A Budget for the Maintenance of the Status Quo – same as all the budget speeches have done so since 1994!

For many years, the progressive trade union movement, under the leadership of COSATU before its domestication, has been consistently raising pertinent issues that are worth repeating today in response to the unfolding socio-economic crisis.

Our starting point is that South Africa has not woken up into a world economic crisis in 2008, or an Asian Flu in 1997 or even the mining and steel crisis. Our crisis predates all of these intersecting crises.

We inherited the socio-economic crisis from Colonialism of a Special Type, which we defined as a dynamic and self-reinforcing combination of white domination, gender oppression and class exploitation.

It is intellectually dishonest for the Minister of Finance in his Budget Speech, following on the State of the Nation Address and the statement from the ANC Lekgotla, that all of a sudden, the challenges we face can narrowly be situated in the 2008 global crisis of capitalism.

In saying this, we are not in any way denying that we were impacted upon by that crisis – of course we were, and a million jobs were lost as a result, and many new entrants failed to gain employment because of the extremely weak recovery.

We, however, refuse to allow political leaders, particular in the ANC-led government, to hide behind the global capitalist crisis in order to mask their own failure to address the historical economic demands of the South African people.

So what is the crisis in South Africa?

We inherited an economic structure that is characterised by the domination by the minerals-energy-finance complex. This production structure is based on the super-exploitation of the black working class, the exclusion of the black majority from ownership and control. The minerals-energy-finance complex, although it now contains significant foreign ownership, nevertheless continues to be owned and controlled by white monopoly capital.

The profits generated by this complex, are based on the exploitation of cheap black and African labour. Historically, this labour was coerced by the apartheid state through a myriad of schemes, including influx controls and Bantu education. Despite the absence of the apartheid state today, this structure continues to dominate the economic landscape. It is this economic structure that reproduces poverty, unemployment and inequalities. It is this that led the ANC to say, in its 1969 Strategy and Tactics:

> In our country—more than in any other part of the oppressed world—it is inconceivable for liberation to have meaning without a return of the wealth of the land to the people as a whole. It is therefore a fundamental feature of our strategy that victory must embrace more than formal political democracy. To allow the existing economic forces to retain their interests intact is to feed the root of racial supremacy and does not represent even the shadow of liberation. Our drive towards national

> 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.

Failure to rigorously pursue this perspective lies behind the continuing conditions of neo-colonialism. As we speak, contrary to the dictates of this perspective and the Freedom Charter demands, the land has not been distributed and remains owned by a small white minority just as it was the case during the colonial and apartheid era.

Wealth has not been distributed and remains concentrated in the hands of a white monopoly capital and foreign-owners. The mineral wealth beneath the soil, the banks and monopoly capital remains in the hands of those who took it through the barrel of the gun. In fact, increasingly, these sectors of the economy are owned by foreign imperialist capital.

The budget speech, SONA and the ANC Alliance do not speak to this structural crisis.

All of the sudden we are being told that most of the crisis at hand is as a result of the 2008 world economic crisis. This is intellectually disingenuous and seeks to pull wool over the eyes of the poor, whose expectations from democracy have been disappointed. This trick will work on many people, including on the majority of the electorate. However, it will not work with some of us who are students of history.

In saying this, we are not in any way suggesting that South Africa is an island and insulated from the global crisis of capitalism. Of course we are, but we cannot blame all of our challenges to external factors, like those who supported GEAR during the East-Asian crisis of 1998 did. The ANC leaders refused point blank to implement our historic policy positions.

Part of the structural crisis facing South Africa is the following:

1. **A two tier education system**. On one hand this system is designed to cater for the rich and upper middle strata. It is exceedingly expensive but students going through can compete with the best in the world. 71% of all kids who pass matric comes from 11% of the schools mainly the private and former model c schools.

   On the other hand the children of the poor majority are trapped in an inferior dysfunctional education where 18150 schools have no libraries, 15984 schools have no computer centers and 20312 schools have no laboratories, and where according to the 2014 NEIMS report by the Department of Education, 1131 of schools had no electricity, 604 have no water, 474 no toilets and 11033 have pit latrines.

Children trapped in this inferior education cannot compete with their counterparts in Southern Africa or the world. 45% of them fail their first year in university and their counterparts from the private schools pass. This is the vicious cycle that drives poverty, unemployment and inequalities.

2. **A two tier health system**. On hand a 17% of the population enjoys the best of private health which is also extremely expensive taking 51% of the country resource spent on health. In addition to this workers R20 000 a year as their medical aids do not cover medicines for the year.

   The current Market Inquiry has exposed that South African private health care is more expensive than most of the developed world. Government must act against this and yet, we heard nothing in the budget speech about this. The overwhelming black majority is trapped in an inferior health care system, where lack of infrastructure, critical medicines at times even the critical antiretroviral, staff shortages, etc. is the norm. This again is the vicious cycle that drives poverty and inequalities.

When we hear that billions of Rands are being spent, there is no talk of how these social inequalities will be addressed. Many people are duped into believing that the crisis we inherited from colonialism, which was based on the exclusion of the black majority from the best of the infrastructure, is being addressed. In fact now, almost 22 years after the democratic breakthrough, this crisis has not been addressed, notwithstanding some of the strides that were registered.

The reality is that whereas during apartheid people were excluded from the best of infrastructure based on the colour of their skin, today people are still excluded, based on the colour of their skin plus the size of their wallets.

COSATU was blunted so that it can never again mobilise the working class to pursue its radical economic proposals.

We are forging ahead, we are building a new independent workers' movement that will dust off the 11th and the 9th National Congress resolutions of COSATU, mobilise the entire working class for their implementation. These include the following demands:

1. A radical economic transformation based on the Freedom Charter clarion call that the land and wealth of the country must be shared! That the structure of the colonial economy must be replaced by a New Growth Path based on massive industrialisation of the economy.
2. The call for decisive state intervention in strategic sectors of the economy, including through **strategic nationalisation and state ownership**, and the use of a variety of macro-economic and other levers at the states disposal, which can be deployed to regulate and channel investment, production, consumption and trade to deliberately **drive industrialisation**, sustainable development, **decent employment creation**, and regional development, and to break historical patterns of colonial exploitation and dependence.

3. The urgent need to radically overhaul our **macro-economic policy** in line with the radical economic shift which we all agree needs to happen.

4. The radical economic shift requires that **institutionally**, the Treasury, which constitutes the biggest obstacle to the government's economic programme, needs to be urgently realigned; a new mandate needs to be given to **the Reserve Bank, which must be nationalised**; and the National Planning Commission must be given a renewed mandate, to realign the national development plan, in line with the proposed radical economic shift . Aspects of the New Growth Path also need to be realigned in line with the proposed new macro-economic framework. **All state owned enterprises and state development finance institutions need to be given a new mandate**.

5. Urgent steps must be taken to reverse the **current investment strike and export of South African capital.** There is currently R1,5 trillion lying idle in social surplus which employers are refusing to invest. These measures need to include **capital controls and measures aimed at prescribed investment, and penalising speculation.**

6. The urgent introduction of **comprehensive social security.**

7. An **abolishment of the apartheid wage structure** and its replacement by a more equitable structure that will ensure an elimination of poverty amongst the working people and the inequalities. A national minimum wage that will in a meaningful way address poverty and inequalities.

The budget speech today like all other before simply does not represent any new direction. It blatantly refuses to accept the deepening crisis of poverty, unemployment and inequalities or the even the scale of corruption. It is the continuation of the old business is usual ignoring the plight of black working class and poor.

Whilst the budget did not represent the full blown frontal attack on the poor and runaway privatisation demanded by the spokespersons of the rating agencies, it is nevertheless represents a consolidation of the neoliberal economic framework that not only failed the transformation agenda in South Africa for nearly 22 years but that actually caused the very world economic crisis of 2008. If anything the budget sought to cut expenditure on the poor whilst appearing to be offering meaningless tax breaks to workers. For example social grants will grow at a rate less than inflation. Old age pension will be increased by R80 in 2016 and by R10 in 2017, while inflation is projected to be above 6%. It is a typical giving with the other hand while taking from one hand. This means the 13-million South Africans who go to bed hungry every night will become increase.

The much spoken about savings has come to symbolic things that will be forgotten the day after tomorrow. The current bloated Executive, which only serves to maintain a patronage network, as a reward system to loyal cadres, will not be touched. There is no intention to publicise the ministerial handbook. There is no

intention to follow the examples we saw when Minister flew an economic class, there is no talk of slashing the massive unnecessary security convoys that only help create a gap between the leadership and their constituencies, etc.

There is a promise to address the collusions and price-fixing by big monopolies keep coming before the Competition Commission. This is welcome but we want to see action.

In 2013 alone $29 billion was illegally taken out of South Africa in illicit financial flows ($21 billion/year on average from 2004-13). The SARB and Treasury should have immediately investigated large multinational corporations and prosecuted those like MTN and Lonmin where research shows they have been looting South Africa. These amounts away could address the challenges we have pointed out including providing a comprehensive security delayed for nearly 22 years. Nothing has been done to address this looting that have been going on for years. We will take seriously today promise the day we see this being stopped and executives being jailed.

Today, next year and many years to come the working class, when it realises it has been duped, when it observed lack of material progress in its communities, when service delivery stalls, will not point to this budget as a point of their liberation but it will refer to it as an instrument of continued enslavement to the Washington Consensus and neoliberalism, when such a Consensus has been thoroughly discredited world-wide. Without a second liberation struggle, which should be led by the worker/youth axis, we will be where we are economically for another 22 years!

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