreement on the *symptoms diagnosed* by the NPC”! So the whole exercise is about dealing with “symptoms”, diagnosing what is obvious. The Second Transition document follows the incorrect approaches of the 1997 Strategy and Tactics to the NDR as a revolution that seeks to deal with “manifestations” of oppression, an approach that is also expressed in the 2007 Strategy and Tactics that our struggle is against the “manifestations of the

iniquitous social relations”, and not against these iniquitous relations themselves.

27. This incorrectly positions the ANC as a fire-fighter against the manifold manifestations that spring up here and there, all over the country, of the contradictions of Colonialism of a Special Type. All this just hollows out the revolutionary character of the ANC and lays the basis for an ever-widening gulf between the ANC and the masses of our people. This also explains why the “one hundred policies and laws per year” that are mentioned in paragraph 16 of the Second Transition document have not dealt with the “root causes” of the problems poverty, inequality and unemployment that confront our people, problems which have worsened over the past 18 years. It is precisely the failure to get to the bottom of these social problems that will lay the material basis for the “detachment” of the revolutionary classes from our movement, leading to a “crisis of authority”, a “crisis of hegemony” for our movement.
28. We want to warn that if this document is not reconstructed as a genuine, not revisionist elaboration of the Freedom Charter to reflect the radical character of the National Democratic Revolution its status will be that of a “proverbial poor player, that struts and frets his hour upon the stage, and then is heard no more” or may be rendered into a proverbial “tale told by an idiot, full of sound and fury signifying nothing”. In one word, it will be ignored by the masses.
29. The ANC is our movement and we will not allow that happen. Below we table proposals on what should be the revolutionary content of the Second Transition.

Part C. The Content of the Second Transition: Pulling the Threads Together

1. The Economic Transformational Content of the Second Transition

1. The economic content of the Second Transition must be based on the two economic clauses of the Freedom Charter “which includes “the people shall share in the country’s wealth and the land shall be shared among those who work it... These clauses envisage the seizure of economic assets presently owned or controlled by individual capitalists or capitalist companies drawn exclusively from the white minority or transnational corporations”²². The ample experience of the past 18 years has demonstrated that, failure by our movement to move towards this strategic perspective will only engender an unsustainable and untenable gulf between the well-to-do on the one hand and the masses of the poor on the other. This growing gulf in the aftermath of assuming political office by liberation movements has triggered political upheavals in many post-colonial countries and has served to motivate for left alternatives towards an egalitarian vision.
2. We thus call for the re-assertion of the Freedom Charter, as the over-arching document that should guide the Second Transition. Indeed our movement’s proposals on economic transformation have always been centred on the need

²² Apartheid South Africa: Colonialism of a Special Type. ANC Discussion Document, 24 March 1987.

to implement the Freedom Charter and to advance the proposals of the Reconstruction and Development Programme. The pillars of our economic transformation programme should remain:

- a. Redistribution of economic power, resources and income
 - b. Democratising patterns of ownership and control of the economy
 - c. Meeting basic needs
 - d. Industrial development
 - e. Environmental sustainability
 - f. The development of the Southern African Region
3. On the redistribution of economic power, resources and incomes, the policies of the Second Transition must revolve around the following points:
- a. Breaking the power of white monopoly capital, which continues to own decisive industries such as petro-chemicals, steel, finance, wholesale and retail and the agricultural value-chain
 - b. Improving access to quality and affordable basic services such as education, healthcare, housing and basic infrastructure by working class communities, including rural areas
 - c. Measures to reduce income inequality through among other instruments, progressive taxation and redistributive public expenditure
4. Democratising patterns of ownership and control of the economy include the following interventions:
- a. Nationalisation of the mines, banks and other monopoly industries (e.g. forestry, petro-chemicals, steel, metals fabrication)
 - b. Extend public ownership in critical sectors (e.g. pharmaceuticals, capital goods and equipment, cement, construction)
 - c. Nationalisation and increased state-ownership of the financial system, particularly the banks and insurance companies, in order to support social and economic development. In this regard, the resolution to create a State Bank, operating on the same platform and scale as current commercial banks is non-negotiable
 - d. Nationalisation of land and ensure that the democratic state has power to allocate its use on a lease basis
 - e. Promote co-operatives (e.g. in clothing and textiles, agricultural value-chain, etc.) and ensure that working class power is promoted in the economy
 - f. Support SMMEs and the private sector, where these are not in conflict with the overall strategy of economic development
 - g. Put limits on foreign ownership across all sectors, with specific limits determined on a case-by-case basis, cognisant of the foreign exchange implications
5. On Meeting Basic Needs, the ANC needs to consistently maintain that this should be at the centre of economic development and must include:

- a. Access to quality education, skills development and training, healthcare and housing should be extended in working class communities in both urban and rural areas
 - b. Access to quality and affordable public transport, including by people in rural areas
 - c. Universal access to quality and affordable basic services such as water, energy and sanitation
 - d. Provide the appropriate macroeconomic framework, underpinned by the restructuring of the entire tax system with a view to introduce progressive taxation, to finance meeting the basic needs of our people
6. On industrial development, we need to resolutely pursue a strategy to build and broaden industrial linkages in line with the RDP proposals. Industrial strategy must identify strategic and critical value-chains that should constitute a cohesive domestic economic base. This includes the following interventions:
- a. Beneficiation of minerals and raw agricultural products
 - b. Using broad-based infrastructure development as a crucial link to support industrial development and social upliftment
 - c. Directing the inputs that are produced by monopoly industries, e.g. petrochemicals (SASOL) and steel (Arcelor-Mittal), towards supporting domestic downstream industries
 - d. Promoting local procurement by putting in place a system of incentives and disincentives
 - e. Implementing a developmental trade policy, e.g. tax on selected exports and in some instances export bans, tariff adjustment to protect local industries and imposition of import duties
 - f. Improve access to finance to targeted sectors and linking this to developmental goals
 - g. Building strong links between agriculture and manufacturing, also as part of a strategy for rural development
 - h. Provide an appropriate fiscal and monetary policy framework to support industrial development
7. On Environmental sustainability, the ANC must adopt a policy stance to ensure that industrial and social processes:
- a. Minimize the disruption of natural processes
 - b. Limit environmental degradation and adverse changes in bio-diversity
 - c. Combat, soil erosion and desertification
 - d. Reduce emission of greenhouse gases, especially carbon dioxide
 - e. Reduce the pollution of water streams and ground water
8. On the Development of Southern Africa and Africa, our policy positions must involve the following proposed interventions:
- a. Promotion of worker rights, democratic institutions and the creation of decent work
 - b. State-led and state-driven infrastructure development as a primary means to integrate the regional economy

- c. State-driven and state-directed industrial development and trade policy to support broad-based regional industrialisation and job-creation
 - d. Addressing the problem of forced migration, especially due to social and economic hardship faced by the working class and the poor in the region
 - e. Support food, water and energy security of the region through improving infrastructure roll-out and maintenance
 - f. Improved regional access to basic services such as health services, quality education, skills development and training.
1. Our response to the ETC document of economic transformation is based on these proposals. The ETC document does not at all signal a change in orientation, urgency and neither does it represent a radical break from neo-liberalism. The notion of the Second Transition does not even appear. In short, the ETC document does not provide an integrated approach to economic transformation and fails to be bold in its proposals. Actually there are no proposed interventions to shift the economy in a radical way. For example, it is not clear what concrete measures are put in place to ensure that infrastructure development stimulates domestic supplier industries. The strategic role of the Minerals-Energy-Finance Complex, which is the heart of the South African economy, is completely absent in the document. A surprising omission is the important issue of rural development, an issue that is also of historical significance as we approach the centenary of the 1913 Land Act. The document avoids dealing with the property question, ignores macro-economic policy, narrows the environmental pillar only to climate change and reducing carbon emissions, does not show how economic transformation will meet basic needs, etc.
 10. We furthermore propose that state-ownership of the mines, banks and monopoly industries must be raised as a crucial entry point in the discussion for economic transformation. Thus, there must be an outline of the sectors in which the state will own and control the means of production, sectors where the state will develop forms of interventions such as regulations, and sectors where the state will play a supportive role in promoting certain economic activities. In the same vein, whilst it acknowledges the mixed nature of the economy to be composed of co-operatives, public sector and private sector, it fails to specify the concrete interventions that are required to support the co-operative sector.
 11. The Second Transition document minimises the significance of the debate on nationalisation as “rather limiting”. It asks a series of questions to which we have responded in our input on the SIMS document and it rehashes the “mixed economy approach” of the movement without reference to what the Freedom Charter says about specific sectors of the economy. This feat is performed in paragraph 179, after which we are dragged into the so-called proposals of the National Development Plan in paragraph 180. All those eight proposals for economic transformation from the NDP evade the fundamental property question. In short, the very foundations of Colonialism of a Special Type are left intact and innovation, ICT, SMME incubation, skills development and infrastructure provision are all to be carried out on top of these rotten foundations. Indeed the Second Transition document acknowledges in

paragraph 182 that “the economic transformation proposals in the NDP correctly build on the foundations of the last 18 years, ensuring continuity”. Continuity of what? Colonialism of a Special Type? Neo-liberalism? Business as usual?

12. The Second Transition document then gets bogged down in “potential areas of contradiction” in paragraph 183—185, between the NDP and the SIMS report, both of which do not assist in tackling the property relations that are at the foundations of Colonialism of a Special Type. Both documents fail to recognise that the crisis that engulfs South Africa, is due to the material productive forces of society persistently colliding with the existing property relations, that the ongoing and deepening crisis in South Africa is due to the fact that the existing social structure has become incapable of solving the urgent problems of development of the nation, and that this crisis is because the ruling class has failed in its major political undertaking in the so-called First Transition, for which it has requested and forcibly extracted, the consent of the broad masses through reconciliation and neo-liberalism.
13. In relation to the SIMS report, we came to the conclusion that: “What we had expected from the SIMS report is an elaboration of the models of state-ownership that are described in p.11 and their pros and cons. We had expected that the SIMS report, given the fact that the mining sector is made up of different minerals, whose mines operate under different conditions of production, and whose economic significance in the national and global economy is also different, would advise on the best form of state ownership for each mineral. The SIMS report should have outlined which minerals are strategic or critical and ranked them and on that basis, advised on the best way through which the state can own the associated mines. As it stands, the list of state ownership models that are described in p.13, which should have been the core of the report, has been rendered irrelevant to the rest of the report which, though important, is outside the consensus position of the 3rd NGC. The issue of whether nationalisation, of whatever form, is possible, disastrous, etc. is a matter that is beyond the terms of reference”. We have provided a more detailed critique of the SIMS report elsewhere.
14. The central role of SOE’s and DFI’s needs to be elevated in the Second Transition and should be located within the context of building an interventionist, revolutionary-democratic, developmental state. However the document on SOE’s and DFI’s does not advance the notion of the Second Transition too, and is narrowly focused on the major national SOEs and DFIs and even so at a high-level or in general terms. This limited scope of the document is also reflected in its failure to engage the government’s review of the DFIs and the adopted programme for the rationalisation of DFIs in line with the findings of the DFI Review Commission. This includes aspects of the NGP and NDP dealing with both the SOEs and DFIs. There is also a need for proper and specified attention to be paid to the challenges facing particular types of SOEs and DFIs such as those that are business enterprises competing with the private sector like SAA or Telkom and others that are monopolies in their sectors such as Eskom, Water Boards, etc. especially those whose mandate is related to the delivery of public services. The document must be clear the

agencification and outsourcing are counter-revolutionary, as they run against the resolution of the Alliance Summit of May 2008. We provide a more detailed input on SOEs and DFIs elsewhere.

1. The Social Transformational Content of the Second Transition

1. Our perspectives on social transformation must draw from the Freedom Charter as the foundation document of our movement. In doing this, there is a need to always maintain a dialectical understanding that social development provides the basis for the masses to effectively participate in the process of political and economic transformation and that, political and economic transformation should provide the basis social upliftment. Viewed in this reciprocal dialectical inter-related fashion, it becomes clear that the idea that social development interventions produce a “culture of dependency” whilst those interventions that are specifically aimed at addressing economic challenges are “developmental” is misleading. It is from this perspective that we should approach the process social transformation.
2. The leading issues that occupy pride of place in discussions on social transformation are numerous. Here, we highlight a few and signal the change in approach that is required to give revolutionary content to the Second Transition. Firstly social cohesion must be conceptualised in its concrete-historical form, to deal with the discrimination of people with disabilities, the class, race, gender polarisation that continues to define South African society. Sports, Recreation and Cultural industries must be transformed to route the exploitation of workers and to change the power relation that obtain in the Sports and Creative industries. However, as the major events such as the Rugby and the Soccer World Cups have shown, social cohesion will remain elusive unless the basic wealth in our country is transferred to the people as a whole. We should draw lessons from countries that have undergone “Second Transitions” in this regard.
3. Secondly, a comprehensive strategy of youth development should be developed to include areas such as education and skills development including apprenticeship schemes, youth brigades covering areas such as coaching in different sports codes, health, literacy and green economy and developing a national youth cooperative scheme. The most important area of emphasis is to restructure the education system so that young people enjoy a variety of options in the post-school education. In this regard the on-going efforts to transform the post-school and training environment and the intention to drastically expand the FET sector should be escalated. Nevertheless, it should remain the primary responsibility of the state to facilitate school-to-work transition through effective use of its organs, developing a forecasting and planning system, and hosting an up-to-date database on labour demand by various sectors of the economy. It should be the primary responsibility of the state to ensure that no young person fall through the cracks in the education and training system.
4. Thirdly, as part of the anti-poverty strategy, there is a need to define a basket of social services and the social wage to which every South African is entitled.

This basket must include define the quality of human settlements, access to quality health and education, affordable, safe and reliable public transport, food security and access to a balanced diet, comprehensive social security and adequate social protection. In this context the idea of a “social protection floor” must be pursued and speedily implemented as an integral part of Second Transition. In this context the design and formulation of the national social security fund should be subjected to wide consultation, and must be designed so that it contains within it, the principle of redistribution.

5. Fourthly, the 10-Point Plan by the Department of Health must be supported and speedily implemented. The health system needs to be transformed by first putting an end to the current two-tier health system and moving towards a fully socialised health system. The private sector must be controlled to ensure that it supports social development imperatives. The state must finance health care under the NHI through three mechanisms (a) general revenue, which will provide the bulk of funding, (b) mandatory progressive contribution for anyone who pays personal income tax; and (c) payroll tax from employers. The principle that should underpin healthcare transformation should be redistribution. Primary Health Care must continue to be the central focus of all health policies and must include awareness and prevention of diseases. A comprehensive strategy of human resource development for the health system must be pursued and co-ordinated with the education and skills development strategies. A key feature that should define the health system is that the state must play a leading role in the ownership and control of sectors that produce critical inputs into the health system. In this regard, we have to reiterate our demand for a 100% state-owned state pharmaceutical company.
6. Other proposals that should be considered in driving social development include a) Mainstreaming of indigenous knowledge systems, b) ensuring mass-based access to quality and compulsory Early Childhood Development, c) dealing decisively with alcohol and substance abuse, d) providing access to housing and the development of human settlements, e) ensuring a state-led water provision for growth and development, and f) mitigating the effects of climate change within the overarching framework of Just Transition. We make more detailed inputs around these areas elsewhere.
7. In relation to education, we propose that the Policy Conference must develop a coherent plan to implement the free education resolution, and that the curriculum content of the education system as a whole contain an element that engenders among the youth a sense of social consciousness and progressive internationalism. This is in line with the Freedom Charter: “The aim of education shall be to teach the youth to love their people and their culture, to honour human brotherhood, liberty and peace”. We also note that the corporatisation of post-schooling education impacts negatively on young people whose families are caught up in poverty and unemployment, because of the increase in fees and the inability to access loans or bursaries and that historical divisions and inequalities that continue to define the education landscape must be decisively eradicated.

8. The principles that should underpin the education system and policy must therefore be: a) redistribution, the urgent need to eliminate the three-tiered structure of the education system which features: private institutions, model-C schools, and ordinary public schools and to redistribute resources towards ordinary public schools in working class and poor communities, b) promoting a culture of learning and teaching, c) promotion of decent work, d) promoting a sense of social consciousness and of human rights, and should be geared towards elimination of race, gender and class oppression and discrimination.
9. An important aspect of the education system is quality. Five aspects define quality education: the learning environment, what learners and educators bring, curriculum content, teaching and learning processes and support systems for learners and teachers, outcomes of the education system. Although the education system is in crisis in all these aspects, it is the learning environment that is the most pressing. The challenge is to ensure that initiatives to improve the quality of education must have, at the core, the creation of decent work. As we highlight below, the infrastructure and human resource backlogs in education offer an opportunity for the state to: a) directly support the relevant industrial sectors, b) expand employment directly by providing bulk infrastructure, c) support local communities, especially co-operatives, which produce basic building materials, such as bricks²³.
10. Having mentioned all this, we insist that without putting the transfer of the basic wealth of the country to the ownership of the people as a whole, social development initiatives will only achieve cosmetic progress. In fact the basis for genuine social emancipation lies in decisively tackling the underlying capitalist relation that defines Colonialism of a Special Type. It is in this context that we find it strange that the Second Transition document enjoins us to pursue “democracy with social content” in paragraph 186, or simply “social democracy” in paragraph 68. What emerges therefore, according to the Second Transition document, is that we should build a social democratic society. But the fact that it does not call for the destruction of the underlying class relations of Colonialism of the Special Type, the Second Transition document therefore seeks to build a “democracy with social content” founded on the class relations that define Colonialism of a Special Type. In short, because indeed the ANC is now positioned by the Second Transition document to deal with “manifestations” of underlying relations, all that we need to do is simply to “place the needs of the poor and social issues such as health care, education and a social safety net at the top of the national agenda” (see paragraph 68). All that we need to do in the Second Transition is to improve the quality of education, prevent illnesses, deepen the social floor, fight crime and corruption and preserve and promote the arts.
11. The problematic issue of course, is that the document does not explain why all these things will successfully occur without the destruction of white monopoly capitalist power. What is the scientific basis of thinking that excessive education, healthcare, high social floor, no crime and no corruption, will destroy Colonialism of a Special Type? What is the theoretical basis of this

²³ See COSATU's Growth Path document for more details.

thought? To our knowledge, this approach to a Second Transition has no historical precedent and would constitute a ground-breaking discovery. What we are saying is that all these things are impossible to achieve within the existing property relations. Without tackling the question of property relations, to put these issues “at the top of the national agenda” would be tantamount to setting up the ANC for failure. To do as the Second Transition document recommends would be to trap the ANC in a mode of “service delivery”, in an attempt to plaster the ever-widening cracks generated by the underlying class, race and gender contradictions of Colonialism of a Special Type.

12. Once again, it would be useful to premise social transformation on the Freedom Charter, and to link this transformation to genuine economic transformation interventions that tackle the underlying problems, not the “manifestations”. Indeed, it is clear to us that the Second Transition document relies heavily on the failed social democratic perspectives of the 1997 Strategy and Tactics, and not revolutionary-democratic approaches that have historically defined the perspectives of our movement.

4. The Internationalist Perspective of the Second Transition

I. Our Internationalism and the Tasks of the Second Transition

13. Our basic premise is that the ANC is essentially an anti-imperialist movement. We wish to proceed and reflect on a few points to be noted in our engagement. The most salient points to be noted in this regard are that the ANC is both a product and champion of a liberation struggle that was an integral part of the global anti-imperialist struggle. Secondly, the transformation of multilateral institutions to be more democratic, accommodative of developing countries’ interests and more transparent and accountable must be pursued with much more vigour. Thirdly, the G20 and other such exclusive clubs are never meant to be structures of new thinking for alternatives to the dominant paradigm, but an extension of the imperialist management power structure through the co-option. Fourthly, there is a need for a thorough review of ANC and Government international performance since the Polokwane outcomes and how that performance relates to our profoundly progressive perspectives for a new and just world order. Fifthly, the centrality of the alliance in driving a new, progressive and bold international agenda and collectively committing ourselves to actively campaign on key international solidarity issues should be non-negotiable. Sixthly, a thorough discussion on Africa and our approach to the crisis facing our continent in order to develop a comprehensive approach rooted in the active mobilisation of our people is very critical and very urgent. Seventhly, defining an activist international policy is about localising international issues, struggles and experiences, internationalising local issues, struggles and experiences.
14. We further note that the global economic crisis has not only exposed the underlying contradictions of the capitalist system and its fragility, but has also created further possibilities for the consolidation of progressive alternatives. In view of the new emerging possibilities, have we effectively exploited those

spaces to advance a progressive alternative agenda than always feeling held hostage by the “balance of forces” in the abstract.

15. The meaning and essence of the transformation of multilateralism and the democratisation of global power relations needs to be clarified. Both in form and content, theory and practice, this issue is not sufficiently clarified by the ANC. Hence, the perception that in the way it is raised, South Africa seeks to integrate itself into the existing and undemocratic global power structure rather than fight to dismantle it. This will, and does have, an effect on the momentum of the south-south agenda and the honesty with which we can be relied upon as a trustworthy partner in the same.
16. Ascendance to, and use of strategic levers of power in the global arena requires absolute clarity about what we seek to do with them, in whose interests and who are our allies in that pursuit. In this regard, our being in the UN Security Council could be an opportunity to practically advance some of our perspectives much more profoundly. In this regard, we must be able to set precise goals of our participation and leadership to assert a new ethos and goals in line with our values.
17. Peace-building has become primarily a military project delinked from popular forces on the ground throughout the continent. This requires us to change the approach in order to demilitarise peace-building and root it amongst the masses and their popular forces. This raises the need for a new perspective and approach to peace-keeping and building stability on the continent. In particular, we refer to the lack of emphasis on the active mobilisation of the people through building partnerships with progressive civil society formations in the war-torn countries as an integral part of this strategy. The continued militarisation of peace-keeping has proven unsustainable and costly in both human and financial terms. It cannot succeed on its own without the active mobilisation of the people on a progressive platform. This is what international studies experts call the careful combination of both hard and soft power in the advancement of international policy objectives. The role of our country on the continent, particularly in peace-keeping missions requires a rethink of our approaches in view of the massive resource-investment and the little returns in terms of establishing sustainable conditions for peace in most of the countries where we are involved. In this regard, such situations should at the same time assist us deepen progressive hegemony on the continent.
18. We note and welcome various interventions that aim to consolidate and strengthen the power of DIRCO and other international state and related actors, such as the South African Partnership Development Agency (SAPDA), but believe that DIRCO must have the power and capacity to co-ordinate all international engagements, including oversight on their implementation. This will avoid fragmentation and competition, but will also enhance effectiveness, synergies and maximum results.
19. The role of civil society in general and the revolutionary alliance particularly, in the ANC's international programme is rather accidental and does not demonstrate a clear recognition of their role and meaningful place in

enhancing the advancement of a progressive global agenda. It is clear that state actors have a limit as to the extent to which they can be able to advance a consistently progressive international agenda, hence the importance of civil society in engaging other key sites of the international power arena.

20. The South-south agenda is crucial, but in its current manner, it is exclusively a state project and does not draw in the active participation of the majority of the people and their organisations. This is why we must always emphasise that only a consistently involved society will defend a popular agenda. There is no other way to transform the global reality than to forge powerful alliances and partnerships with the rest of the dominated global south in order to confront the power of the rich and industrialised countries and the power of multinational companies. ALBA has demonstrated that reality, to some extent. The growing tendency to shy away from the fact that trade and multinational companies have become the most fierce and central weapons of neo-imperialism and must be engaged as sites of an anti-imperialist struggle disarms our engagement in this critical arena of our struggle. In this regard, we are called upon to link this with the issue above in order to create a common front against imperialism, particularly working with countries of the south that have proven to be determined to rid their countries of the corrupting tendencies of neo-liberal domination.
21. Particular attention must be paid to the home-ground, SADC. This region will be critical in the ability of our country to realise its objectives or fail. With the deepening levels of poverty, growing levels of autocracy in some of the countries and the danger of instability resulting from all these, South Africa cannot avoid carrying some of the burdens associated with such situations. The xenophobic violence is an example of such instances. Therefore, far bolder steps are needed to confront the situations in Swaziland and Zimbabwe, particularly. We need more than just positive statements, but bold and concrete plans to make a difference. In this regard, the size of our country and its economy would enhance that objective, particularly as it relates to Swaziland where the SACU revenue subsidize royal greed and tinkhundla oppression, to the tune of about 65%. A discussion around SADC would require deeper clarity around the democratisation of SADC as an institution.
22. Finally, the task of popularising international work is only through consistent campaigning and popular involvement of the masses in both country-focussed solidarity and issue-focussed solidarity. Even though there are references to campaigns work, but clearly, this has not been successful in previous instances since the 1994 democratic breakthrough. The conspicuous absence of the ANC in international campaigns has resulted in the non-involvement of the mass base in such issues and therefore, the little interest in them.
23. The effective pursuit of international relations requires the necessary political will, dedicated capacity and resources. Having clarified ourselves about what we want and how best to engage the terrain, we are called upon to assemble all the requisites for real work to happen. We need to identify the following as priority tasks in our struggles for a new just world order: a) immediate development of a commonly shared alliance International relations programme

that will constitute a platform for engagement and struggle involving our mass base in these issues, b) creation of an International Solidarity Forum driven by the alliance and coordinating all international work by the alliance and civil society as a whole in a cohesive manner, c) re-alignment of our IR objectives with our core domestic values as enshrined in our Freedom Charter and in line with the most progressive traditions of international best practice. The experiences of Cuba's internationalist outlook, both in theory and practice provide rich and useful lessons for us and the global south in general, which should be emulated,

24. Further issues also include a) the urgency of building capacity for the effective discharging of international responsibilities requires that we build effective machinery in our structures. The ANC decision to strengthen and upgrade its international department to equal these massive responsibilities is a positive pointer in that direction, but must be so positioned as to co-ordinate well with alliance partners, who equally have to develop their own infrastructure for such purposes, b) on the campaigning front, we need to commemorate jointly an Annual International solidarity day on various thematic issues chosen for the particular year. This would strengthen our capacity to mobilise our people around global issues of concern to humanity and drive the public discourse on international issues, as opposed to liberals determining the public agenda in this area and c) the development of our IR cadreship, which is an absolute priority.

II. A Critique of International Perspective of the Second Transition

25. Having laid out our view on what is to be done regarding the international dimensions of the Second Transition, we now interrogate the Second Transition document. The document touches on the international situation, and shifts in the balance of forces. How the international situation is characterised is very important, because the movement post 1990 has tended to assess what is *not* possible based on an overly pessimistic assessment. The document states that 'The world is still struggling through the worst economic crisis since the Great Depression of the 1930s, in the context of important changes in the global balance of forces'. [Paragraph 6].
26. The document needs to also reflect on the *positive side, or the opportunities which have opened up*, in particular: the shift in the centre of economic gravity to the South, the upsurge of progressive forces in Latin America, and popular movements in North Africa, and the emergence of the Occupy movement in the North. These developments represent the emergence of new alignments and paradigms, and open up new possibilities for progressive forces internationally. At the same time, the political resurgence of conservative parties in the North, assertion of backward economic austerity policies, and growing militarism and imperial adventures, make this a particularly dangerous time. We need a balanced and coherent analysis of this reality if we are to make a serious assessment of the international balance of forces.
27. The document does recognise that space has opened, but then suggests that global forces are unable to utilise it: "These developments have opened

greater space for progressive alternatives, but much of the global left in the 1990's either abandoned left projects and ideas after the collapse of the Soviet Union (or chosen the path of Third Way-ism), or have been slow to make use of the space and provide alternative visions." [Para 134] *This formulation may have been true in the 1990's, but is now redundant given what is happening today especially in Latin America.* It should recognise that important developments have taken place recently, as identified above.

28. The document also appears to be out of touch with the factors behind the political crisis of European social democracy. It states that "What is *particularly baffling* is that the European social democrats have been losing elections more comprehensively than ever before in the midst of the global economic and financial crisis- – there is a meltdown of the left all over Europe during the recent financial meltdown." [Para 135] It fails to recognise that the so-called 'left' (who really are now situated in the camp of the centre or even centre-right) are in trouble *because they were implicated in the implementation of failed neo-liberal policies. In this regard there was little difference between their economic policies and the approach of the centre-right.*
29. The document characterises the state of the left globally, in quite an academic and problematic way: "The most vocal alternatives, if not entirely coherent, come from the counter-hegemonic, social and union movements, and the progressive Latin American states. These movements, although clear that they struggle against neo-liberal globalisation, in themselves are not clear whether it is a struggle against a form of capitalism or capitalism in general. What is further interesting about these global counter-hegemonic movements is that they represent a break with (Western) left traditions: although they include movements from the North, their orientation is South-facing; they do not comfortably conform to the traditional Left/Right ideological divide (often as sceptical of social democracy as they are of Marxism); their theoretical foundation is based on the concept that there are always alternatives – hence their positioning as counter-hegemonic." [Paragraph 136]
30. This is a narrow formulation focusing in a one-sided way on the World Social Forum current, and part of the anti-globalisation movement, and even then more accurately describes the situation a few years ago. It doesn't properly capture the perspectives in global labour, or in Latin America. In fact globally, there is an upsurge of interest in Marxism, particularly in the anti-globalisation movement post the global economic crisis, as well as in regions such as Latin America. By underplaying these progressive developments, the paper suggests an overly pessimistic reading of the international balance of forces.
31. At another level, the document superficially describes the involvement of the ANC in various multilateral international forums, without analysing the challenges in transforming these institutions, progress made, and areas which need particular attention [Para 202]. It further fails to analyse the implications of various South-South alliances, or the fact that this is a contested and contradictory terrain. It needs to explore the possibility of working with progressive allies in the South, particularly in Latin America, in examining

regional development alternatives, and developing progressive South- South alliances within the overall South-South bloc.

32. Finally, the document's characterisation of the South Africa's involvement in the 'Socialist international' (SI) is misleading: it states that "our participation in the Socialist International has also seen us linking up with like-minded parties in government on matters of progressive governance". This may sound progressive. However, it fails to analyse the character of this forum, or the fact that many of the discredited European social democratic parties referred to above, actually play a central role in this organisation; or the historical anti-communist roots of this movement. If there are progressive possibilities in the organisation, the document fails to analyse these. A more coherent analysis is required, including of whether it is appropriate for the ANC to be part of this movement, particularly in the run-up to the Congress of the SI in August 2012 in Durban.

III. Africa in the Second Transition: A Critique

33. The document states that the "current economic crisis in the developed countries and the rise of China and India are two macro trends that may work to Africa's advantage, given the continent's natural resource endowments and the demographic profile of its workforce". [Para 155] But it needs to acknowledge that this will only happen if Africa develops its own industrialisation agenda, rather than being the subject of other economic interests.
34. We need to qualify the terms under which Africa wants to attract investment. And clarify that we don't aim to be a zone for investment at all costs. Rather, we should be outlining what it would mean for Africa to construct a zone of development on its own terms. The picture in paragraph 154 is overly rosy, and concentrates too much on the growing *growth rate* in Africa, without looking at the composition of that growth, or its developmental impact; or the reality of continued underdevelopment for the majority of Africa's people. It makes favourable international comparisons on broad economic indicators, but does not look at the real impact of economic development on Africa's people: e.g. what are the human development indices of Africa say when compared to Brazil, or Latin America more broadly - recent studies by UN agencies and the OECD show for example that on key indicators such as poverty, employment and equality, Africa is falling way behind Latin America.
35. The document paints a glowing picture of the African economy, but fails to acknowledge that African development remains disproportionately reliant on exploitation of the commodities sector, in particular the recent boom, and there is no overall industrialisation strategy. In other words colonial patterns remain intact. We need an analysis which looks at these challenges, and how some of these economic growth dynamics can be harnessed to a *new African development and industrialization strategy*, reflecting inter alia on some of the ideas which are emerging in the South African government currently about regional development, infrastructure and industrialisation, and proposals for a

common market which goes beyond narrow conceptions of macroeconomic convergence

There also needs to be a more critical perspective on the developmental role South Africa should play in the region, and how to avoid sub-imperialist domination by South African business, as discussed in Polokwane. At Para 159 the document states that in relation to Africa as the 'new investment frontier' South Africa has to position itself more strategically, asking "How many patriotic entrepreneurs are pathfinders in the unexplored and under-served African markets? How many of our state-owned enterprises have made the continent their investment frontier?" But we need to avoid positioning ourselves as a sub-imperialist power, and consciously construct another role for SA in the region, led by our government, rather than encouraging a free for all, in which the government merely paves the way through diplomatic and political relations, for South African business to continue their exploitative conduct. What is the model of development we are promoting?

We also need to look at the promising and dynamic regional development strategies being forged in Latin America, including through the deliberate promotion of regional industrial and trade strategies, and the creation of a regional financial policy to create independence from the Bretton Woods institutions.

26. The document correctly raises the politically charged issue of migration, but doesn't really go beyond a general statement. It states that "Apart from inward migration, there is also migration from other countries, including but not exclusively from the African continent. Our migration policy has to situate this in the global, regional and national context, so that we develop sustainable and cooperative approaches with other affected countries." [Para 112] The document should begin to flag what the content of a rural development and regional African development strategy would be, to address some of these challenges- and reflect on various alliance and government policy perspectives on these matters.
27. The document correctly states that the political organisation of the progressive forces is lagging behind, and asserts that "The principal problem of the African revolution is that of social agency" [Para 156] While this may be correct up to a point (although the document in our view exaggerates progress made on the socio-economic front) it needs to recognise the lack of development of progressive political formations, is linked to material realities in African societies, and an underdeveloped working class. Given these realities, what needs to be done by those advancing a progressive political project in Africa?
28. Lastly, there is a need to conduct an honest assessment of our capacity to marshal the progressive African forces towards a path for social emancipation. We need to ask ourselves whether we have enhanced our political, ideological and organisational capacities to provide the necessary leadership on the continent, or whether we are facing a crisis of credibility among the revolutionary forces. These are issues that have dogged the movement over

the last few years, given the activities of imperialist powers in Libya, Ivory Coast, and the incapacity of the revolutionary forces to effect qualitative shifts in Egypt and Tunisia.

IV. The Emergence of the BRICS as an Alternative to Neo-liberal Hegemony

29. In today's context an important development has been the differential impact of the crisis across economies. In East Asia the crisis appears to have been less severe. One important feature in these economies has been the rapid growth of industrial capital. Between 1990—2009 gross fixed capital formation in East Asia grew by 70.5%, whereas the Euro-Area grew by 21%. This reflects the extent to which industrial capital accumulation has shifted to the East, especially China. This geographical shift in the global economy has been accompanied by the relative shrinkage in manufacturing in the West and the compression of the global labour share.
30. During the crisis, BRICS countries and most of East Asia did not experience significant slowdown. The average growth rate of the BRIC economies during the crisis is 8%. Their average unemployment rate is 6%. A key feature in the accumulation system of these BRIC countries has been, as noted above, their strong support for manufacturing growth. Another feature is the specific role of the state in their economies. As an example, in all the BRIC countries there is a significant role that is played by the state in the financial sector. When the private-sector driven financial system in the advanced capitalist economies halted credit all-round in 2007, in BRIC countries state banks intervened to sustain credit lines to targeted industries, and some went further to manage exchange rates in order to limit export contraction.
31. The current economic crisis presents a turning point in the system of capitalist accumulation. The system of private-sector led capitalist accumulation, based on the compression of workers' share in national income, and in which finance is the dominant force has unravelled with the current crisis. On the other hand, the era of private-sector led capitalist accumulation, characterized by rising workers' share in national income, and in which industrial capital is a leading force ran out of steam in the early 1970's. The era of state-driven accumulation in which industrial capital is a leading force is on the rise. This model of accumulation has shown profound vitality throughout the current crisis, and is embodied in varying degrees, by the economies of East Asia and those of the BRICs.
32. South Africa has been accepted to join the BRICS countries. These countries have fast-growing economies with low unemployment. They tend to follow unconventional policies to support national development. These countries are well-known for their interventionist states. India for example, has made a choice of embarking on fiscal expansion in order to maintain its growth rate, and moderately runs a current account deficit by putting in place measures to limit exchange rate appreciation and to ensure job-protection. Through its state-owned banking system, India ensures sufficient supply of credit to productive sectors. Brazil is imposing taxes on speculative capital inflows and thereby raises revenues to finance long-term development. South Korea has a

battery of restrictions and taxes and is considering new ways of taking advantage of capital inflows. All the BRIC countries are actively engaged in aggressive multi-instrument interventions to limit the effects of the crisis on their economies.

33. BRICS countries account for almost 20% of global manufacturing production, which is equivalent to the share of US manufacturing production. These countries are engaged in highly sophisticated manufacturing exports and produce a range of products, from capital goods to consumer goods, especially electrical and electronic equipment, clothing and textiles. Between 1990—2009, gross fixed capital formation in China grew by 766%, India grew by 352% and Brazil grew by 78%. The advanced capitalist economies performed significantly lower than this. In the US, gross fixed capital formation over the same period grew by 56% and in the Euro-Area, it grew by 21%. This indicates the extent to which industrial capital accumulation has geographically shifted on the global scale. These countries have become the largest trading partners with the African continent, which is seen as strategic because of its wealth in raw minerals. However, these countries still face serious problems, such as low levels of human development, logistics performance and still lag far behind advanced economies in many respects.
1. South Africa's entry to this group must signal a shift in our model of accumulation. Our current model is private-sector led, characterized by deterioration in income distribution, and has the financial and minerals-energy complex sectors as the dominant poles of accumulation. While BRIC countries have strong trade links among themselves, each country reserves the right to determine its path of development. Within the BRICs there are contradictions which at this stage remain non-antagonistic and benign. For example, there are strong concerns about China's dominance and its tendency to import unprocessed raw minerals from BRIC partners. This has led Brazil to reform the way it manages its natural resources, including putting in place export taxes on unprocessed minerals, with a view to support increased value-addition, job-creation and domestic mineral-processing.
34. A key feature of the BRIC countries is that they combine two economies that were at the centre of the socialist bloc: Russia and China. India is also known historically for its socialist-oriented policies. Overall, from the political economy perspective, BRIC countries may represent a reconfiguration of the balance of forces in the global economy since the collapse of the Soviet Union. Although this is not limited to BRIC countries, their model of accumulation tends to defy mainstream prescriptions. The growth of BRIC countries, especially their massive demand for raw materials, has been seen as a threat by the European Union, with the latter formulating a Raw Materials Initiative ostensibly aimed at securing the historical raw materials supplies from the African continent²⁴.
35. While broadly affirming BRICs as a left-leaning hegemonic bloc in global politics and in its model of accumulation, a critical issue that we must

24 The European Union talks about "mineral diplomacy", and the need to support African countries to build transport systems in order to export raw minerals to Europe.

consistently raise is the balance of class forces within each of the BRIC countries. This balance of forces determines the social character of accumulation in these countries which, in our view, should ensure “the progressive realization of socio-economic rights through fair labour practices, social security for the poor, universal access to basic services and ongoing programmes to defeat poverty”²⁵. Therefore, it will be important, as we enter this terrain of economic transformation, to engage our revolutionary trade union movement to strengthen ties with labour movements in the BRICS countries. This will ensure that the emerging alternative hegemonic bloc is based on an accumulation path that is pro-poor, defends the power of the working class, and contributes towards deepening democracy on the global scale.

36. A model of accumulation that is consistent with the fast-growing BRICS countries is characterized by a strong state-driven industrial sector that is dynamically linked to a competitive industrial private-sector. In this arrangement the state directs development through a number of policy levers and interventions. Public ownership of strategic sectors, in part and in whole, such as banking and the mineral sectors, is complemented with a flexible and developmental approach to macroeconomic management, regulatory interventions to guide industrial capital accumulation, skills development and training and building technological capabilities and innovations. This is the path of development that we must pursue during, and beyond, the current global economic crisis.
37. The Second Transition document acknowledges that the BRICs represent a challenge to the “Bretton Woods prescriptive paradigm” [paragraph 131] and argues that, with the global economic crisis, there is an “emergence of other concepts such as “state capitalism” to describe alternatives to dominant Western models of capitalism”. It mulls over the “seismic shifts” that are taking place and throws caution that we should “be careful about not overstating the potential impact of these economic shifts” supposedly because “the US military strength is still greater than the 10 powers combined”. It is however not historically accurate to link the emergence of the concept of “state capitalism” to the emergence of BRICs and the global crisis. The concept can be found in the Soviet Union’s New Economic Policy, Mao Tse Tung characterised China in 1953 as “state-capitalism of a new type”, etc.
38. However, what is more surprising is that the Second Transition document does not indicate the model that it proposes should underpin the economy. As we have mentioned before, the document calls for social democracy in Colonialism of a Special Type, it is paralysed to accept that, by joining the BRICs, South Africa is in fact intending to embark on a state-capitalist model. However in order to do so, it is well-known that the state must seize control and ownership of decisive means of production, as in a typical state-capitalist model. The document further asserts the anti-neo-liberal character of the state-capitalist model, yet it continues in some important areas to cling to the failed

²⁵ See 52nd Conference on Economic Transformation.

neo-liberal paradigm. This lack of boldness in the document to advocate for a decisive break with private monopoly capitalism in South Africa is due to its timidity in dealing with the underlying property relations of Colonialism of a Special Type.

39. Thus, if indeed the BRICs are anti-neo-liberal state-capitalist economies, what is it that makes neo-liberal, colonial, private monopoly capitalist South Africa acceptable to the BRICs? One answer to this question emerges: it is not because South Africa stands to influence the structure and pattern of global capital accumulation in its pursuance for a just world. It is because South Africa possesses critical raw minerals that the state-capitalist BRICs and Europe so desperately need. This critical point is not raised in the Second Transition document.
40. We would like to draw attention to the following observations by Marx and Engels in the Communist Manifesto: “The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralise all instruments of production in the hands of the State, *i.e.*, of the proletariat organised as the ruling class; and to increase the total of productive forces as rapidly as possible”²⁶. In the course of the Second Transition led by the working class, it is inevitable that the proletariat and its allies will have to use its revolutionary-democratic state power to make “despotic inroads on the rights of property and on the conditions of bourgeois production” in order to advance the revolution to its logical conclusion.
41. Mao Tse Tung had this to say about state-capitalism: “The present-day capitalist economy in China is a capitalist economy which for the most part is under the control of the People's Government and which is linked with the state-owned socialist economy in various forms and supervised by the workers. It is not an ordinary but a particular kind of capitalist economy, namely, a state-capitalist economy of a new type. It exists not chiefly to make profits for the capitalists but to meet the needs of the people and the state. True, a share of the profits produced by the workers goes to the capitalists, but that is only a small part, about one quarter, of the total. The remaining three quarters are produced for the workers (in the form of the welfare fund), for the state (in the form of income tax) and for expanding productive capacity (a small part of which produces profits for the capitalists). Therefore, this state-capitalist economy of a new type takes on a socialist character to a very great extent and benefits the workers and the state”²⁷.
42. Lenin had this to say about the relationship between state-capitalism and socialism: “For if a huge capitalist undertaking becomes a monopoly, it means that it serves the whole nation. If it has become a state monopoly, it means that the state (*i.e.*, the armed organisation of the population, the workers and peasants above all, provided there is *revolutionary* democracy) directs the

²⁶ Marx and Engels: The Manifesto of the Communist Party.

²⁷ Mao. On State Capitalism.

whole undertaking. In whose interest? Either in the interest of the landowners and capitalists, in which case we have not a revolutionary-democratic, but a reactionary-bureaucratic state, an imperialist republic. Or in the interest of revolutionary democracy—and then *it is a step towards socialism*. For socialism is merely the next step forward from state-capitalist monopoly. Or, in other words, socialism is merely state-capitalist monopoly *which is made to serve the interests of the whole people* and has to that extent ceased to be capitalist monopoly. There is no middle course here. The objective process of development is such that it is *impossible* to advance from *monopolies* (and the war has magnified their number, role and importance tenfold) without advancing towards socialism”²⁸.

43. Obviously this is not social democracy, whose tasks are confined to increasing the quality of education, healthcare, ICT, social cohesion, consensus, etc. upon the foundations of Colonialism of a Special Type, as advocated by the Second Transition document. Rather, it is revolutionary-democracy, whose principal task is to uproot the property relations that underpin Colonialism of a Special Type, thereby laying the foundations genuine social emancipation. We therefore urge a serious discussion in the Policy Conference on the immediate implications of this position because it will have serious impact on the strategy and tactics of the Second Transition.

Part D: The Strategy and Tactics of the Second Transition

In our view, as we have said from the onset, the Second Transition, or whatever its name, is an expression of a desire for a ground-breaking process and because of this, it will require its corresponding strategy and tactics, which will for an example be aligned with the requisite organisational capacity.

We therefore propose that a separate Strategy and Tactics document be developed to correspond to the tasks that constitute the content of the Second Transition. The Second Transition document must be reformulated, in line with the above proposals, so that it provides an overarching policy line of march. In this regard we also propose that the themes and strategic issues of focus be canvassed broadly from within the revolutionary-democratic forces.

Below we outline some of the issues that will require serious consideration.

1. The Motive Forces of the National Democratic Revolution

36. Concerning the Motive Forces

1. The question of the motive forces of the revolution is the central question of strategy and tactics. It is therefore important that we clearly define what constitutes the motive forces. In our view we cannot define the motive forces unless we are clear about the social structure against which our movement is struggling. We have defined that social structure as Colonialism of a Special

²⁸ Lenin. The Impending Catastrophe and How to Combat It—Can We Go Forward If We Fear To Advance Towards Socialism.

Type. We went further to say that this social structure is founded on capitalist relations of production. These capitalist relations have matured into monopoly capitalism and therefore, the class force that owns and controls the decisive monopolies in our country is the enemy of the revolution. This is because it is in its direct material interest to keep the vast majority exploited, marginalised from owning the means of production, oppressed and dominated.

2. Therefore, within the scheme of social relations that underpin Colonialism of a Special Type, the motive forces are defined as those classes that suffer from exploitation and/or domination by white capital in general, white monopoly capital in particular. It is this class perspective that informed the revolutionary content of our movement, but it was lost in the 1997 Strategy and Tactics document, upon which the Second Transition document so uncritically relies. Whilst we understand that our movement has a task of building the nation, this cannot be done without addressing the underlying class relations of colonialism, as the Malaysian example aptly illustrates, and the effectiveness of the Truth and Reconciliation Commission showed. Thus, in describing the responsibility of the ANC in paragraph 74, the document says the ANC “must mobilise all South Africans towards the ongoing transformation of the country”. But this is nothing less than a populist characterisation of the tasks of our movement, to be carried out by “balancing” all contradictions to satisfy all people, which is bound to generate ideological paralysis of our movement.
3. Even in its treatment of the national question in paragraphs 77—82, the Second Transition document adopts a numerical and one-sided approach. Whilst indeed the progress of transformation has to be measured, it is important not to lose the important fact that embedded in the national question is the class question and embedded in the class question is the national question. To separate the inter-related contradictions of the NDR is to venture into the sphere of idealism. The weakness of this approach is clear in p.18 of the document. For example, it begins with the statement: “the contradictions that the NDR seeks to resolve are expressed firstly (!) in national terms”. But then it soon talks about a nebulous “black middle class”, “BEE”, and says nothing about the socio-economic progress of the working class in terms of ownership and control of the economy. Yet, the working class is expected in paragraph 86 to “exercise working class leadership”. In whose interest? For what aim?

37. The working class

4. Our analysis of the crisis of Colonialism has demonstrated that the socio-economic conditions of the working class have worsened. Whilst it is uncontested that there has been massive delivery of basic services such as water, electricity, houses, and that the working class today enjoys the rights that come with liberal-bourgeois democracy, it is also true that the economic foundations that support such progress remains deeply faulty. For starters, the increase in the rate of exploitation of workers during the past 18 years, as shown by the declining labour share, has meant that capital shifted value primarily from workers to the working class in general and more resources to

itself to boost profitability. Secondly, the rise in the rate of profit combined with the decrease in corporate taxes and the relaxation of exchange controls, have meant that capital managed to handsomely benefit in the past 18 years. We have shown that the race-gap still remains, life-expectancy has declined, the quality of education for the working class has deteriorated, the quality of housing is very low, even access to basic services has been limited by neo-liberalism, which led to cut-offs and the working poor have increased in numbers. It is for this reason that we call for a more nuanced assessment of service delivery, to locate service delivery within the context of existing class relations of production.

1. The working class remains the primary motive force of our revolution, as we have already explained. The extent to which our revolution is derailed depends on the degree to which the working class asserts its leadership over other motive forces. It is for this reason that the movement must consistently ensure that the various capacities of the working class are enhanced, in line with the demands of the struggle. In particular, the policies that the movement puts in place must be gauged primarily on the extent to which they enhance working class power or reduce it. This is particularly relevant in relation to debates on the labour market, because our theory informs us that it is the organised detachment of the working class, located strategically at the point of production, that constitute the most powerful motive force of our revolution.
1. The working class can be categorised into the employed and the unemployed. In its battle against capital, and in a situation of structural crisis as we have, there will always be attempts at capital to pit the employed and the unemployed, and to mobilise the reserve army of the unemployed in a bid to depress wages and increase profitability. This was the strategy of the Nazis against the revolutionary working class and it is the same strategy that is being implemented by the political foe of the ANC, the Democratic Alliance. Based on this observation, Marx makes it clear that Trade Unions cannot simply be viewed as organs that lock themselves purely on issues that pertain to the shop-floor. Instead Trade Unions must always maintain unity and “try to organise a regular co-operation between the employed and the unemployed”. This is a challenge specifically to COSATU and requires that the trade-union movement must begin to think about ways to organise the unemployed and thereby forge “regular co-operation” in order to prevent the unemployed from being “part of a bribed tool of reactionary intrigue”.
1. The Second Transition document relies on Strategy and Tactics 1997 in articulating the position of the working class in the revolution. Unfortunately, the 1997 Strategy and Tactics document dissolves the working class to be part of the other motive forces. The working class is reduced to an “interest group”, whose interests must now be balanced against other “interest groups”. Thus we are told, as a by-the-way, in paragraph 86, that “the working class is also expected to lead in defining a common vision...among all motive forces and the nation as a whole”. As to how the working class is expected to do this, when its interests are to be constantly balanced against the interests of the bourgeoisie, is not explained.

1. The document should look at forms of organisation of the working class, their state of activism, ideological orientation and limitations: a) the trade unions, community-based formations such as faith-based organisations and issue-based formations such as those concerned with the environment, and co-operatives.

1. The black middle strata

3. The Second Transition document correctly describes the middle strata as including “the intelligentsia, small business operators and professionals” (paragraph 88). However, the problem is that the document does not outline the specific material contradictions faced by this social category. Of course the middle strata are varied in character; for example intellectuals do not face quite the same contradictions as the small business people. It is therefore important to identify those material contradictions that shape the pre-disposition of the various sections of the middle strata, and objectively locate these strata within the revolutionary camp. Without this analysis, it will be difficult to understand the ideological formation and political tendencies that are prevalent among these strata.

1. While it mentions small business as part of the motive forces, the document does not analyse its position and challenges, just as it does the intelligentsia and students. The same situation is the case with professionals. In our view, it is important to conduct an analysis of the material conditions of reproduction of these strata and to then identify inhibitors. We propose that the premise to an analysis of these strata should: a) for the small business people look at, i) constraints to finance posed by bank capital and ii) constraints to accessing markets posed by monopolies in the value-chains, b) for intellectuals look at, i) access to resources to pursue their activities, ii) access to outlets in order to publicly influence discourse, c) for students look at, i) problems of financing education, ii) resources to support the condition of life of students, iii) access to jobs. The aim should be to identify those material factors that play a decisive role in the life of these strata, and for the movement to develop a concrete programme to target these material factors.

4. The middle strata are organised in various ways. For example a) professionals are organised in bodies such as the Black Lawyers Association, Black Management Forum, etc., b) students are organized as SASCO, COSAS, etc., c) small business people are organised in organisations such as affiliates of NAFCOC.

1. The non-comprador black bourgeoisie

6. Within the context of CST, this section of the bourgeoisie suffers from white capitalist domination in general, monopoly capitalist domination in particular. It is constrained in its aspirations to accumulation of capital by lack of access to value-chains and finance. It does not have business networks that would allow it to access markets and support. Therefore, objectively, this bourgeoisie

has a contradiction to settle with white capital. This group also does not enjoy privileged and patronage relations with the section of the bourgeoisie that runs the state apparatus.

7. Objectively, this group can be mobilised as part of the motive forces. The NDR does not aim to abolish capitalism in general but it seeks to abolish monopoly-capitalism and imperialist domination. It is in this sense that the non-comprador elements of the bourgeoisie can be mobilised. To the extent that they have a contradiction to settle with white capital and imperialism, their interests coincide with those of the working class. However to the extent that they are part of the capitalist class in general, they are not a reliable ally of the working class. They require that, from time to time, their relationship with the working class in the national liberation struggle, be constantly reviewed. Hence, as the Freedom Charter clearly says, this bourgeoisie must be “controlled to assist the well-being of the people”.

14. The Second Transition document talks about the “core of a patriotic bourgeoisie”, and isolates “black capitalists” as the core. This description is a-historical and inaccurate, because the black capitalist class is not a homogeneous group. This fact has been demonstrated many times over in the course of the national liberation struggle. As Nkrumah, Fanon and Cabral put it, some of the “black capitalists” are intermediaries in the plunder of the African continent and in the exploitation of the working class. Therefore the concept of patriotism needs to be grounded on a class perspective.

40. The progressive white population and its various middle strata

15. In the struggle against Colonialism of a Special Type, there always existed a group within the white population that stood firmly on the side of the toiling masses. This group is drawn from a variety of classes from the white population, but they are mainly and predominantly drawn from the white middle strata. For their stand in the struggle, they suffered from being ostracised from their communities and some were even murdered.
 1. It is the role of the movement to ensure that this group is mobilised. However, it should be mentioned that within the context of CST, the position of this group in relation to the motive forces essentially derives from its consciousness. They have to commit “class suicide” in order to embrace the culture and traditions of our struggle. Over the past 18 years, the trend has been the failure of our movement to significantly penetrate the white population. This has also seen the weakening of the hegemony of our movement the other minority communities.

17. The Second Transition document attempts to grapple with this reality in paragraphs 95—96. The document says that many are “still feeling threatened by transformation” and goes on to self-criticise “some of our own actions the sensationalist media” for the increasing hardening of attitude against our movement. These points are extremely important and need to be further elaborated. Questions such as why we engaged in actions that alienate the

white and minority middle strata, what is the role of the white and minority progressives who are in the ranks of our movement, is our movement well-advised on the concrete realities and ideological state of the minority communities, what are the challenges that progressives from these communities face in an attempt to build the hegemony of our movement? These questions require proper research by the organisation-building unit of our movement.

7. Understanding the Class Enemy of the National Democratic Revolution

1. Monopoly Capital

1. The principal enemy of our revolution is monopoly-capital and white-monopoly-capital in particular. These constitute the real South African ruling class. The power of this ruling class is rooted in its ownership and control of the basic means of production. The mines, the banks and major industries such as forestry, petroleum, steel and large segments of the wholesale and retail sector, are dominated by monopolies. These sectors play a decisive role in the daily lives of our people. In addition, South Africa has long resolved the agrarian question. Agriculture is now dominated by large-scale farms and has experienced massive concentration and centralisation. Land-ownership continues to be concentrated in the hands of a minority, especially commercial land.
2. As a movement, we were once unequivocal that “an important component of the South African ruling class’s power base has always been its alliance with imperialism”²⁹. The strangle-hold of imperialism on our economy has since deepened during the past 18 years. Foreign-ownership has since increased, almost all the minerals that are mined in South Africa, the banks, the monopoly-industries such as SASOL, Arcelor-Mittal, and wholesale and retail sector companies, have significant foreign share-holding. These developments came in the backdrop of new alliances being forged, essentially marked by the entry of sections of the aspirant black capitalist class, many of which were drawn from the ranks of the national liberation movement.
3. The dominant ideological expression of the enemy class is neo-liberalism. This ideological expression cannot be pigeon-holed in this or that political party, but requires a more nuanced analysis. The function of the neo-liberals is to protect the interests of white monopoly capitalism and imperialism. By de-regulating labour markets they seek to increase the rate of exploitation of the working class. By de-regulating financial markets they ensure that monopoly capitalists can take profits in and out of the country at will. By liberalising trade they facilitate the integration the South African economy into the global chains of production, which limit the capacity of the country to industrialise.

1. The Comprador Bourgeoisie

²⁹ ANC (1985). The Nature of the South African Ruling Class.

1. The comprador bourgeoisie is made up of two segments: a) that segment of the bourgeoisie that is allied to monopoly capital and imperialism and b) that segment that accumulates on the basis of “corruption”. For the first segment, its mode of accumulation is based on dealings that ensure that the interests of monopoly capital are protected and extended. Inter-imperialist rivalries over the spoils of the country are bound to find expression in the bickering, discord and cat-fights within the comprador bourgeoisie. It is in this context that, if the movement is to maintain its unity and clarity of purpose and policy, this element of the bourgeoisie must be carefully isolated from the ranks of the movement.
1. The effect of the comprador element is also to mask the true nature of the enemy. Since it has dealings with monopoly capital and imperialism, its approach is to blunt our movement’s understanding of the enemy, and to divert attention to issues that are either peripheral, or issues that are “effects” of the underlying class relations. The comprador bourgeoisie seeks to replace the domestic white capitalist class, or to squeeze itself in the alliance of white-monopoly capital and imperialism, and thereby become part of the exploiters. In this way, it will consistently attempt to discourage the advocacy of the need to pursue the NDR in the direction of social emancipation and it will ensure that the continuous postponement of measures that tackle property relations in a revolutionary way.
1. The second segment of the comprador bourgeoisie is those that accumulate on the basis of what is ordinarily called corruption, which is nothing but capital accumulation outside the parameters of bourgeois legality. This segment is not necessarily linked to white-monopoly capital and imperialism. Elements of it consistently seek accommodation in the monopoly capital alliance, and they consistently fail to find a place on the dinner-table of monopoly capital. At one point, it adopts the positions of the non-compradorial bourgeoisie, in another instance, it positions itself against imperialism. In this segment too, internal bickering, discord, and rivalries over the dregs of spoils that are left by monopoly-capitalism, particularly the spoils arising from tax revenue and state-debt.
1. The features of the comprador bourgeoisie are as follows: a) it has dealings with imperialism and white-monopoly capital, b) it plays the leading role in advocating neo-liberalism, c) in some instances, its accumulation strategy involves what is ordinarily called “corruption”. A dispassionate concrete analysis of the representatives of the comprador bourgeoisie cannot be delayed any longer. Just as much as we know who our heroes and heroines are, it is easy to know who these representatives of monopoly capital are.
1. In paragraphs 97—101, the Second Transition document attempts to grapple with “our approach to private capital”. It says we must engage in “unity and struggle...co-operation and contestation”. When it discusses monopoly capital the document says we must challenge and engage “monopoly capital to the

extent that they are an obstacle to our national vision". It adopts a narrow economic perspective around "industrialisation" and "financialisation" and once more seeks yet another "national consensus". The Second Transition document ignores the variations within the bourgeoisie, leading it to adopt an abstract and misleading approach, which in turn leads to the denial of the existence of the comprador bourgeoisie in the NDR.

1. There are contradictions between these two segments of the comprador bourgeoisie. There are contradictions within these segments and between them. The main cause of the contradictions between the "corrupt" comprador and the "non-corrupt" comprador lies in the struggle for space in the dinner-table of the ruling class and imperialism. This inter-comprador contradiction inevitably spills over into the movement and presents itself as factional fights and bickering over positions of leadership. Unless the working class and the rest of the motive forces stamp their authority, our movement will continuously suffer from incoherence and discord, and will lose sight of who the strategic enemy of the revolution is.
1. Lastly, the approach of "unity and struggle of opposites" that is advocated in paragraph 97 begs the question as to what are these opposites. There is no mention of this in the Second Transition document. Which class forces are opposite to which ones, and where does the movement stand in that "opposition"? Is the degree of "opposition" the same, does it remain fixed in place and time, etc.? These are questions that are crucial in the drafting of a real revolutionary strategy and tactics for the second transition.

8. The Alliance and the Strategic Centre (of What?)

1. The Alliance remains the most powerful vehicle to advance the NDR. Its role needs to be clearly articulated because in our view, it represents the most concentrated expression of the unity of the disparate motive forces of our revolution. There is no debate that the ANC should play a leading role in the Alliance. However, the question is how the ANC derives this leadership and how it exercises it. One thing that any revolutionary will not contest is that being a leader of a revolution is not something that is divinely ordained, but it is something that is consistently cultivated in the field of struggle.
1. The Second Transition document does not explain why the ANC is the leader of the Alliance and how the ANC seeks to exercise and harness its leadership role in the Second Transition. What is also missing is an element of self-criticism of how the ANC performed in this area over the past 18 years. This would have assisted in shaping some of the perspectives that are in the document on Organisational Renewal. To us, organisational renewal is not just about the ANC, it is also about the Alliance and the entire Mass Democratic Movement.
3. We believe that the leadership role of the ANC derives from the tasks of the NDR, which are in essence, to destroy the power of monopoly capitalism and imperialism in our country and not to destroy capitalism in general. In that

sense the class character of the ANC makes it the best organisation through which the motive forces of the revolution can be brought together. In fact the ANC is itself an embodiment of the revolutionary class alliance. Precisely because of this, the ANC occupies a leading role in the Alliance.

4. But then, among the motive forces, the working class is the primary and leading motive force. To us, the working class leads in all aspects of the revolution, including the ideological orientation of the entire movement. This is important, because as a multi-class organisation, the ANC has to articulate the national-democratic aspirations of the majority of the people as expressed by that class which stands in opposition to monopoly capital in the relations of production. If the ANC pre-dominantly expresses the national-democratic aspirations of any other class, it will fail to completely destroy Colonialism of a Special Type. Consequently it will gradually lose the leadership position it occupies in the struggle for national liberation.
1. China is a perfect example of where a national liberation movement lost leadership of the NDR. Consequently it fell upon the Chinese Communist Party to advance the NDR and to effect socialist transformation. Vietnam is another instance where a Marxist-Leninist Worker's Party led a successful NDR. These examples demonstrate the importance of revolutionary ideology in the national liberation movement, and how a national liberation movement can lose its leadership position once it begins to subsume the national-democratic aspirations of the working class under those of other classes.
1. The Second Transition document should elaborate more on these points. But what is missing completely is the document's view on the role of the Alliance. Yet this formation is crucial in the strategy and tactics of the revolution. Our view is that the Alliance should be positioned as a strategic centre of power and the ANC should remain the leader of that strategic centre. Any other formulation is bound to present the Alliance as part of an "entourage" that simply accompanies the ANC in the struggle. The Alliance is bound to be presented as "peripheral", while the ANC takes the centre-stage in every aspect. We therefore propose that the Alliance be positioned as a strategic centre of all aspects of the struggle and that the ANC must exercise leadership in that context.

9. Conclusion

- 9.1 We hope that this contribution will spark further debate, with a view to strengthen our entire movement. COSATU is looking forward to a renewed fighting Alliance led by a vibrant ANC. As we go to our own Congress, we will continue to debate among ourselves the correctness or otherwise of the formulations that are contained in this submission.
- 9.2 In the words of Franz Fanon "Each generation must discover its mission, fulfil it or betray it, in relative opacity."³⁰ Our movement is at cross-roads, either we shift our efforts and directly confront the fundamental problems in our country,

³⁰ [Frantz Fanon, The Wretched of the Earth](#)

or we continue hoping that dealing with symptoms will finally cure our social ailments. In our Second Transition either we move decisively into a path towards social emancipation, or we face a crisis of hegemony and a bitter struggle of groups and cliques within our ranks. It is obvious that the prevailing property relations in our country are a constraint to the development of the productive powers of society. We are in a generalised, deep, structural crisis. The masses of our people require decisive leadership from the ANC-led Alliance, they are ready to be mobilised so that they become their own liberators.