

PRESIDENTIAL ADDRESS

Rebuilding State Capacity: A progressive or fraudulent slogan?

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Social movements and trade unions have stepped up their campaigns to resolve what they identify as the “capacity crisis of the state”. The Assembly of the Unemployed, *CryoftheXcluded* and SAFTU count amongst the leading anti-neoliberal voices to mobilise and protest around crises of or in state capacity. But this agitation to resolve the ‘state’s capacity crises’ has not been limited to these anti-neoliberal movements.

On the one side, NGO allies of these movements are calling for rebuilding the capacity of the state. This suggests that resolving the crisis in state capacity is not really different from calls to rebuild state capacity. Wording such as ‘resolving the crisis’ or ‘rebuilding’ are peripheral to the object of this anti-neoliberal alliance. This alliance is cemented around a programme to better the capacity of the post-apartheid state in one way or another. A closer examination of their voluminous statements reveals a lot about their *fallacies* on the ‘state’ and their fixation with fixing its ‘capacity’. Whilst the state capacity question is not marginal in the anti-capitalist movement it is difficult to precisely indicate how much influence this idea commands in circles of self-proclaimed progressive activists.

We have already noted that the anti-neoliberal forces are not alone in rallying around the ‘state capacity question’. Neoliberal ideologues, politicians across national and local levels of the government and academics from different backgrounds, maintain that the state needs the right capacity to execute its laws and action plans. Whilst this ensemble of state capacity fixers is motley in its composition, they uphold and defend a set of unifying beliefs. What unites them is safeguarding liberal democracy and the bourgeois state. This view of state capacity conceals the repressive machinery central to the domination of the capitalist rulers. Instead, it restricts itself to contriving abstractions of an efficient bureaucracy and legislative machinery that bear no relation to realities of infighting among capitalists for control over the state.

**Anti-neoliberal laments on state capacity crises**

The anti-neoliberal movements that strive to rebuild the capacity of the state begin from varied symptoms of the crises of and in state capacity. Symptoms of state capacity crises, in their analyses, range from growing corruption scandals to the failures in municipal service delivery and the rapid privatisation of state-owned enterprises. This movement to resolve the capacity crisis of the state combines strident criticisms of the neoliberal state with broad anti-neoliberal demands<sup>1</sup>.

The cost recovery model in municipal service delivery is an example of the commodification of public services. It is one of the sacred tenets of the neoliberal state<sup>2</sup>. According to this neoliberal tenet, access to decent housing, water, sanitation, energy and recreational facilities rests on the ability to pay. It is in working class neighborhoods and squatter settlements where the brutality, devastation and horrors of neoliberalism are on full display. In these localities, the imposition of cost recovery has condemned residents who cannot afford to pay for these services to abject squalor. In the countryside, the state has effectively abandoned millions of peasant farmers who are forced to confront the brunt of ecological catastrophes emanating from the capitalist system. These are the symptoms of state capacity crises that echo from the protests of the anti-neoliberal movements.

The *Assembly of the Unemployed and CryoftheExcluded*, an alliance of social movements, published a critique of the 2023 national budget on 23 February<sup>3</sup>. The statement is framed around the “demand for a broad democratic public sector”. In opposition to the privatisation and commodification of the public services, they also called for a bottom-up rebuilding of the public sector, starting with municipalities. It is interesting to note that this statement is not confined to municipal services but also the participation of communities in local state structures. The statement specifically states that:

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<sup>1</sup> Constant streams of academic diagnoses and prognoses on South Africa’s state capacity crises obfuscate the forms and operations of the state in capitalist society. While some imagine the best developmental state model for post-apartheid South Africa, others have lamented the scenes of a ‘dysfunctional or failed state’ on par with ‘post-colonial Africa’. When waves of known state capture crimes broke new historical records, alarmist claims of a shadow, parallel or predatory state reached new peaks (Swilling, M, Borat, H et al (2017). *Betrayal of the Promise: How South Africa is Being Stolen*. State Capacity Project, PARI, Stellenbosch University.; Southall, R., (2007). Introduction: The ANC state, more dysfunctional than developmental? in *State of the Nation: South Africa 2007*. Cape Town: HSRC Press.) Behind the academic fiction of an idealised bourgeois state lurks the real target of their onslaught: the spectre of a workers’ state to open the path to ecosocialism.

<sup>2</sup> After briefly defining commodification as a systemic process of reducing everything into ‘a product to be bought and sold’, Went explicitly links it to the state: “Changes in the roles of the state play an important part in this commodification. Because the state is financing and organizing fewer and fewer social and public services, many aspects of social life like education, health care and culture are being (re)commodified.” (p43). Robert Went., (2000). *Globalisation: Neoliberal Challenge, Radical Responses*. London: Pluto Press with IIRE.

<sup>3</sup> “Budget Day Statement from the Cry of the Xcluded and the Assembly of the Unemployed!”, 23 February 2023.

<https://theexcluded.org.za/budget-day-statement-from-the-cry-of-the-xcluded-and-the-assembly-of-the-unemployed/>

“ the Right to Work must be respected through the creation of decent jobs, through building local industry, the insourcing of all public sector services, the creation of climate jobs as well as government-supported community-based initiatives like food gardens and renovations to public facilities such as schools and hospitals.”

*“Communities must be actively involved in the rebuilding of municipalities, and thoroughly consulted in any decisions.”*

*“If the government will continue to fail our communities, then we will need to organise amongst ourselves in order to take care of each other.”*

This statement epitomises the contradictory politics, illusions and limitations of social movements and its ideologues. What is so-called community consultation but the bureaucratic claptrap of liberals and opportunists? Why do these movements relegate community self-organisation into a ‘last resort’ conditional response after the state has failed the people? Self-organisation on the basis of revolutionary principles is a necessity for any movement of the oppressed and exploited committed to liberating itself from capitalism.

Around the same time, SAFTU issued a statement that call on government to accelerate the reindustrialization of South Africa to create jobs. The union federation also wants the state to facilitate ‘worker takeovers of firms whose owners are milking the assets and taking profits abroad, or even nationalisation’. (SAFTU, budget statement). Furthermore, it also demands a mass public works programme to prevent vandalism at schools, railroad infrastructure and so forth. How, one might ask, do these demands further anti-capitalist struggles, which must destroy the bourgeois state to realise its aims? To answer this question, it is necessary to interrogate the assumptions and basis that underpin SAFTU’s demands. It is no secret that South Africa’s neoliberal state continually invites foreign investors to pour funds into privatisation auctions, deals that often involve some BBBEE ‘window-dressing’. In fact, under the watchful eye of imperialist agencies, the state has been selling SOEs with lucrative guarantees and safeguards to foreign investors; transactions that make profit repatriation non-negotiable. While this union federation hints at ‘workers control’, it is silent on the building of a fitting political force of the labouring majority to fight for it.

The state capacity question stands at the epicentre of a statement that the Institute of Economic Justice (IEJ) publicised in its opposition to the 2023 budget. Titled, *Rebuild Eskom and state capacity*<sup>4</sup>, IEJ stressed the urgency to rebuild “state institutions and their capacity to play a leading role in development projects.” With anti-privatisation demands that are almost the same as what the unions and social movements want, IEJ demands that “public institutions need to be capacitated to deliver public services, where the state, and not the private sector, plays an overwhelming role in the delivery of public services to ensure inclusive development.” (p2)<sup>5</sup> Does IEJ want anything beyond old public-private partnerships, bourgeois rhetoric to justify profit accumulation? Whatever differences there may exist within the anti-neoliberal movement to rebuild the state’s capacity, the differences are peripheral. In essence, it is a populist reformist current which does not only want to unite progressive forces around its state capacity demands but confronts an inevitable dilemma: how does it set itself apart from neoliberal advocates to rebuild the capacity of the state.

### **Rebuilding state capacity: neoliberal myths**

Adherents of capitalism have put forward their own proposals to rebuild the capacity of the South African state. While the capitalists need the state as a repressive force against the dispossessed, oppressed and exploited classes, they downplay this repressive function intrinsic to the state. In fact, the state is misrepresented as a neutral political body free from the control of any class. Today, neoliberal ideologues divorce the state from the operations of markets and the economy. This state-versus-market invention is not only ahistorical but contradicts what is happening in practice.

Let us turn to Marx to debunk these misrepresentations and set the historical record straight.

The birth of capitalism, Marx wrote in the chapter on primitive accumulation, ‘is written in the annals of mankind in letters of blood and fire’ (p875)<sup>6</sup>. The brutal rise of capitalism so graphically depicted in this chapter has very little to do with moral outrage against the crimes of capitalism. What Marx was tracing was why the state becomes an essential weapon in the “historical genesis of capitalist production” (p899). In his own words, Marx reminded us:

*“The rising bourgeois needs the power of the state, and uses it to ‘regulate’ wages, i.e., to force them into the limits suitable for making a profit, to lengthen the working day and to keep the worker himself at his normal level of dependence. This is an essential aspect of so-called primitive accumulation.” (Capital Vol#1: pp899-900)*

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<sup>4</sup> They have been begging the state to abandon inflation targeting so that the state can “meaningfully tackle unemployment, poverty, and inequality.” (p2) They also plead for “targeted public investment in social and economic infrastructure and the care economy.” (p4) (IEJ., 2023. Budget 2023: Rebuild Eskom and state capacity. 21 February 2023)

**“Rebuilding state capacity.”** Panellists and attendees acknowledged how weak the South African state had become due to neoliberal policies and years of pervasive corruption. Arguments were put forward for revitalizing public service and administration. Panellists recognized that this was no small task but a vital project if SA is to pursue any kind of progressive socioeconomic reform.” (February 2023)

<sup>5</sup> IEJ., 2023. Budget 2023: Rebuild Eskom and state capacity. 21 February 2023. Another NGO, the AIDC, evidently shares the populist reformism of their IEJ counterparts. Steeped in donor-speak and do-gooder prescripts they rally around “a just transition through a public pathway”, popularised at their recent public forum on the energy crisis. “The forum concluded with the recognition that the task of transforming Eskom and pursuing a just transition through a public pathway will not be easy. Importantly, many saw the issue as a question of power and how progressives alongside popular social forces can come up with effective ways to contest power in pursuit of the public good.” [AIDC Forum on Energy, 23 Feb 2023] <https://aidc.org.za/fixeskom-to-address-south-africas-energy-crisis-private-sector-is-the-problem-not-the-solution-to-the-electricity-crisis-a-public-pathway-is-possible/>

<https://youtu.be/lXi5A4HUu4>; <https://aidc.org.za/strategies-to-resist-austerity/>

<sup>6</sup> Karl Marx – Part 8, Primitive accumulation in *Capital Vol#1*: Ch26-Ch28

‘Letters of blood and fire’ continue to define capitalist accumulation in the 21<sup>st</sup> century. However, Marx did not only unmask the bourgeois state as a machine of militarist coercion and violence to enforce the dictatorship of the capitalist class, but also disclosed the economic functions of the state for the bourgeoisie. Occasionally, conflicts over control of state resources erupt among factions of the bourgeoisie as they seek to profit from military or debt contracts.

In a series of articles published as ‘*The Class Struggle in France 1848 to 1850*’, Marx lays bare the economic and military interests at stake in these intra-capitalist factional battles for control over the state. Capitalist transformation of some branches of industry, Marx further shows in *Capital*, depends on “state subsidies to private persons”. The state subsidises the minimum startup capital in aid of “the formation of companies with a legally secured monopoly over the conduct of certain branches of industry and commerce...” (Marx, *Capital*, Vol 1: p424) Bankrolling sections of the capitalist class is an economic function that the bourgeois state carries out to this day.

In South Africa, as in any other part of the world where capitalism reigns supreme, the dependency of the exploiters and profiteers on all state institutions has not diminished. Contrary to the anti-state activism in vulgar bourgeois economics, under neoliberalism there is a deliberate reorientation of the state to better serve the dictatorship of the capitalists<sup>7</sup>.

In considering the state capacity question from the vantage point of the bourgeoisie, it is instructive to hear the views of Cyril Ramaphosa on this question. Against the backdrop of his case for a ‘new consensus and social compact’ in his 2022 SONA, Ramaphosa spoke in defense of the state:

*“We are standing together against corruption and to ensure that those who are responsible for state capture are punished for their crimes. We are rebuilding the state and restoring trust and pride in public institutions.”*  
(Ramaphosa, SONA, February 2022)

After underscoring the need to rebuild the state, Ramaphosa began to delve into some decisive questions at stake, such as: what should be on the agenda of the ‘rebuilt state’? What roles are envisaged for the state in the economy? In response to these questions, Ramaphosa emphasised “that the state must create an environment in which the private sector can invest and unleash the dynamism of the economy.” (Ramaphosa, SONA, February 2022). To reinforce his private sector dynamism fairytales, he echoed his signature tune with greater force, smugly declaring:

*“We all know that government does not create jobs. Business creates jobs.”*

Ramaphosa’s signature tune ignited a lengthy and deafening applause (a standing ovation!) among members of parliament. Contrary to Ramaphosa’s assertions to be coming forth with new and original ideas on how the state relates to the economy, history shows that other members of his party have echoed similar ideas over the years. More often than not, these ideas have been sourced from neoliberal handbooks for government officials and technocrats.

In Ramaphosa’s cabinet, Mr Pravin Gordhan is known as the minister of public enterprises. But in the not-too-distant past, he was President Zuma’s finance minister. As the finance minister in 2016, Pravin Gordhan repeated invitations to foreign investors to invest in South Africa in aid of faster economic growth. Speaking in parliament on 27 May 2016, finance minister Gordhan reiterated the governing party’s call for a ‘social compact’ between government, the private sector and labour for ‘inclusive growth’. Conceding the state’s dependency on private investors, Mr Gordhan told his audience: “With regards to infrastructure and state-owned companies, options for co-investment are being explored, to leverage the strengths of the private sector both in terms of their expertise and balance sheets.” (Speech by Minister of Finance Mr Pravin Gordhan, 2016 Inclusive Growth Debate, Address in Parliament, 27 May 2016. <https://www.gov.za/xh/node/752371>)

When capitalists co-invest in public infrastructure, they do so to maximise profits at the expense of the rest of society. Politically, Ramaphosa’s 2022 emboldened defense of capitalism does not differ from Gordhan’s 2016 plea to the capitalist investors. Although the statements were made years apart, reading them side-by-side confirms the determination and continuity in the ANC’s campaign to privatise state owned companies, camouflaged with hollow and misleading slogans such as “a social compact for inclusive growth”<sup>8</sup>.

The capacity crisis of the state gained publicity through the *2016 State of Capture* report by the former public protector. It is common knowledge that this report framed the investigations and televised hearings of the Zondo Commission. None of Zondo’s findings, which costed the state billions of rands to extract from state officials, has succeeded in cleansing the state apparatus of corruption.

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<sup>7</sup> Against capitalist apologists, Robert Went illustrates the ongoing dependency of the capitalists on the state and the bourgeois state’s shifting economic roles in the era of globalization. In 1991, Simon Clarke edited a volume on controversies around how the state in a capitalist society relates to class struggles drawing mainly on Western European ‘welfare states premised on Keynesian economics’. Chapters contrast disputes on the state that have been raging since the 1960s, with special emphasis on the principles in the Keynesian (or social democratic) defence of the welfare state. (Clarke, S., (1991), *The State debate*. London: Macmillan Academic and Professional (Ltd)

<sup>8</sup> In 2002, Friedrich Ebert Stiftung, a German donor, sponsored a research paper on state-owned enterprises. The report was drafted by Cheslyn Mostert, a coordinator in the ANC’s economic policy unit. The paper turns out to be a defence of privatisation, rebranded as the restructuring of state-owned enterprises. Mostert, C., 2002. *South Africa’s Restructuring of State-Owned Enterprises*. (March 2002) Johannesburg: Friedrich Ebert Stiftung.

In the Mbeki era, the South African state was lauded for its so-called progressive constitution and policies but lacking the capacity to implement these policies. Many articles in the *APDUSA Newsletter* dating from the early 2000s, pick apart and expose such bogus claims with a glimpse into mounting symptoms of state capacity crises during that time.

### **Transitional demands against the bourgeois state**

The anti-neoliberal movements that promote the rebuilding of state capacity are trapped in insoluble contradictions and illusions that must be exposed. How, for instance, do they distinguish their programme from the bourgeois state capacity movement? When the bourgeoisie talks about state capacity, their real target is to disorientate and defeat struggles for socialist democracy.

It is delusional to reason that in class societies, the state can suspend itself above class divisions and struggles. In other words, in a capitalist society, the state carries out the dictates of the bourgeoisie to oppress, repress and deceive all the dominated classes. This does not rule out competition and violent feuds among fractions of capitalists to enrich themselves through control over the state.

The social movements and trade unions do not only evade questions about which type of state they want to rebuild but maintain a grave silence on who must do so and how. As history has repeatedly demonstrated, workers cannot build a new state without a social revolution in which they overthrow and destroy the bourgeois state.

This latter orientation to the state is in APDUSA's transitional demands for socialist democracy. These demands are the alternatives of workers and peasants to the economic, social, ecological and political crises in South Africa. In summary, these demands call for the state management of expropriated industries, a progressive public works programme and a radical overhaul in accountability in representative institutions. Our tradition of programmatic struggle also guides us to agitate for and apply each demand in relation to the overarching fight against capitalism in its entirety. There is no space for *ad hoc adventurism* and *populist reformism* in APDUSA's transitional programme.

Let me quote from APDUSA's programme to demonstrate our transitional alternatives in opposition to the fraud of rebuilding the capacity of the bourgeois state:

- "The **expropriation** of all major industries, banks and institutions of credit and their **management by the state** and **representatives of the workers** in the interests of the population as a whole."
- "A progressive **public works program** with the full representation of the unemployed in its management"
- "The elected **representatives** of the people, at organisational level or in the local, regional or national political **institutions of state**, must be fully **accountable** to those who elect them..."

APDUSA advances these transitional demands in anti-capitalist mass struggles that are inseparable from overthrowing the political power of the capitalist class concentrated in their state.

Thank you.

Peter Jacobs

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