

## **PRESIDENTIAL ADDRESS**

### **The Economic Crisis and the Futility of the Government's Political Programme**

South Africa is in a critical state. For fourteen years the ANC government has succeeded in bluffing the masses that it had their interests at heart. People were led to believe that time was needed to repair the damaged economy and that their lives would improve once the government had succeeded to get the economy growing at a steady pace. The government also ostensibly committed itself to the United Millennium Development goals whereby unemployment and poverty would be halved by 2015. There would be a better life for all.

With signs that the masses were losing faith and patience with the government Cosatu and the SACP set about the task of installing a new leadership in the ANC. The Polokwane conference was their triumph but unfortunately for them they have inherited a poisoned chalice. For the ANC as a whole the chickens have come home to roost. The Eskom energy crisis, rising oil prices and soaring food prices in the world have combined to bury all hope that the ANC's economic plan can lead to general prosperity with a contented population.

The Eskom energy debacle is a case of ANC bungling that they can blame on no one but themselves. Way back when the government was warned that serious problems would result if it did not take adequate steps to ensure that the country would have enough power it chose to ignore any responsibility. The hope was that private competitors to Eskom would emerge and that free market forces would serve to deal with any such problems. Further, it fiddled around with the foolhardy pebble bed modular reactor scheme to produce nuclear power stations for export and profit, pouring billions into this scheme which has yet to come off the ground. Even if it did eventually, the country would need 30 to 50 of these reactors to make a serious contribution to the country's power needs and it is doubtful whether the expertise is there to manage such a scheme.

Private companies have not entered the energy market until now when we see a rip-off in the private petrol generator trade. Besides the damaging power cuts which have now become routine, Eskom is telling the country that all large scale industrial development schemes and even housing schemes will have to be halted until in a number of years to come it is able to meet the demand for electricity. The ANC government is mostly silent about the energy crisis telling people that up to now South Africa has produced the cheapest electricity in the world and that this is no longer sustainable. In other words we have to accept the massive increases that Eskom is demanding.

What the government is not considering is decisive intervention to develop alternate energy resources which are not as environmentally harmful and expensive. It chooses to ignore the advice given by those on the environmental front and religiously holds that it must not interfere in the so-called free market. The environmental left has raised serious arguments for the judicious use of pollution free, solar, wind and sea energy. For instance, just two years ago a breakthrough was made at University of Johannesburg in the use of thin film technology whereby solar energy is converted to electricity at a much lower cost than before. Production of this source has been taken to Germany because South Africa does not have the infrastructure to handle it. But the government is doing nothing about this though it could quickly and seriously impact on power production without the environmental costs and dependence on fossil or bio fuels where costs are rising. South Africa continues to rely on oil and coal to generate electricity. But not only are oil prices rising, the "free market"

allows the best grade coal mined in South Africa to be exported, leaving Eskom with the worst. But as long as there are profits to be made the government continues with its absurd policies.

The soaring food prices represents the other side of the same coin. Not long ago warnings were sounded that if there was a widespread resort to bio fuels to counter uncertain oil supplies that were rapidly growing in costs, there would be a serious impact on food costs. This has happened sooner rather than later and the price of ordinary food such as maize, wheat and rice has rocketed world wide. The World Bank reports that the price of food has risen by 86% over the past three years. In some areas the rise in prices has been more extreme. For example, in Nigeria the price of sorghum and millet doubled in five months while in Somalia the price of wheat flour almost tripled over the last year. It is not just because of the move to bio fuels. As mineral oil prices rise sharply so also is there a rise in the cost of food production. Last but not at all the least there is rank profiteering on the part of the major food producing conglomerates. The food price crisis is of such proportions that leading figures in the United Nations, the World Bank and the IMF have warned that if something is not done we could see more protests with the threat of governments being toppled in some countries. So there is a serious effort in the making to assist the worst hit countries with food subsidies and aid. But these efforts are at palliatives rather than solutions.

Adding to the crisis here in South Africa is the fact that the governments' land reform program has been shown up to be nothing more than a farce. While the peasants continue to suffer on the other side we see that more and more farmers have stopped producing food crops and have moved into the lucrative game reserve industry. Once again the market finds it more profitable to meet the pleasures and comforts of the rich rather than the critical needs of the poor. So much for free market forces solving the problems of the world.

To sum up, we are faced with the government's failure to meet the country's energy needs and so crippling the economy; we are faced with massive increases in oil, petrol and diesel and we are faced with horrendous increases in the price of staple foods. Last but not least the economic recession or near recession in America is having repercussions across the world. What this also means for the masses is that greater unemployment is to bound to follow. The situation is indeed bleak.

The ANC government is now faced with the fact that its hollow promises of a better life for all has exploded in their faces. As long as it is bound by its neo-liberal free market economic policies it has no answer and it can promise the masses nothing. The people are now facing terrible hardships under the ANC unlike anything before. The victory of the so-called leftists and Jacob Zuma at Polokwane makes absolutely no difference. The vision of a better life for all is being replaced with the stark reality of its opposite. As for the bureaucratic leadership of Cosatu and the SACP, they will not be able to sell their pipe dream of completing the national democratic revolution as the answer to the problem. Rather, we can only expect that the government will become more repressive in answer to the demands of the masses.

The question now is whether a reasonable alternative to government policies within the framework of neoliberalism is possible. We have seen that in Kenya and Zimbabwe a change in political leadership is a difficult question. Here there is still the belief that the ANC was an organisation that produced genuine freedom fighters who sacrificed much for

the nation so that we could all have a better life. Hence, it is believed that it is more a question of who is in charge of the ANC than anything else. In other words with the correct leadership things would be better. Emotion still rules over the sober reality that it was not the personalities but the programme of the ANC that mattered. Whereas the ANC did have genuine freedom fighters in its ranks they were misguided by or otherwise misunderstood the real meaning of the Freedom Charter that was nothing but a programme for compromise of our human rights, disguised by lofty sentiments.

For now, bourgeois economists are attempting to put an optimistic face on things, that we are just passing through an unfortunate phase, but everything will come out right in future. But it is not an accidental incident in social development that we face. It is a direct result of the philosophy of neo-liberalism which they tout as the only solution to human welfare that we have to contend with.

For the present, the masses are stunned by developments, believing that it is just another case of what has gone before. But it is a matter of time before they become fully conscious of their growing plight. What will happen then and how far the people will be prepared to go is hard to say. In the short term we can expect numerous protests against soaring food prices as has happened already in Egypt Cameroon, Haiti and Yemen, to name just a few places. Unfortunately, we expect that the resistance movement will still be caught up in isolated, sporadic struggles until the nexus between their collective grievances becomes more apparent. For the moment Cosatu has taken the lead in mobilising its members in protests against the high food prices and threats of massive increases in electricity costs. Not unexpectedly, in response Trevor Manuel has said that we must not panic and protests “needed to be focused on credible goals and should not undermine the economy on which everyone depends.” He has called the farming subsidies by the rich nations “criminal” and he said “poor South Africans should be encouraged to protect themselves by resuming the subsistence agriculture that was a part of the country’s heritage”. He further stated that there was “no immediate alternative to the globalised market economy that sets the prices of fuels and foods and cautioned that attempts to isolate small countries behind tariff and other barriers would backfire”. (Business Day 18/04/2008). In other words we have to bite the proverbial bullet. But it is of no use telling people that they have to revert to “traditional subsistence farming” when the governments’ land reform program does precious little to make it possible.

We note that the the Cosatu protests are limited to its members and does not include others of the equally exploited masses. If the past is anything to go by, these efforts will be inconsistent and peter out once the ANC leadership settles for some face saving concessions to the poor. In Cape Town there is an attempt to establish a broad front against food prices which includes Cosatu. But then the Cosatu has consistently shown that its participation in such fronts is mere tokenism and political divisions are likely to sabotage real progress as it has done in the past. We sincerely hope that this will not be the case and we should give this campaign our full support and solidarity, to give it strength, to unite with the radical left in Cosatu and to learn from the experiences.

Logically there should be a call for the full nationalisation of the energy industry. There should also be a call for a change in government economic policy away from the export-driven paradigm to one of production firstly to satisfy the needs of the mass of the population. We do not see the Cosatu bureaucrats seriously supporting such a demand They will probably be impressed with the argument of the neo-liberal ideologists that

nationalisation of the energy industry cannot be considered because it is a key component of black economic empowerment and BEE is a key factor in the completion of the NDR. However, left elements in its ranks will agree with us.

Coming to ourselves, in this crisis an important task is placed on our shoulders to break the impasse and to provide the correct leadership as best as we can. Last year we stressed the importance of the need to put the struggle on a political basis with the adoption of a principled political programme. However we have thus far made only limited progress in impressing people with the importance of this direction. While we must persist with efforts in making our arguments heard and noticed we have to examine more closely what needs to be done. At present there are far too many contradictory theories in circulation which only serves to confuse the issue. Cosatu and the SACP persists with the need to complete the national democratic revolution; the social movements are caught up by theories and ideologies, spouted by ngos and individual intellectuals, that range from the inadequate to what is downright to reactionary. These ideas of anarchism, spontaneity and changing the world without taking political power continue to bedevil the struggle, while on the other side we see an appeal to academics who have very much to say but unfortunately they only speak to themselves in their won ivory towers.

With all this we must recognise that we as Apdusa cannot effectively influence the struggle on our own. We are too small for that and therefore we must push ahead strongly with the strategy of combining our efforts with other left political forces. In the present circumstances we have to conclude that however tentative it may be the Radical Left Network represents the best initiative to carry things forward. It is now becoming a matter of urgency. At present we only able to push the program of the RLN in Cape Town but some consolidation of our forces in other areas has happily taken place and we should prepare to move ahead in other areas as well.

The process of building the RLN in the Eastern Cape and Gauteng will necessarily be slow and tentative at the beginning. But in Cape Town we are in a position of advantage and we must use it. Here I want to depart from the issue of mass action to examine what is needed to force the pace. One important strategy that we have to use is to produce serious literature aimed specifically at organisations on the political left rather than directly at the masses at large, in which we raise the debate on critical issues such as methods of implementing the transitional programme, the need for a mass workers party and the nature of a mass workers party. We have to take up the issue of whether we should enter the elections next year with consideration of how this is best achieved. We further have to challenge the ideas of spontaneity and anarchism which is still prevalent in the social movements as much as we have to seriously challenge the notion of working for the NDR. These debates should be conducted in all areas and not just Cape Town. We have seen that when challenged organisations are keen to take up such debates and this should make for a closer collaboration between organisations in the RLN. In other words we have to do our part to move the centre of political debate from academics and ngos to political activists. The former is sterile while the latter has the potential to stir the population. This should be a key focus of our work while we still involve ourselves in the protest politics that is happening around us.

On the international front we see Capitalist imperialism is showing itself up as a system that is incapable of meeting the needs of society. It increasingly concerns itself with the super profits of a minority at the expense of the majority which is absurdly of little concern.

Neoliberalism has conclusively failed the population of the world, with the major multi-national and trans-national corporations choosing to look inwards at their own concerns to survive and flourish rather than at the grievous fate their profit mongering has plotted for the world. The food price scandal is international and there is little any one country can do on its own to solve it. Therefore we must expose the machinations of the multinationals and trans-nationals for the role that they are playing and not just the failure of the ANC government here at home. Let me give you some idea of what is happening.

“Multinational food companies are growing too big and powerful and are threatening the fight against poverty in developing countries, says a new report by development agency ActionAid.

The report – Power hungry: six reasons to regulate global food corporations – reveals that the activities of multinational food and agribusiness companies and their subsidiaries, such as Nestlé, Monsanto, Parmalat, Syngenta and Unilever, threaten the livelihoods of hundreds of thousands of poor farmers and undermine basic rights.

ActionAid’s evidence from Brazil shows that 50,000 dairy farmers have been forced out of business, after a series of takeovers by Nestlé and Parmalat. In India, an estimated 12,000 children worked last year on cotton seed farms supplying subsidiaries of Bayer, Monsanto, Syngenta and Unilever. Many children were also exposed to dangerous pesticides. In the Indian tea sector – where two big companies control more than half the market – thousands of small-scale tea growers and plantation workers are struggling to earn enough to feed their families.

These cases provide condemning evidence of the impact of increasing corporate power within the global food chain. The statistics are alarming:

- trade within multinationals accounts for about 60% of all global trade
- three companies control 85% of the world’s tea market
- two companies handle 50% of the world’s trade in bananas
- in Côte d’Ivoire, four multinationals control 95% of cocoa processing
- in Peru, Nestlé controls 80% of milk production.”

(Action Aid website)

I believe that today the demand for the nationalisation of major industries and services in communications, power, water, health and education is becoming an imperative. In the era of all powerful multi-national and trans-national corporations any effort to limit or even break their power must be considered progressive. In other words, while the working class struggle is more and more becoming an international one of fighting imperialism in the reality of the power of trans-nationals and multinationals, it is on national soil that decisive blows can be struck. This is the first counter to neo-liberalism. What this means is that we must engage people in defending and supporting gains made in other countries such as in Venezuela. We must not believe that resistance to neoliberalism can only be made via the World Social Forum which in any case seems to have lost some of its momentum. Moreover, it is of no use engaging in intellectual criticisms of the weaknesses and failures of the Bolivarian revolution in Venezuela while standing aloof and failing to build on its gains and strengths. Our message is after all a simple one. If positive gains have been made by oppressed and exploited peoples elsewhere then why can’t they be made here? For example, just a few weeks ago The Venezuelan government nationalised a large steel plant – Sidor, which was mainly owned by an Argentinian transnational company. This was after the workers were involved in a long and serious dispute with management at the plant. This is part of a “second wave” of nationalisation by the Venezuelan government in which it

has thus far nationalised the cement industry involving 40 factories, the milk industry and it has taken over 32 large farms. (“The first wave, carried out at the start of 2007, focused on the electricity, telecommunications and petroleum sectors”). Now we may argue as much as we like about whether Chavez is a bonapartist and not a true Marxist but this is undoubtedly a major victory for the working class. But how many workers in South Africa know about it? Likewise, we must demand that South Africa enters economic blocs such as ALBA and not the dubious associations such as it has established with countries such as Brazil, China and India. For all its weaknesses in ALBA there have been real and tangible gains made in the areas of health and education in participating countries. Then, at an ALBA summit last Tuesday, “Nicaraguan President Daniel Ortega, Bolivian President Evo Morales, Cuban Vice President Carlos Lage, and Chávez signed a series of accords to promote mutual agricultural development, create a joint food distribution network, and create a \$100 million ALBA food security fund”. (Venezuela Analysis.com). Venezuela also sent 364 tons of meat, milk and vegetables to Haiti where as we have noted, there have been food riots recently. In other words ALBA is not just about trade but about social upliftment and advance.

Once again, not only must we highlight victories of the working class and peasantry anywhere in the world and hold up such victories as possibilities here in South Africa, more specifically, we have to turn to the RLN to push for these matters to be taken up and once again it is by writing critical papers on these issues and raising discussion in the RLN that we can make a real impact.

In Conclusion, while continuing to build the APDUSA, however slow and difficult it may be, we have to do our best to make the RLN a significant factor in the struggle. Our work must demand and lead to action rather than continuing the cycle of sterile debate that plagues the movement at present. We are small in numbers but it is our duty to see that we remain a relevant force in the struggle and that we can and will make a real contribution to its progress. The struggle continues.

R Wilcox  
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