

Worshipping the markets while South Africa burns

On Sunday 15 March, after a wait of two hours, the nation finally got to hear what the government was going to do to combat a pandemic that had swept across the entire globe. At that point the coronavirus had infected just under 170 000 people, and over 6 thousand people had died from the virus. By the next morning the media houses and big labour (for there is not much that is organised about “organised labour”) were praising the President in high-sounding phrases - “drastic”, “severe state action”, “dramatic regulations and interventions”, “aggressive campaign” and so on. South Africa is a country used to self-praise - ‘the best of this and the best of that’ - as if its elite has a nagging suspicion that the people of this country are all too aware of its failures.

And the people are aware of the failures, not only of the past, but of the programme to fight the pandemic put forward by the President and his cabinet. Call after call into various radio stations have pointed to major gaps, and sometime outright failure, in what the state has put forward to fight the pandemic. It is attractive to dismiss the members of the public as uninformed, as negative, and as always ready to ‘criticise anything’. The working class, and the public more generally, has a healthy dose of suspicion that comes from a quarter of a century of experience. On examination of the road being travelled by the President in one week on, it becomes clear that the suspicion and criticism is grounded on real facts.

The coronavirus pandemic currently unfolding is too serious a matter to be whitewashed by loud cheering and self-praising by the elite. There is no time to humour the state and our favourite parties. There is a slow tide of anger rising among the South African population, and it is important that we critically examine every step taken by the state, that we measure these steps against the needs of the working class and the people as a whole, and that we intervene not only to alert the state, but to pressure the state to act in the best interests of the majority as people.

On the 14 March a number of activists belonging to various movements met to discuss the pandemic. At that meeting a set of interventions that the state needs to make were agreed upon. In the course of the week many other movements, organisations and groups of activists also met to discuss the pandemic and reflect on what was needed. What was remarkable is the broad consensus - even without coordination - that many of these gathering have arrived at. While this intervention aims to examine the measures announced last Sunday by the state against the background of the demands of the meeting of 14 March, we hope that many of the issues we raise converge with the demands of many movements and organisations, and indeed with demands raised by many individuals in many platforms.

Resources, and the framework within which the state is responding to the pandemic

In the long history of ruling class responses to disasters, pandemics and catastrophes, nothing tells us more about the general approach of these classes than the way they allocate resources to these catastrophes. We therefore need to begin by examining the question of what resources have been allocated to the fight against the COVID-19 pandemic. It is not only how much is made available, but equally important is how these resources are

sourced, how they are distributed, and who in the end are the beneficiaries of the resources.

Writing in the context of the famine of 1900-01 in Russia, one author described the regulations issued by the Tsarist government as “the clause of the new law, which tells of the necessity of acting in accordance with the old law”. The South African state has issued a lot of new regulations this week, but their instruction is to act in terms of the old laws and old policies. Not one regulation has been issued that ‘radically’ or ‘drastically’ moves away from the old laws that have seen growing inequality and poverty – laws that have left communities with no water, no health care, no food security and with a broken transport network, among other social ills.

The budget

The South African state *has not allocated any new money* to the fight against the pandemic. Of course, and as we shall see, this lack of allocation of any funding corresponds to the fact that actually no real new initiatives are being proposed by the government, besides a couple of press conferences where ministers tell us what we already know. In the regulations issued by the government (Regulations Issued in term of Section 27(2) of the Disaster Management Act, 2002, 18 March 2020) we have a section devoted to the “release of resources”. In there we find that the national organs of state must act “within available resources”, and that institutions at national, provincial and local levels must “*shift funding within [their] budgets* to implement these Regulations or directions in terms of 27(2) of the Act...” [my emphasis].

Now, South African law governing state finances does allow the “shifting” of funds for use in “emergency situations” to pay for expenses of an exceptional nature, and that need to be executed immediately. This law (Public Finance Management Act, 1999), however, puts a limit to how much money can be shifted and be used as emergency funds at 2% of the current national budget. The budget for the 2020/21 year is about R2 trillion, which means that if shifting happens at a maximum level the amount available for fighting the pandemic will be R40 billion. Clearly, if we take into account the infrastructure that must be fixed in order to respond to the pandemic (water, hospitals, medicines, quarantine facilities etc) it is not difficult to see that R40 billion is a drop ocean. And we have not yet even begun to deal with the need to support workers laid off, businesses, or the need for food support and so on.

Governments all over the world are being forced to make available additional funds to fight the pandemic – and in South Africa there will be budget cuts to social services already cut in order to release a miserly sum of R40 billion. The United States government is committing \$1 trillion additional funds, and this is equal to about 25% of the current US budget – and we need to remember that this is *in addition* to the current US budget. Further, we have to remember that the R2 trillion budget presented in February already represented steep cuts in various social services, including health, housing, water, transport and so on. It is therefore impossible for the government to shift resources without further depressing expenditure in these services. Further cuts in services, will worsen the situation and make the pandemic deadlier.

The framework – private sector self-regulation

In line with the approach to the budget, the South African state has adopted a model of leaving the private sector to 'regulate' itself in this crisis. Again, unlike many other governments, the state is not taking charge or direct responsibility for coordinating the implementation of the fight against the pandemic, but is letting the private sector manage itself during this process.

In the South African context the state's capacity and infrastructure has been weakened over the last 25 years as a result of neoliberal policies. As a result, the best resources in health, in transport, in housing and others, are in the hands of the private sector. Given the gravity of the situation facing the country, the government has the powers to draw these resources into the fight against the coronavirus under the direction of the organs of state.

Equally dangerous, from the state's point of view, is setting up a state machinery that delivers a successful fight against the virus. From the many committed neoliberals within the state, a successful state-led, state directed and state-controlled process will set a bad example, as it may be difficult for capital to retreat out of that situation. Once hospitals are nationalised, for examples, and once the working class and the state work successfully to deliver a good fight against the coronavirus, the justification for private health and the delay in the NHI become impossible to sustain. The state has the constitutional space, the legal instruments, and the resources to launch a massive public health, food, transport and housing programmes that would not only fight the coronavirus, but would do so in a way that lifts many South Africans out of poverty. Bold and courageous leadership from the state can direct many resources into such a programme in a short space of time and create the national mood and energy that can stop the virus in its tracks.

The intervention by the state in the case of China is now generally seen as a successful model of fighting the coronavirus. The Chinese state's interventions, including its programme of building hospitals, converting hotels into hospitals, making it possible for the population to go into lockdown – all these interventions required massive government spending. The South African state has massive resources at its disposal, including numerous pension funds with huge surpluses (and not only the PIC), a wealthy class worth billions if not trillions, and cash piles held by the rich of this country in banks. In 2016, the cash pile (money just sitting in banks) of private corporations (excluding banks) was over R725 billion. In 2019 the cash piles of SA companies was at R1,4 trillion. Compared to this, robbing the poor to fight the pandemic with a small sum of R40 billion tells us a lot about the class interests of the South African state.

The state's approach to the fight against the pandemic can also be seen in the decision to use interest rates as a 'stimulus' instead of using direct state funding. Recently there have been many calls for 'bond payment holidays' and similar actions. Interest rate cuts as a means of 'floating' an economy, however, shows the class bias of the state. The majority of the shack-dwelling and RDP house-dwelling working class people do not live lifestyles that are repo (interest) rate sensitive. Indeed, as with many other cases in South Africa, the interest rates charged to the working class will not necessarily go down because of decline

of the repo rate. The rates paid by the working class to mashonisas for food and school fees is in many cases well over 30%.

Neoliberal austerity and coronavirus

We began 2020 with one of the most neoliberal budgets since democracy. The ruling elite called it the toughest budget yet, and they celebrated the budget. Not only did the state not make any provision for the fight against the pandemic in the February budget, but they ensured that this budget will be remembered for the huge budget cuts that it delivered to social services and to the workers in the public sector.

In other contexts, the outbreak of such a major pandemic would have forced the state to change course. Indeed, it would have given the state an 'excuse' to tell financial markets that massive spending (a fiscal stimulus) has become necessary because of the coronavirus pandemic, which if not addressed would destroy the 'economy'. Instead, the South African state has decided to deepen its austerity policies, and so satisfy the rating agencies and the financial markets at the expense of the people of South Africa. The road the state has taken will ensure that it keeps to its commitment to financial markets to keep its debt down, and to ensure that the resources of the rich will not be expropriated in the struggle to ensure a victorious fight against the coronavirus and a just society.

This article will be followed by a series examining the various interventions of the state in health, water services, food security, security of income for workers, transport, support for children and the elderly. While we struggle and build working class self-defence and self-organising against the coronavirus, we need to develop a critical analysis of the direction of the state so that activists and communities do not develop false hopes and illusions in the state's interventions. While we make demands on the state, while we work with sections and elements in the state that are responsive to a genuine struggle against the virus, we need to maintain working class independence and ensure that the working class becomes its own liberator in this war against coronavirus.