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# New Unity Movement

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## The Worker

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We Fight Ideas with Ideas

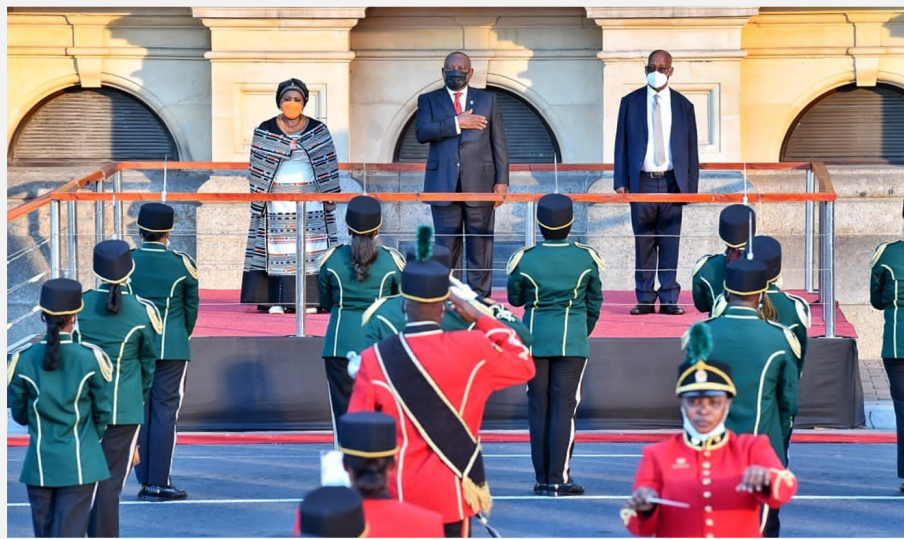
### SONA 2022 – IS IT ALL ABOUT JOB CREATION OR PROFIT CREATION?

This year's state of the nation address (SONA) presented by multi-billionaire president, Cyril Ramaphosa, resembled all previous SONAs both in form and content. By now we have come to expect that the SONA's main purpose is to lull us with a feel-good perspective on the ANC-government's plans for the future. Always we are hearing about what they are **GOING TO DO IN THE FUTURE** to address the myriad issues and crises facing the nation, and always these plans are presented in a positive light. Yet, looking back, on almost every count, our society resembles a 'plane wreckage. How can we have any confidence that this SONA will change anything?

Something which came through very strongly was the honourable president's emphasis on capitalism as the silver bullet. Not surprisingly, the ANC sees every problem as one resolvable by capitalism. What we need, says Ramaphosa, is to attract foreign investment (something we've actually been doing since time immemorial) and hey, presto, our unemployment problem will be solved. On the question of jobs, there is no mention of the **QUALITY** of these jobs. We are aware that SA's minimum wage will be set at R23.19 for 2022. This means that employees on minimum wage will be legally entitled to a gross payment of R3 825.60 for a 160-hour work-month. However, according to an October 2021 study by researchers, "South Africans will need to have a monthly income of approximately R7 911 to have a decent standard of living." That is more than twice what is earnable by minimum wage. Also, if one

takes note of the figures mentioned in Ramaphosa's job-creation plans, they are in the thousands, yet unemployment is in the millions. This depressing fact notwithstanding, his announce-

ments drew applause from the ANC back-benchers. At no stage did Ramaphosa describe whether the jobs to be created by the public sector would be permanent, what their remuneration levels would be, or whether they



would be accompanied by benefits packages. In other words, would they swell the ranks of the "precariously-employed," or would they be "decent?"

The ANC is also wedded to the notion of optimising the business climate for the domestic bourgeoisie, via the much-

### Inside this issue:

1	STATE OF THE NATION ADDRESS (SONA)	1
2	APARTHEID OUT, RETURN TO SEGREGATION: DISCRIMINATORY TAXATION	3
3	RACISM IS ALIVE AND WELL AND LIVING IN SOUTH AFRICA	5
4	BUDGET 2022/3 : TELL NO LIES, CLAIM NO EASY VICTORIES	6

touted plan to create a “developmental state” – a misnomer if ever there was one. The term “developmental state” is something conjured up by the ruling class’s spin doctors, as has been shown wherever this idea has been implemented. It is all about funnelling profit-making projects to well-connected local operators (read tenderpreneurs) and established national corporations/Big Business, but sold to the nation as “creating job opportunities.”

The government pats itself on the back for extending the Covid-19-related social relief grant by another year. This is a grant of R350 a month to the destitute, which works out to R4 200 per year. Compare that to a member of parliament’s annual income of R1 137 933. Welcome to capitalism.

During Nelson Mandela’s era as state president, the driving slogan was “A better life for all.” Indeed.

The ANC’s policy has never been about a better life for all. A minimum wage rate of R23.91 per hour, and a grant value of R350 per month can at best facilitate survival of the barest kind. The state privileges the market economy above any other, so it cannot be otherwise. A news24 article on 11 February was headlined: “Board chairpersons in top JSE companies earn 300 times more than a minimum wage worker.” Enough said.

What about pit latrines in so many schools of the poor? What about the housing backlog? What about crushing corruption and in the process ensuring billions of otherwise-lost funds are thereby made available for socially progressive programmes? What about the scourge of violent crime victimising mainly the working poor? Very-little-to-nothing said.

Government’s plans to regenerate the rail sector via large-scale infrastructure investment sounds like something positive. But again, even though such an initiative will “create jobs,” the primary purpose is to create cheap state-sponsored support for Business (as in moving mining products from inland to the coast, for example). The mining companies will be smiling. The rationale for infrastructure investment and development will always firstly be about furthering the interests of the capitalist class. Jobs are a necessary evil; workers are the source of value, but for individual capitalists, wages are a cost. However, all the mainstream political parties, who are reliant for their survival on the votes of workers necessarily have to pose as champions of job creation.

And privatising electricity-generation? One’s impulse might be to welcome this, given Eskom’s appalling record. So, rather than clean-up Eskom (once and for all) the solution to the nation’s electricity woes is to turn electricity supply into an income opportunity. (Oh, and we are supposed to remember to add that “it will create jobs.”)

What best-case scenario can arise from this SONA? In other words, what if government (and their partners) pull it off, and we actually see delivery matching the vision sketched by Ramaphosa? Should we up and applaud him?

The plans outlined in this SONA are predicated on a global capitalist reality, and the ANC has elected to fall in line rather than to resist or fight it. So, if one is charitable towards the ANC, and gives them the benefit of the doubt, then the question arises: Can they, through their plans, secure sustainable growth in the economy of a kind conducive to investment and through investment, employment? Will the ANC, despite its record on corruption, be able to establish a welfare (rather than a developmental) state, so that – even if only incrementally – there is indeed a real improvement in the lives of all?

Experience over many years of working class struggle amply demonstrates that we cannot simply leave this to the capitalists and their hangers-on. We have to respond proactively. As a class, workers have to organise and unite. If there is economic growth, we have to ensure, through united action, that we get our “fair share” of this growth. As far as the working class agenda in a capitalist society goes, there can be no rest. We have to be constantly defending what we already have, and engaging in struggle to win back what is owed to us. We cannot, for example, settle for R23.91 an hour. We cannot settle for the creation of temporary minimum-wage jobs. We cannot continue to suffer pit latrines in the schools of the poor. And so on. In other words, the betterment of the lives of working people in a growing economy is secured only via class struggle.

There is an added dimension. This is that the capitalist propaganda machine treats capitalism as if it is a normal, given state; we should take capitalism for granted, just as we take the existence of gravity for granted. But we on the Left are well-aware that there wasn’t always capitalism, and we should make it our aim to ensure that there WON’T always be capitalism. There is little doubt in the minds of most left wing activists that capitalism has long outlived its usefulness. Our task is not to improve it, but to eradicate it. However, as Trotsky has reminded us, this will not be achieved in one fell swoop; there can be no “big bang” approach to liquidating the system. Our approach should be one of [helping] “the masses in the process of the daily struggle to find the bridge between present demands and the socialist program of the revolution.”

A luta continua.

## APARTHEID OUT, RETURN TO SEGREGATION: DISCRIMINATORY TAXATION

On the 32nd anniversary of the announcement by FW De Klerk of the unbanning of political organisations and the release of political prisoners it is certainly necessary that we reflect on the events, leading up to what was called an “earth-shattering pronouncement”. Although expected, the suddenness of the announcement caught many by surprise.

Did De Klerk mean what he said? Wasn’t there a catch somewhere? However, before the apartheid policies of 1948 were introduced, wasn’t there something called SEGREGATION? Was this then a case of ‘apartheid out’ and a ‘return to segregation’?

De Klerk had prepared well. He had determined how negotiations were to take place, the sustainability of the capitalist economy in the post-apartheid society, and assured the permanence and immutability of certain clauses in the new constitution.

De Klerk had determined the way the economy would be structured. The ANC government would have to settle that odious apartheid debt. Mandela and the ANC government had agreed to this as a pre-condition to the Kempton Park negotiations.

Thirty-two years have elapsed since then.

In the meanwhile, the government is continuing to spend more and more. The real income is becoming smaller. If we want to know why millions of South Africans live in slum conditions, why we still have mud schools with pit latrines, why our roads are pockmarked with potholes, why we have a failing economy, we have only to look at our neoliberal policies.

When you spend more than what you earn, you are going to increase your debt. South Africa’s debt burden rose from an already high of 27% of GDP in 2008 to 62% in 2019. According to the 2021 Medium Term Budget Policy Statement, SA is spending R303 billion annually to service its debt. This translates into just less than R1 billion per day. It was stated that this could increase to over R1 trillion over the next three years.

For many years the Gini coefficient (A common method used to measure inequality) in SA has been the highest in the world. The richest 10% of the population has 71% of

the wealth whilst the poorest 60% has just about 7% of the wealth in the country. The Gini coefficient in SA is 63.0, when last measured in 2014. We are living in a country with the highest level of inequality in the world. Unemployment is skyrocketing; HIV/Aids levels, TB, Malaria,

violent crime, child hunger and poverty are increasing continuously.

Tax rates, the income source from the electorate has improved. More money is being collected from the citizens. Personal Income Tax (PIT) ranges from 26% to a high


of 45%, depending on the income of the individual. The shortfall in the accretion of the fiscus is made up by an increase in the VAT. As of 2018, VAT has increased to 15% on the supply of goods and services by registered vendors. Corporate tax is stabilised at 28%. The current government is acting as an agent of imperialism and contributing to the wealth created in overseas countries. Companies pay much less tax than individuals who are also saddled with additional taxation for services and goods in the form of VAT. Homeowners pay tax on property, in addition to having to pay for water and sanitation.

Economic policies should be geared to eliminate inequalities and poverty. Our present economic policies are anti-poor – the theory is that wage freezes and retrenchments will achieve employment for South Africa’s 30 million (46,6%) jobless, experience shows this to be a lie.

Company bosses pay tax on their profits, which means that they in essence do not pay tax at all. Overseas bosses do not pay a cent towards the running of this country whilst extracting billions in profits from the labour of the workers. School Fees and the like are merely a hidden form of







taxation. It is noteworthy that the UDF (read ANC) was opposed to all forms of VAT as well as all other hidden forms of taxation such as a tax on fuel prices and accumulation of the sin taxes.

In 1980/81 corporate tax was pegged at 40%. In 1984/85, corporate tax bounced to 50% of their profits and maintained that rate until 1991. This was to finance their war machine against the oppressed. Once negotiations started, there was a dramatic decline in corporate tax until it reached an all-time low in 2008/2009 of 28%. A Corporate tax is a tax on the *profits* of a corporation. The taxes are paid on a company's taxable income, which includes revenue minus the cost of the goods sold, general and administrative expenses, selling and marketing, research and development, depreciation, and other operating costs. In other words, the corporation bosses pay no tax at all.

The ANC government claims that these taxes must be that low to encourage investments. How is it then possible that the same companies could pay corporate tax at 50% in the mid-eighties without a murmur? To add to all of this, corporations hoard some of their profits in tax havens in the Virgin Island, the Bahamas and the like. In this way, they maximise their profits and avoid paying taxes.

The State-Owned Enterprises, ESKOM, PRASA and DENEL are siphoning off billions from the fiscus. At ESKOM, corrupt coal deals, and the upkeep of dinosaur electricity supply generators at Kusile and Medupi are costing the state billions.

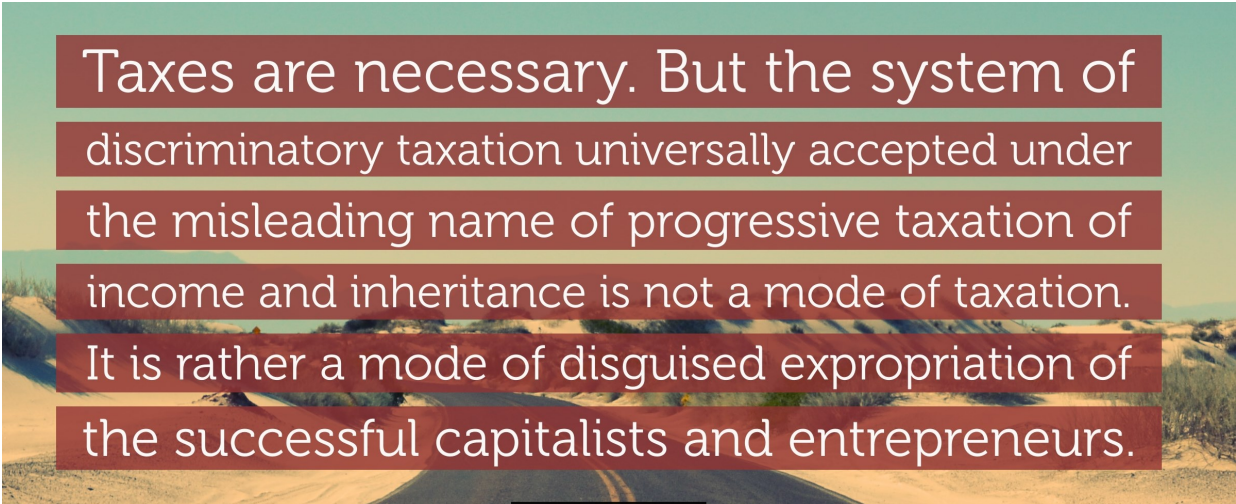
The recent SONA failed to mention the xenophobic atmosphere deliberately being created in SA. Legislation is in the planning stages to limit jobs for what South Africans have

termed “foreign nationals”. Instead of taking over the means of production as in the industries in the pink tide countries of South America, the poor are encouraged to rile against their fellow Africans in what can best be described as xenophobic attacks. The poor and marginalised must free themselves of the misguided leadership of politicians, who only protect the interest of the rich. They will then be in a position to eventually wrest control from the corporations that are stripping the country of its wealth.

In the SONA, Ramaphosa as usual tried to spin a positive note to our failing economy, the lawlessness, the abject poverty and unemployment situation in our country. He even tried to resuscitate the failing NHI without mentioning any details. The SONA was delivered against the backdrop of a cynical and mistrusting citizenry where 70% of the voters did not bother to participate in the November 2021 municipal elections. Unkept promises no doubt added to the voting malaise.

The central task of the citizenry of South Africa is for every people's organisation to work towards not only ousting the ANC but to change the present parliamentary system, to eliminate inequalities, eradicate poverty and unemployment. A new united front of popular movements of the people should be brought into being.

Our tasks have never been greater, nor socio-political needs more urgent.



Taxes are necessary. But the system of discriminatory taxation universally accepted under the misleading name of progressive taxation of income and inheritance is not a mode of taxation. It is rather a mode of disguised expropriation of the successful capitalists and entrepreneurs.

## RACISM IS ALIVE AND WELL AND LIVING IN SOUTH AFRICA

Today, racism in South Africa is less a project of social engineering than under the segregationist and apartheid regimes of yesteryear. We no longer have pass laws, group areas, Bantustans, and a labour regime predicated on racially discriminatory laws. However, looking back, 1994 appears to have changed little. Now, in the era of rampant neo-liberalism, we have a constitutional order which protects and even nurtures the ongoing capitalist exploitation of the mass of our citizenry; we are free (under the neo-liberal constitution) only insofar as the constitution says so. But the *de facto* situation is far closer to what French novelist, Anatole France, once had to say: “The law, in its majestic equality, forbids rich and poor alike to sleep under bridges, to beg in the streets, and to steal loaves of bread.”

In other words, our constitutional equality is a bogus equality. How can it be anything else when the foundations of discrimination built in previous eras continue to determine – to reproduce – the same patterns of poverty and inequality three decades into the post-1994 dispensation? 4IR and the shift to greater reliance on technology will only widen the chasm between rich and poor, and there exists a very real danger of the current fascist state to move into all-out totalitarianism under techno-feudal rule. This is already happening with the department of education using the Covid-19 pandemic to strengthen online learning, turning education into a mere product.

Disturbingly, the legacy of racialised thinking has not diminished over time. On the contrary, nowadays, it has become normal to think of oneself as a Zulu, a Xhosa, a Coloured, and so on, and this has served to entrench apartheid-era identities so favourable to divide-and-rule.

Capitalism is in crisis. As a global system, it is trapped in never-ending conditions of low growth. Public and person debt-levels are at unprecedented highs, and so is unemployment and the attendant misery that this entails for the overriding majority of people on Planet Earth. Now, more than ever is the time for working class solidarity across all the barriers – real or imagined – which divide us. “Workers of the World, Unite!” could not be more timely. Yet, in South Africa as elsewhere, the response of a demagogic leadership layer has been to appeal to narrow group identities. Of course, when we say that capitalism is in crisis (some would say, lurching from crisis to crisis) we are well-aware that individual capitalists are grabbing any and every opportunity which comes their way. The coronavirus pandemic has been very kind to the pharmaceuticals industry. The Clicks Group, for example, made ZAR695 million in 5 months. And, in the first three months of 2021, Pfizer generated US\$3.5 billion in revenue just from its vaccine division. For capitalism, any crisis is a good crisis if it generates profits.

We hear from the likes of fascist groupings like the EFF and the Patriotic Front that all our woes are attributable to “illegal

immigrants.” The millionaire-core which comprises the leadership of these parties has succeeded in growing its power bases in mainstream politics by targeting the most vulnerable groups in society – groups they refer to as Zimbabweans, Nigerians, Ethiopians. People like racist xenophobe Gayton McKenzie openly calls on his constituencies to “send these foreign nationals back home.” Gangs of Patriotic Front and of EFF thugs have raided shops run by so-called foreign nationals in various poverty-stricken townships in a clear attempt to intimidate them and to stoke up xenophobic passions among local communities. In recent weeks a group in Johannesburg operating under the banner of “Operation Dudula” (Zulu for “Drive Back”) has mobilised several hundred people in anti-immigrant/foreign national campaigns. A South African version of Kristallnacht might well be on the horizon. This is where identity politics has brought us. Our universities adopted the same multiracial ideologies of the Western universities, abandoning non-racialism for Critical Race Theory (CRT). This, added to the gender debate, has turned our universities into institutions of higher compliance. The socialisation aspect of education has been abandoned – much like in sport.



The message being put out is that you – a downtrodden member of the working class – are downtrodden because these illegal immigrants are stealing your job, overcharging you in their spaza shops, and enjoying government grants to which you are entitled. Nothing about the capitalist

economy! They say you are not oppressed because of the exploitative economic system. You are not jobless because automation in the workplace is replacing workers. You are not jobless because capitalist profit-seeking voracity is moving production to ever-lower-cost, more compliant locations. No! According to them you are oppressed because foreign nationals are grabbing opportunities which are rightly yours.

And so, the urgency with which a genuine socialist Left in this country needs to organise and unite its forces, grows by the day.



## Budget 2022/3 : Tell no lies, claim no easy victories

Posted on February 24, 2022 by AIDC

*“Accordingly, we have decided to keep money in the pockets of South Africans.” – Minister Enoch Godongwana*

**This is an ideologically driven budget, which assumes that the way out of the country’s economic and social crisis is through creating the conditions for businesses to make greater and faster profits. Which South Africans have money in their pockets? The pockets of the many remain empty, while those of the wealthy few overflow.**

This budget continues the pro-big business reform agenda of SA’s billionaire President, Cyril Ramaphosa. It is astounding, that in a period during which 2.1 million workers have been made unemployed, left with a measly R350/month grant (that did not rise in spite of the 4.5% inflation rate), the super-wealthy and corporate investors are prioritised. There are no pronouncements on a basic income grant, on the burden of care women face, or on repaying the public s

reduction in the corporate tax rate from 28% to 27%. At the heart of the budget is a programme of structural reform entailing budget cuts to create a primary budget surplus (i.e., cuts everywhere except paying bankers back for what is largely illegitimate “Odious Debt” such as Gupta/Hitachi/China South ail-influenced Eskom and Transnet corruption). On top of this are the tax breaks for the corporates and hence wealthiest South Africans, and an accelerated




*On Budget Day, members of various organisations and social movements from across the country marched to Parliament to demand a pro-poor budget. Photo: Busi Mtabane*

sector wages that were illegally cut, again and again, violating the 3-year wage agreement that should have gone through 2021. Workers remain under attack and in spite of a few hundred thousand temporary minimum-wage jobs, retrenchments of public sector workers will inevitably result.

Trickle-down economics shapes this budget and government’s overall recovery plan, symbolically represented by a

programme of privatisation.

The 14 million unemployed, the 55% of the population who have an income of just R1335, the majority of which are women, – the excluded and those with empty pockets have nothing to celebrate in this budget. Not even the extension of the tokenistic R350 social relief of distress grant, which



amounts to less than a loaf of bread per day.

### **Austerity:**

The goal of achieving a budget surplus by 2024/25 in order to appease international credit rating agencies and financiers has triumphed over the needs of South Africa's excluded majority. It is simply not true that this budget increases the social wage, as Godongwana says.

The population grows by 1.3% each year, or 4% by 2024/25, and inflation will be 14% over the same period. Yet the budget cuts begun by Tito Mboweni are even worse now, than during his regime, with a 7.5% decline in spending per person over this period, adjusted for inflation. The poor suffer these cuts the most: in social development (including grants), the per person real (after-inflation) cuts are 27% over the next three years; and for healthcare, 15%. This is economic violence of a sort that causes "IMF Riots" in the poorest countries – such as we witnessed when budget cuts contributed to the "powder keg" social explosion last July.

Education sees further cuts, despite the low quality of education in the country. Spending on basic education will have a real cut of 7.1 percent over the next 3 years, equivalent to a reduction of more than R20 billion. There will be fewer teachers as a result. The full budget review (2022) itself acknowledges that *slow growth of 1.9 per cent on the compensation of employees in basic education over the medium term will result in fewer teachers and increased class sizes in some provinces* (page 58).

Health and Education are not a "cost" to the fiscus, but an investment.

### **Social Support**

While the Social Relief of Distress (SRD) grant has been extended until March 2023, the allocation for 2023/24 and 2024/25 has been decimated. This is an indication that the government will terminate the provision of social relief, leaving the almost 10 million people currently receiving the grant out in the cold. In addition, compared to 2021 social protection, in general, is cut by R33.3 billion over three years, a real reduction of 12.9 percent.

The ongoing crisis of social reproduction and gender-based violence is worsened by all cuts to the public sector, but especially important are the cuts to spending on women, youth and people with disability under social protection, as well as the effective cuts to foster care and care-in-aid. Gender-based budgeting is nowhere to be found.

The full scope of this austerity budget is not captured by the above cuts alone. Essential public services are also funded through local government, which sees "increases" well below the average inflation over the MTEF.

### **Tax:**

This budget talks about using its R181bn revenue windfall to provide "inflationary relief". As we can plainly see from the above, there is no "inflationary relief" for the poor and unemployed.

It turns out that relief comes only for the rich. The treasury has slated a 1% decrease in the corporate income tax rate beginning with the new tax year in April, and a 4.5% adjustment to personal income tax brackets and rebates resulting in relief of between 1 – 3.5% for those earning more than R750 000 per year. This comes at a cost of R16.1bn to the fiscus.

Tax relief for the rich happens in a context where transnational corporations are shifting over R300 bn. illicitly out of the country into tax and secrecy havens every year. Most of these TNCs operate in the mining and extractive sectors of the economy, which government prioritises for growth. The bosses of these corporations are looting the country's wealth while paying workers poverty wages. Workers and communities do not benefit from the abusive practices of these mining companies. The very same corporations, Sibanye Stillwater is a case in point while making record profits, refuse to invest in health and safety and meet the basic wage demands of workers. Government works hand-in-hand with these big corporations. For example, the government still ignores the clarion call by the Association of Mineworkers and Construction Union (AMCU) to amend the health and safety Act to save workers' lives in the mines.

### **Privatisation and Structural Reforms:**

Looking beyond these vicious cuts, this budget also gives us the shape of Ramaphosa's privatisation programme to come. This budget makes repeated mention of the sales of state assets, opening up sectors for corporate investment, public-private partnerships and bank financing of the government's infrastructure development programme. Critically, it speaks to the "rationalisation" (commercialisation) of state-owned enterprises. This involves an upcoming set of criteria for the continued funding of SOEs, which will be reliant on their financial performance; in turn, forcing them to act more and more like profit-hungry corporations.

We are on a disastrous economic and political trajectory, one that austerity and tokenistic social support cannot res-

cue us from. We need radical progressive alternatives centred on decent health and education, the right to work, the right to say no, basic income grant, and a large functional public sector focused on the provision of public goods. These are the kinds of alternatives that have been called for by mass movements like the Cry of the Xcluded, and they are the bare minimum needed to avert social catastrophe.

**Issued by the Assembly of the Unemployed & the Cry of the Xcluded.**

[www.thexcluded.org.za](http://www.thexcluded.org.za)

**Endorsements:**

- South African Federation of Trade Unions (SAFTU)
- South African Municipal Workers Union (SAMWU) back to work campaign
- Association of Mineworkers and Construction Union (AMCU)
- Treatment Action Campaign (TAC)

- Amadiba Crisis Committee (ACC)
- Home Based Workers South Africa Association (HBWSAA)
- NUPSAW EC (National Union of Public Service and Allied Workers)
- Fighting Inequality Alliance (FIA) – South Africa
- People's Health Movement South Africa (PHM-SA)
- WoMin
- Trust Community Outreach and Education (TCOE)

**Appendix:**

Table 5.4, Budget Review					R Millions	
Health	256,198	259,017	247,625	257,496		
In real terms		247,863	226,975	225,859	(30,339)	-11.8%
Basic Education	284,297	298,102	297,301	301,262		
In real terms		285,265	272,508	264,248	(20,049)	-7.1%
Social Protection	258894	280208	244664	257180		
In real terms		268141.6	224260.8	225581.8	(33,312)	-12.9%
TABLE 5.2, Budget Review					R Billions	
Social Wage'	1,076	1,121	1,086	1,127		
In real terms		1,073	995	988	(87)	-8.1%
[Real terms: Buying power in 2021/22 prices (Treasury inflation forecast)]						

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