



Bottomline

BECAUSE THE YCLSA SAYS SO

SOCIALISM IN OUR LIFETIME

BRICS YOUTH SUMMIT

The 10th BRICS Youth Summit took place in Ulyanovsk, Russia from 22-26 July 2024



JULY EDITION FEATURED ARTICLE:

"YCLSA UFASIMBA JOINS SOUTH AFRICAN DELEGATION TO BRICS YOUTH SUMMIT"

READ THIS FEATURE EXCLUSIVELY ON PAGE 5 OF BOTTOMLINE JULY ISSUE



ISSUED BY THE YOUNG COMMUNIST LEAGUE OF SOUTH AFRICA

IN THIS EDITION

1. EDITORIAL POLICY
2. YCLSA JOINS RSA DELEGATION TO BRICS YOUTH SUMMIT
3. POEM: WHITE MAN SHUT IT UP!
4. MULTI POLARITY: HISTORICAL INTERNATIONAL BALANCE OF FORCES
5. STRATEGIC APPROACH TO CAPITAL : NEHAWU POLITICAL SCHOOL
6. CONTACT US



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EDITORIAL POLICY

**The Year of the District: Mobilize, Educate and
Agitate the Youth for Socialism**

Bottomline is the monthly publication of the Young Communist League of South Africa (YCLSA), also known as UFASIMBA. As a unique and revolutionary publication, Bottomline stands in stark contrast to many other South African publications that are either privately owned or part of media monopolies. It is dedicated to educating, liberating, and agitating the working-class youth of South Africa, serving as a voice for progressive ideas and the struggles of the working class. This publication is a testament to the YCLSA's legacy as the oldest youth movement and the first non-racial youth organization on the African continent.

Our mission is to create a publication that not only informs but also mobilizes young people toward active participation in the class struggle, gender equality, and national liberation. We envision Bottomline as a tool for ideological empowerment, contributing to the broader movement for social justice and working-class liberation. Bottomline thus endeavors to cultivate a politically aware and active youth population—one that is not only conscious of the socio-economic challenges they face but also empowered to take meaningful action. Our goal is to equip young revolutionaries with the knowledge and tools necessary to contribute effectively to the ongoing struggle for social justice, equality, and the realization of a truly democratic society.

Therefore this publication is not merely a newsletter; it is a tool for education, advocacy, and the promotion of youth development within the broader context of our socialist and democratic values. This editorial policy outlines the guiding principles, editorial standards, and content curation strategies that will steer our editorial mandate as we strive to inform, inspire, and empower our readership.

Editorial Principles

1. Youth-Centric Focus:

- Content must prioritize issues relevant to the youth of South Africa, including but not limited to education, employment, health, social justice, technology, and environmental sustainability.
- We will amplify the voices of young leaders, activists, and innovators, ensuring that our publication reflects the diversity and dynamism of South Africa's youth.

2. Accuracy and Credibility:

- All content published in Bottomline must be factually accurate, well-researched, and supported by credible sources. We commit to rigorous fact-checking and verification processes to maintain the integrity of our publication.
- Contributors must cite all sources appropriately and provide context to ensure readers have a clear understanding of the information presented.

3. Balanced Representation:

- While Bottomline is a publication of the YCLSA, it is essential that we provide a platform for a range of perspectives within the progressive youth movement. We welcome contributions from various youth organizations and individuals who share our commitment to social justice and youth empowerment for socialism.
- Editorial content should reflect a balanced representation of gender, race, and socio-economic backgrounds, ensuring that all voices are heard and valued.

4. Advocacy and Activism:

- Our publication will serve as a tool for advocacy, promoting policies and actions that align with the values of the YCLSA and the broader progressive movement. We will highlight campaigns, initiatives, and events that advance the cause of youth empowerment and social justice.
- Editorials, opinion pieces, and commentaries will encourage active participation in social and political discourse, urging our readers to engage in meaningful activism.

5. Ethical Journalism:

- Bottomline adheres to the highest standards of ethical journalism, including respect for privacy, avoidance of conflicts of interest, and a commitment to fairness and impartiality in reporting.
- We will not publish content that is discriminatory, inflammatory, or harmful. Our editorial team will exercise discretion in selecting content that aligns with our mission and values.

Content Curation and Submission Guidelines

1. Content Types:

- Bottomline will feature a mix of news articles, opinion pieces, interviews, profiles, reports, and creative content such as poetry and artwork that resonate with our readership.
- Regular features will include updates on YCLSA activities, policy discussions, and coverage of significant events such as the BRICS Youth Summit and national youth campaigns.

2. Submission Process:

- We welcome contributions from YCLSA members, youth organizations, and allied individuals. All submissions should adhere to our editorial principles and be submitted in a timely manner to meet publication deadlines.
- The editorial team will review submissions for alignment with our mission, accuracy, and overall quality. Feedback will be provided to contributors, and revisions may be requested to ensure the highest standard of content.

3. Editorial Review:

- The editorial team, led by the Editor-in-Chief, will oversee the content selection and editing process. We will work collaboratively with contributors to refine content, ensuring that it meets our publication standards while retaining the authentic voice of the author.
- Final editorial decisions will rest with the Editor-in-Chief, who will ensure that all content aligns with Bottomline's mission and values.

Design and Presentation

- The design of Bottomline will be bold and revolutionary, reflecting its role as a platform for radical youth discourse. The layout will prioritize readability and accessibility, with a clean and minimalist modern aesthetic.
- Visual elements, such as high-quality images and from time to time infographics, will be used to enhance the presentation of content and engage readers.

This editorial policy is a living document, evolving to meet the needs of our readers and the broader youth movement.

Editor in Chief, Mzwandile Thakhudi



FEATURE ARTICLE

“YCLSA JOINS RSA DELEGATION TO THE 2024 BRICS YOUTH SUMMIT”

Championing Youth Empowerment:
NYDA Leads Team South Africa at the
2024 BRICS Youth Summit



At the 2024 BRICS Youth Summit in Ulyanovsk, Russia, which also happens to be the birth place of the Iconic Revolutionary, Vladimir Lenin. The Young Communist League of South Africa (YCLSA) proudly joined the South African delegation at the 2024 BRICS Youth Summit. Led by the National Youth Development Agency (NYDA), our delegation engaged in a series of impactful discussions and activities aimed at fostering youth collaboration and development across the BRICS nations. Explore the highlights of South Africa’s impactful presence at the summit.

Highlighting South Africa's Contributions at the 2024 BRICS Youth Summit

The summit, themed “Strengthening Multilateralism for Just Global Development and Security,” gathered young leaders from Brazil, Russia, India, China, and South Africa, as well as new BRICS+ member countries including Egypt, Iran, the UAE, Saudi Arabia, and Ethiopia. The event provided a platform for the youth to share insights, build networks, and discuss strategies for addressing common challenges.



A Collaborative Effort for Youth Development

Our collective participation in the discussions, workshops, and cultural exchanges reinforced our commitment to advancing the goals set by team South Africa.

Key Highlights of the South African Delegation's Participation at the Summit

The National Youth Development Agency (NYDA) as led by Executive Chairperson, Asanda Luwaca played a crucial role in presenting South Africa's approach to youth development to the plenary sessions at the 2024 BRICS Youth Summit, emphasizing a multi-faceted strategy aimed at tackling all the key challenges faced by the youth in South Africa and how it relates to the BRICS+. A significant focus was placed on combatting youth unemployment, which remains a critical issue in South Africa.

The South African youth demographic, a significant portion of the population, stands at the crossroads of opportunity and challenge. With a youth unemployment rate of approximately 55.75% as of 2023, and an ongoing struggle with educational and skill disparities, the need for structured, impactful interventions is urgent. These challenges are not unique to South Africa but are prevalent across the Sub-Saharan African region, emphasizing the necessity for a collective approach within BRICS.

Therefore in our submissions as the YCLSA to the NYDA and ultimately the summit we looked strongly at youth entrepreneurship programs, job creation schemes, and educational reforms to be designed to better align the skills of young people with societal needs and comparative economic advantage in grassroots communities. We additionally underscored the importance of vocational training, internships, and mentoring programs as vital tools in preparing people in developing economies for the workforce.

The South African delegation's contributions at the 2024 BRICS Youth Summit extended beyond the popular themes of youth unemployment and entrepreneurial support, to encompass a range of critical discussions aimed at aligning our wholistic national priorities with the broader BRICS agenda.

Sustainable Development and Climate Change

A significant portion of our dialogue was dedicated to sustainable development and climate change. Recognizing the intersection between environmental sustainability and economic opportunities for the youth, we emphasized the establishment of “Green Jobs.” These roles, focused on renewable energy, conservation, and sustainable agriculture, are seen as key to engaging young South Africans in tackling environmental challenges while creating employment. We proposed collaborative climate action initiatives among BRICS countries, sharing technological advancements and strategies to combat environmental degradation.

Digital Transformation and Innovation

South African representatives underscored the importance of digital transformation as an engine for youth empowerment. Discussing how technology can spur economic growth, we introduced initiatives to expand internet access in rural areas and promote digital literacy. In particular, we highlighted the importance of training programs relevant to Fourth Industrial Revolution (4IR) technologies such as AI, robotics, and advanced manufacturing. Collaborations with BRICS tech companies and educational institutions were proposed to design and deliver these training programs.

Health and Wellbeing

Health and wellbeing were other focal topics of discussion. The delegation noted the disparities in healthcare access, especially for the youth, which were exacerbated by the pandemic. Proposals included expanding mental health services, comprehensive sex education, and health campaigns aimed at disease prevention. We called for a collaborative effort with BRICS nations to improve healthcare infrastructure through shared resources and expertise.

Political Participation and Civic Engagement

The importance of political participation and civic engagement among the youth was also a major theme. The delegation stressed the need for inclusive decision-making processes and the development of educational programs to inform young people about their civic rights and responsibilities. Encouraging leadership skills and fostering a politically engaged youth is seen as crucial for driving future progressive changes. Solidarity and International Cooperation Our discussions consistently emphasized the theme of solidarity and international cooperation. We advocated for stronger BRICS partnerships to address common challenges like youth unemployment, educational gaps, and economic inequalities. This cooperative approach involves sharing best practices, innovative ideas, and resources to develop comprehensive strategies that benefit all member countries.



BRICS Youth Summit. Fourth Day . Source: Roscongress Foundation



Summit Outcomes: The Ulyanovsk Declaration

The summit concluded with the adoption of the Ulyanovsk Declaration, a document that reaffirms the commitment of BRICS youth to addressing common challenges. The declaration calls for ongoing collaboration and knowledge sharing in areas such as education, entrepreneurship, science and technology, and volunteer work. It also emphasizes the importance of mental health and sports as tools for youth development.

The full Ulyanovsk Declaration, which outlines the commitments and recommendations agreed upon during the summit, can be found on the next page.



**DECLARATION
BRICS YOUTH SUMMIT
RUSSIAN FEDERATION, ULYANOVSK
22 – 26 JULY 2024**

PREAMBLE

We, the youth delegations of BRICS countries, met in Ulyanovsk, the Russian Federation, from 22 to 26 July 2024 for the BRICS Youth Summit to discuss the current state and future prospects for the development of youth cooperation among BRICS countries over a wide range of areas including the following identified priority areas:

1. Education, training and skills;
2. Entrepreneurship;
3. Science, Technology and Innovation;
4. Youth Community Service and Volunteer Work;
5. Health and Sports.

Therefore, Welcoming the Arab Republic of Egypt, the Federal Democratic Republic of Ethiopia, the Islamic Republic of Iran, the Kingdom of Saudi Arabia, the United Arab Emirates, as new member countries in BRICS;

Aspiring to maintain continuity of the Declaration of the BRICS Youth Summit adopted in Durban, South Africa, in 2023;
Acknowledging the theme of the Russian chairship in BRICS in 2024 “Strengthening Multilateralism for Just Global Development and Security”;

Reaffirming our commitment to the BRICS spirit featuring mutual respect and understanding, equality, solidarity, openness, inclusiveness and consensus;

Recognizing the importance of the BRICS youth voice;

Reaffirming the importance of the BRICS Youth Summit and believing it to be the appropriate forum to discuss youth matters;

Highlighting the activity of the BRICS Youth Council as a body that is devoted to develop and consolidate youth agenda in BRICS countries;

Understanding that our youth share common goals and aspirations for a better future;

Bearing in mind that youth are key for economic growth;

Reiterating the importance of prioritizing youth development at national, regional and global level.

We present the following recommendations emanating from discussions at the BRICS Youth Summit:



Education, Training and Skills

- Recognizing the need to ensure smoother transition of the BRICS agenda between generations, we propose to include adolescents into the BRICS youth events and organize various projects and programs such as camps, festivals, conferences and fora for adolescents;
- We reiterate the need to stimulate the educational and professional exchange of youth between BRICS countries and strengthen the intra-BRICS educational cooperation under the framework of existing institutions including BRICS Network University and the BRICS Technical and Vocational Education and Training (TVET) Cooperation Alliance;
- We underline the importance of raising awareness amongst the youth about BRICS through all media sources including, but not limited to the BRICS Mediaplatform;
- We explore the possibility to organize educational missions to BRICS member countries on annual basis to raise awareness of adolescents and young people about BRICS.

Entrepreneurship

- We call on all BRICS countries to promote favorable conditions for young entrepreneurs;
- We emphasize the importance of strengthening cooperation in areas such as talent training and innovation among others;
- We propose to hold annual meetings of BRICS young entrepreneurs to enhance networking and collaboration, as well as empower young innovators;
- We encourage entrepreneurs to promote employment opportunities across BRICS respecting each country's visa regime and employment regulations.

Science, Technology and Innovation

- We call on all BRICS members to promote digital literacy amongst young people and engage them in science, technology and innovation;
- We propose to strengthen mutual learning and cooperation in the fields mentioned above, and urge all BRICS countries to participate in the BRICS Youth Dialogue on Science, Technology and Innovation;
- We encourage BRICS member states to conduct regular meetings of young scientists and innovators;
- We call on all stakeholders, including but not limited to universities, science parks, research and think tanks of BRICS countries to implement joint projects and carry out practical cooperation.

Youth Community Service and Volunteer Work

- We recommend to initiate a program for young volunteers of BRICS countries aimed at granting them an opportunity to learn about cultures of each other, catalyze community impact and youth leadership, exchange information about community services and volunteer work and support online dialogue of volunteers from BRICS countries;
- We call on BRICS member states to organize public activities such as festivals, fora and others for young people to learn about the best practices in community service, volunteering and other spheres;
- We propose to organize a conference for the most active volunteers from BRICS countries on an annual basis.

Health and Sports

- We welcome BRICS Sport Games as a significant event that brings together BRICS youth;
- We recommend to boost physical activity of young people and promote a healthy lifestyle, as well as the need for extensive exchanges in related fields, including research and development;
- We acknowledge the need for developing comprehensive strategies to promote mental health awareness, a culture of respect and empathy amongst young people;
- We recognize sports as an important tool for uniting people and propose to establish collaborative partnerships between BRICS countries to conduct research, exchange knowledge, and develop innovative approaches in the field of sport and health.



BRICS Youth Summit. Fourth day. Source: Roscongress Foundation

WHITE MAN SHUT IT UP!

Written by Makhanda Africa

Allow your lips to permanently greet one another
Blacks & Africans are mother's to this (devilish) democracy/
And you are the fathers.

Who died and made you (under)God of moral-ethical
authority/

What has given you the false believe that you possess a
superior knowledge?

I know what.
And so do you.

It's thinner than the air in the Drakensburg.
More pervasive than witchcraft accusations in Limpopo.
Bigger than the hole in Kimberley.
It has lasted way longer than the reefs in the Witswasraad
have been mined.
It operates in lands larger than that of the Zulu, Sotho,
Tswane, Xhosa & Venda combined.

Its first cuts were through tendons & intestines of the abaTwa/
bushmen Khoi, the Strandloopers in the Cape of Good Hope.
Cape of No Hope!

A minute incision into her sole via Kaapstad.
Then to her heel in Delagoa Bay now Elizabeth's Port- Oh Afrika!
WHITE SUPREMACY & SNOW PRIVILEGE!

Like an (un)acquired immunodeficiency syndrome, you rudely
introduced yourself into our lives.
Into our land.

You lowered the resistance to infection and hatred of our people.
Our people, akin to white blood cells, were under prepared & too
friendly to your advances.
Not knowing that you didn't come here in good faith.

Our Afrikan body severly lost spiritual, economic & cultural
immunity on that day.

Now, our Body is unable to eliminate nor cure itself from you.

That poisonous seed. The One that was buried but grew.
Inferiority.
Created out of superiority.

A New African Order was born in 1652...

**HISTORICAL INTERNATIONAL
BALANCE OF FORCES****MULTI POLARITY****BY IVAN MNISI****Unipolar Order**

The fall of the Ottoman Empire brought about the strive of western powers until the emergence of the unipolar dominance of the British Empire, which its founding principal was not on economics but on white superiority ideology, this meant that all others were sub-humans and deserved to be treated as such without partialities, of course not undermining the fact of the first industrial revolution emerging from the British Empire which allowed it to stretch far and wide to subjugate the 3rd of the world through brutal conquest, lasting for about 400 hundreds years.

This industrial revolution allowed it to surpass its contemporary foe, namely being the French Empire. The independence war against the British empire from the American settlers at the height of the empires strength, brought about weakness within the British empire and its down fall spiral began at that turning point of western history but not to disregard that it (The British Empire) still had a strong hold on the world as a unipolar and unilateral global power.

The 1st world war brought about the weakening of the British empire and this resulted in the formulating of the League of Nations which was to usher in a multilateral world order but it failed to do so; as America grabbed an opportunity to become the next unilateral global power just as the British empire was beginning to disintegrate, as it suffered economic blows that it couldn't recover from, only by the sanctions imposed on that old German country for losing the war was it able to recuperate from its economic recession.

It could be put that the 1st world war had broken the back of the British empire and ushered in the United States of America as the new dominating world power, even though much of the global south was still in the hands of the British empire and only a few countries in Asia had managed to fight off the colonial power, while some African countries were building organizations inspired by the "EAST" nations to do the same and get rid of the colonial masters.

The dawn of the 1940`s with the 2nd world war breaking out with the German Nazi`s, the conflict broke the British empire completely and the United States of America came as a hero to save the western world from disintegrating and for this reason America become the hero of the 2nd world war, while all that was British became beholden to the United States of America, this ushered in the bipolar state of the world as the Soviet Union had also fought from the eastern front and managed to win the war against the Nazi`s, it is historically declared that it was the Soviets who entered Berlin first and conquered the fascist who were led by Hitler

This victory brought about the United Nations Charter & Treaties, but of course in the eyes of the western forces the Soviet Union was a nuisance and in the way of United States of America becoming a unipolar and unilateral dominating power in the world and therefore for the same reason the cold war was born and the scramble for dominance between the two polar powers began.

Bipolar World

The end of the 2nd world war was the beginning for the bipolar war which is known for intensified espionage and intelligence activities, which the world had never seen before. America had inherited the capital of the British empire through assisting Church Hill and the British Royal Family when they called for help during difficulties of war; from the first world war United States of America had learn to build strong monetary and fiscal structure to dominate not only militarily but financially. This gave birth to the Bretton Woods institutions which was very much ingenious of them as it gave them leverage over their counterpart the soviets who didn't have such international financial trade network which United States of America inherited from the British empire and only morphed the mechanism in preparation for world dominance and indeed they were not built in vain as later on during the cold war they become very handy and some argue that it assisted to even win the cold war against the soviets and close the bipolar state of the world, of course the United States gold standard almost lost the plot in terms of global financial dominance and all thanks to the US Secretary Henry Kissinger, who came with the petro-dollar fiat money bail out system, which gave US an ambitious new breath of life and the

While some say it was a turning point for America as the dollar began to dominate the global scale and perhaps some in the Soviet bloc began to covet some of those endless dollars into their treasure chest, which led to the fall of the Soviet Union in the late 80`s yet what put the final nail on the coffin only speculations and theories fill in the blank pages as US world dominance under the guise of “globalization” took over.

Unilateral Order

Finally at last the United States of America at the fall of the East Bloc symbolized by the fall of the Berlin wall, ushered in total dominance of the world by US, a long awaited or delayed global dominance of the world by America had finally come to fruition and no power could stand the mighty American dream and its dollars, EVERYONE wanted to be part of this “globalization” yet they failed to comprehend that it was a demand for US unilateral dominance. Unfortunately the cold war exhausted the financial instruments of the West and they had to be reconstructed so as to dominate the world for the next millennial, yet what was not considered was the sleeping dragon was waking up in the “Far East” and its strength would be far greater than what the Soviet Union was. Of course as US began to stretch its capitalist bald eagle wings to dominate the world, the dragon spurred flames and burned it`s feathers to the ground resulting in the US having only about 2 decades of world dominance realized, whether the eagle will morph into a Phoenix and rise, only time will tell yet for now all roads lead to China and the economic phenomena they had experienced only tell of even greater achievements to come unless war is used to deter their advancement to quantum achievements.

Because the two decades of US world dominance was one of the most bloody decades in the world as many nations suffered under the foreign policy which was pursued by US, not only was it limited to physical boots on the ground to terrorize the nations which disagreed with the dominance of US, but also the Bretton Woods institutions as mentioned before were militarized and used by Washington to brutalize nations who were yoked to their financial institutions, of course this led the nations to seek alternatives and contributed to the formation and rise of the BRICS nations.

Multi-Polar World Order

The advanced acute skill of China realizing that having a multi-polar structure to avoid the first mistake made by Soviet Union which led to it being isolated, China realizes a multi-polar world order will be far better than a unipolar or bipolar world state. BRICS as an alternative from the western financial network and global dominance web poses a threat to the ambitious unilateral dominance of the world by US, through its already exhausted Bretton Woods Institutions which have put a heavy yoke on the preyed nations by the predator nations, the owners of the new forms of colonialism. Thus far this is being made unsuccessful by the BRICS+ nations which is building new forms of trading networks and financial purchasing webs, in short new forms of monetary and fiscal institutions which will not be biased to nations but rather fair and open to improve lives of billions, already China as BRICS member state has demonstrated such in global south nations where debts were canceled and infrastructure was built for those nations which were underdeveloped by the colonizers.

STRATEGIC APPROACH TO PRIVATE CAPITAL

**Presented by David Masondo NEHAWU Political
School, 16-18 July 202**

Introduction

Over the last two decades, the SACP has been grappling with how it should enter the legislative and executive arms of the state to represent the working class more effectively. Missing from this discussion has been how the working class, including its political representative, the SACP, should approach capital or business for economic growth and development in this conjuncture. A comprehensive discussion on the relationship between the SACP and state power cannot be delinked from how a left party in the state relates to capital and labour.

The key argument in this brief position paper is that, even if the SACP were to overwhelmingly win the elections in the current period, it would not constitute a rupture with capitalism. There would still be a role for capitalists or businesses in the growth and development of the South African economy. The question is: how will the state led by the SACP representatives set the conditions for the developmental role of private capital? This would require not only levelling the playing field for business investment but also for the state to subsidise and discipline capital – more or less similar to the 20th-century developmental states to produce better developmental outcomes more favourable to the working class in particular.

A sensible left strategy in the current period and immediate future should include building a working class-led movement to pressure the state and capital. This should include both politically entering the state through electoral politics and mobilisation politics outside the state, to reduce the structural power of private capital in development associated with higher levels of industrialisation, employment, and so on.

Starting Points

The strategic conclusion above is borne out of four observations. The first is that, given the current balance of class forces, capital will not be overthrown soon. There are no prospects of a rupture with capitalism in most parts of the world, including South Africa. An approach that ignores this objective reality would be very rich in enthusiastic spirit, but poor in analytical and strategic grounding, and may make lead to voluntaristic calls for the immediate overthrow of capital.

Secondly, economic resources in the form of capital are concentrated in the hands of capitalists. More than 60% of the investments in South Africa are undertaken by the private sector. This, in turn, makes both labour and the state dependent on the investment decisions of private capital to generate employment, as well as state revenue (tax and debt).

Without business investment, the state cannot generate revenue from taxing profits and wages from the employed working class. Therefore, states under capitalism, including in South Africa, are forced to establish conducive environments for businesses to invest. The 2 task of the developmental state is to create business investment conditions that would produce transformative developmental outcomes that include high levels of industrialisation, employment, and so on. This can only be realised if the working class exerts its structural and organisational power within the state and society.

Under capitalism, the state like a worker, structurally depends on business to generate revenue. There are a few instances where capital depends more on state support beyond the enforcement of the law and contracts. It is in exceptional circumstances such as war, international competition in the domestic market, and natural disasters (e.g. COVID-19), and where there are high levels of working class organisation and mobilisation, where private capital accepts state discipline because it is where business is weaker than the state. It is in these exceptional circumstances that nation-states have more relative autonomy from capital or more power over private capital. In these exceptional circumstances, private capital easily accepts state discipline.

Thirdly, what seems feasible in the current period is capitalist economic growth and development which could be facilitated through industrialisation in the context of changes within capitalism. These inner-capitalist systemic changes include anthropogenic climate change and rapid technological changes known as the fourth industrial revolution.

The fourth motivation for building developmental capitalism in our lifetime is that certain forms of capitalism play a key role in the development of productive forces, which is a precondition for socialism. The promise has been that socialism will be efficient and democratic. However the experiments of socialism in developing countries have been economically inefficient and undemocratic. This validates Marx's view that revolutionaries must encourage capitalist growth to set the material basis for socialism. However, this must be accompanied by measures to mitigate the worst effects of capitalist growth, including the imperative of limiting the scope of the market in areas such as healthcare and education. In these areas, markets should not be the final arbiter of the people's well-being. Therefore, the markets need to be constrained to de-commodify these public goods.

Marxists and Capitalism as an Economic Developmental Strategy

South African Marxists will not be the first to adopt capitalism as a mode of production for economic growth and development. The Bolsheviks adopted the New Economic Policy (NEP) in 1921. As Lenin put it the NEP installed ‘...freedom to trade and the development of capitalism’ i . He further said, ‘We should not be sorry to give a foreign capitalist 2000% profit as long as it improves the position of workers and peasants.’ ii. Unfortunately, the NEP was not accompanied by a political democracy, which could have allowed freedom of speech and strengthened the organising of workers to resist political degeneration and bureaucratisation under the Bolsheviks. The NEP, which was adopted as a temporary detour, and lasted seven years, was intended to address the vicissitudes of economic stagnation.

Since 1978, China, under Deng Xiaoping, adopted its ‘NEP’, which generated economic development through the opening up of the economy to private capital and the capitalist market. The state-owned companies operated within the market’s profit logic.

The market economic reforms under Deng Xiaoping in China have been in force for more than four decades. During this period, China introduced the private sector which has since significantly grown the economy to the extent that private capital contributes 60% of GDP and 80% of urban employmentiii. However, China still has the largest state-owned companies in the world, some of which are listed on the stock exchanges.

Lastly, the Vietnam Communist Party is building an economy operating within the laws of motion of capitalism, that is market competition, profitability, etc.

The Developmental State and Private Capital

The overwhelming consensus within the ANC-led movement around the need to build a developmental state provides a useful starting point to think about working with private capital in the current phase of our revolution.

The intervention of the state in economic development is not a defining feature of a developmental state. It is not all types of state intervention that make a state a developmental state. After all, states, including the neo-liberal state, intervene in the economy. Rather it is the scope, quality, and instruments of such interventions that define a developmental state.

These have varied over different centuries. To illustrate, the role of the state in facilitating the transition from feudal agriculture to agrarian capitalism and industrial capitalism, started in the 1500s in Britain, followed by late developers such as the USA and Germany. In the 19th century, the scope of intervention was limited to setting structural conditions (e.g. land reform and public infrastructure) to enable economic agents to pursue their interests. The main policy instruments used were tariffs and the provision of subsidies to reduce input costs (e.g. electricity and cheap land) and to provide cheap credit (e.g. the Land Bank) etc. Here the final investment decisions (where, how much, and how to invest) were in the private hands of business owners.

One of the key features of a developmental state is its ability to discipline business to produce certain developmental outcomes associated with levels of industrialisation. The developmental state is not a socialist state. It accepts that the economic resources will be in private hands.

A developmental state carries out the task of economic development through subsidisation and disciplining of businesses as a social class to industrialise. In other words, discipline and subsidies go hand-in-hand. The subsidy is in exchange for businesses performing developmental tasks. Discipline means that capitalists interested in state support would have to lose some freedom over decisions regarding where, when, and how much to invest.

To discipline business, the state needs to have certain organisational capacities, namely: extractive capacity (e.g. revenue collection services such as SARS) to extract revenue to subsidise production costs. Secondly, it also requires an uncaptured, rational, and competent bureaucracy and political leadership to channel subsidies, to foster economic transformation via incentives and disincentives to encourage businesses to invest in industrial growth projects.

Internal capacity refers to the internal cohesion needed to design, implement and avoid conflicting policies. This includes nodal agencies for internal institutional coordination (e.g. Korea: Economic Planning Board, and the Ministry of International Trade and Industry in Japan). The Economic Planning Board in Korea, for example, had supreme control over annual budgetary processes and outcomes.

This also requires embedded autonomy. That is a structured and effective interaction between state managers and businesses to facilitate information on investment plans, as well as performance standards required to obtain state support. Korea had institutionalised channels of communication with private firms, not only to obtain their input but also to clarify the state's objectives and consequences of non-compliance. There were monthly export report- 4 back meetings to ensure effective capital-state communication and accountability. These were goal-oriented meetings where firms reported on the progress of their work.

South Africa and the developmental state

The South African government is committed to the construction of a developmental state. However, the government's policy practice has been contrary to what developmental states do. The post-apartheid state has been trying to retain and attract investment by seeking to provide supply-side measures such as water, electricity, telecommunications, and a general macroeconomic policy environment without seeking to cajole where, when, and how private capital should be invested. This has been accompanied by very light institutional interaction between the state and private capital – not the structured institutional interaction characteristic of real developmental states. These lightweight institutional arrangements include the International Business Council set up by former President Mbeki, the powerless National Planning Commission and recent annual investment conferences instituted under the fifth and sixth administration.

The post-1994 South African policy practice had been the implementation of too hastily and un-strategically liberalizing the markets. These included but were not limited to the liberalisation of trade and investment. No doubt, international competition through trade liberalisation can be used to discipline private capital.

Let us consider how various developmental states have disciplined businesses to shape developmental outcomes.

Post WWII, Swedish society agreed that the state should actively intervene in society to help make the economy more efficient and competitive. The Swedish Social Democratic Party reignited the country's economy by opening it to international competition, lowering tariffs and keeping low wages in large firms in manufacturing and mining, increasing wages in less profitable sectors as a mechanism to drive them out of business, and transferring their resources through market mechanisms to more cost-effective firms. The government actively placed the displaced workers in new jobs and successful industries in high-cost industries and firms.

The Social Democrats, through the labour movement, had an agreement with businesses that the government would build a welfare state without taxing businesses heavily, whilst business improved their international competitiveness. The larger source of tax revenue was generated from employed workers who, in turn, financed the welfare state. Social investment in health and education provided workers with skills and better training for new jobs.

The Swedish labour market policy made Swedish labour a higher-value commodity through investment in education. So, both labour and capital's productivity increased. And, as a result, Sweden became a highly modernised and internationally competitive economy that produced high profits, a growing standard of living, and a more equal society in the West.

Developmental states such as South Korea strategically maintained some level of trade protectionism and promoted exports which enabled domestic firms to earn foreign exchange, which in turn enabled them to buy machinery and technology licenses and technical consultancies. To promote exports, these countries devalued their currencies to make it cheaper for the rest of the world to buy their domestically produced goods. Not only that. These developmental states promoted exports by providing cheap loans for exporting firms and allowing them to import inputs duty-free or pay less import tax and provided exporting firms with global market information. When the investment rates were higher, the East Asian countries tolerated higher rates of inflation.

The developmental states also adopted competition policies oriented towards the economics of scale and eliminated 'excessive and wasteful competition' through coordinated state initiated mergers to create monopolies and oligopolies to compete internationally (chaebols). Samsung, Gold Star, and Daewoo were forced to specialise in different products.

The developmental states adopted macro-economic investment policies that ensured that investable surpluses were invested in productive consumption (e.g. buying machinery, and equipment) as opposed to luxury consumption (e.g. foreign tourism). Furthermore, state owned companies in oil, gas, steel, and electricity were used to boost industrialisation.

South African State Owned Companies

The state-owned companies played a key role in driving the processes of industrialisation in developed Europe and East Asian developmental states. Pohang Iron and Steel Company in South Korea was one of the most successful steel companies that drove its industrialisation. Similarly, here in South Africa, the pre-1989 ISCOR (Iron and Steel Corporation) was one of the successful SOEs (state owned enterprises) that supported industrialisation. In countries like China, SOEs account for almost 45% of the industrial output.

South Africa has almost 715 SOEs, which can be classified in terms of those that provide cross-cutting services (Eskom), industry-specific services (Transnet), national security services (Denel, Armscor, ATNS), finance (DBSA, IDC), and investment promotion services at different levels of the state. Many of these SOEs, including Eskom and Transnet are not able to provide the goods and services required for economic growth on a sustainable basis. Do we need all the 715 SOEs, and why? If not, what are the criteria according to which we decide to keep them, and under what conditions?

Today many of the South African SOEs have unsustainable debt, thus disabling them from contributing constructively to the economy. The story of Eskom's debt levels and its failure to provide electricity to households and businesses is well known.

Transnet has operational problems associated with poor investment in its infrastructure and maintenance. It has a debt of R130 billion, which has increased its debt service costs. In addition to this, Transnet requires R50 billion to finance its freight rail infrastructure. The state fiscus cannot afford to finance the debt and the operational infrastructure.

As a result of the liberalisation of the energy market, there are significant megawatts generated by private producers, but electricity cannot be added to the grid because there is no related transmission infrastructure. Investment in this infrastructure through the newly established Eskom transmission company requires almost R400 billion to finance about 14 000 kilometres transmission infrastructure.

What do we do when the state does not have sufficient money to invest in the development of the country's productive forces, including infrastructure, particularly state-owned network infrastructure (such as energy, freight logistics, water, and telecommunications)? There is an argument within left political circles that bringing the private capital or workers' collective savings (e.g. pension funds or shares sold to ordinary citizens) into the state owned network industries facilitated either through liberalisation of the state owned sector or offering concessions such as Build-Operate and-Transfer (BOT)), is inherently reactionary.

This is a wrong and dogmatic approach because it ignores how the South African SOEs have been a burden not only on the fiscus and the working class but also on economic growth and development. Between 2008 and 2022, the government spent R500 billion bailing out fifteen SOEs, and only three (namely DBSA, ACSA, and SASRIA) were turned around. Furthermore, this ignores how erstwhile statist socialist countries such as China and Vietnam, when faced with the reality of economic stagnation, liberalised and brought private capital into their state owned network industries such as energy. The policy positions of China, Vietnam, and Cuba point towards a greater opening to private capital and a growing role for private capitalist enterprises in their respective economies.

In its Sixth Congress in April 2011, the Cuban Communist Party liberalised the economic sectors which were a monopoly preserve of SOES. State enterprises were not only open to market competition from the private sector, but the government stopped capitalising or bailing out bankrupt state owned companies. This meant no more state subsidies for state enterprises. This marked a departure from when enterprises were bailed out to keep them going. Bankrupt state firms were transferred to the private sector. Secondly, it abandoned the centralised planning system to a price system (market system). This meant that prices were not determined by the central plan, but by the market, which opened competition between state firms, as well as between state firms and private companies.

Faced with insufficient sources of electricity and a weak grid due to insufficient power plants and limited fiscal capacity, the Chinese state invited foreign private capital to either co-invest with the state or invest alone in the construction of power plants. Private loans (through banks) were used to finance the private sector's construction of power plants. In 1984, Yunnan Lubuge Power Station and the World Bank signed a loan agreement to construct a power engineering project. In short, China liberalised energy generation to allow the private sector to generate power.

The South African SOEs operating in the network industries need to be subjected to market competition to ensure their efficiencies. Put differently, there has to be liberalisation of the sectors in these network industries in which SOEs have monopolised. However, the liberalisation of the industries should not necessarily be accompanied by price liberalisation. For instance, in the electricity sector, NERSA should continue to regulate prices at which electricity can be sold in the interest of industrialisation and meeting the basic needs of the poor.

Explaining the rise of the developmental state

Developmental states do not fall from the sky. Instead they are human-made. However, it is not the Cold War between the USSR and the USA that led to the rise of the developmental states in Southeast Asia, as some may argue. Otherwise, Mobutu Sese Seko (the former President of Zaire) would have had a developmental state, given that both South Korea and Zaire operated under the same conditions of the Cold War and were both supported by the USA. State capacity is a necessary but not a sufficient condition for the emergence of a developmental state. Otherwise, India would have had a developmental state since both India and South Korea had strong planning institutions. State capacity matters but it is not sufficient.

It is largely the class orientation of both business and labour that produces a developmental state. Under Nehru, the Indian business class was mainly interested in the domestic market with local industries protected through high tariffs under the import substitution industrialisation (ISI). So, there was no structural compulsion to innovate or to cut production costs to be globally competitive. South Korea, on the other hand, accepted the construction of a developmental state because it was interested in the USA market. It therefore accepted the subsidy because it was interested in international markets such as the USA.

The verdict is that business accepts state discipline if it is in its self-interest, either due to interests in the international markets (e.g. South Korea), if it is still weakened or threatened by a war (e.g. Taiwan), the strength of the labour movement (e.g. Sweden); and when business is threatened by international competition. The response to the international competition can either be protectionist or offensive in meeting the international competition or both, but must be properly sequenced and executed.

Conclusion

The burden of this paper has been to argue in the absence of an immediate rupture with capitalism, the democratic state needs to provide a package of subsidies to capital in exchange for better developmental outcomes. Government subsidies coupled with the government's capacity to monitor business performance on productivity and exports, have been the hallmark of the success of the developmental states.

The consensus within the movement around the developmental state, as a strategic task, provides a good programmatic basis for the Alliance's economic program. The key question is: Does South Africa have a labour movement, state, business class, and political and bureaucratic leadership capable of carrying out the agenda of the developmental state in the 21st century? If not, how do we build a labour movement and state capable of disciplining private capital to produce developmental outcomes within capitalism?

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