

Transformation of Property Relations in South Africa



Young Communist League of South Africa

Discussion Paper 2010

In order to resolve the great historic injustice committed against her people, South Africa needs to part ways with ownership and control of capital and means of production by a tiny minority. That must streamline a radical programme to systematically eliminate economic exploitation, abolish resource manipulation by a few, eradicate inequality and poverty, and correct unequal development.

Table of contents	P
Abbreviations and acronyms_____	<u>3</u>
The principal contradiction of the South African Society: Capitalist private property and mode of production in general _____	<u>4</u>
The GHI and the historical development of capitalist private property in SA_____	<u>7</u>
The property question: Historical positions of the ANC and the SACP_____	<u>8</u>
But what then must be our attitude towards compensation?_____	<u>12</u>
Working class power and inherent contradictions of capitalist production _____	<u>18</u>
Increasing total productive forces_____	<u>23</u>
Our immediate augmenting proposals to transform property relations in SA_____	<u>27</u>
But closely monitor the enemy_____	<u>32</u>
References_____	<u>33</u>

Abbreviations and acronyms

AIEC	Automotive Industry Export Council
ANC	African National Congress
BEE	Black Economic Empowerment
CPSA	Communist Party of South Africa
Cc	Compromise compensation
COSATU	Congress of South African Trade Unions
CST	Colonialism of Special Type
DFI	Development Finance Institution
FET	Further Education and Training
GDP	Gross Domestic Product
GHI	Great Historic Injustice
GM	General Motors
HE	Higher Education
IPP	Import Parity Pricing
MPRDA	Mineral and Petroleum Resources Development Act
NDR	National Democratic Revolution
NLM	National Liberation Movement
n-CST	neo-Colonialism of Special Type
PPP	Public Private Partnership
RBSA	Reserve Bank of South Africa
R&D	Research and Development
SACP	South African Communist Party
SETA	Sector Education and Training Authority
SOE	State Owned Enterprise
YCL	Young Communist League

TRANSFORMATION OF PROPERTY RELATIONS IN SOUTH AFRICA
YOUNG COMMUNIST LEAGUE OF SOUTH AFRICA
DISCUSSION PAPER 2010

‘Let us finally imagine, for a change, an association of free men¹, working with the means of production held in common, and expending their many different forms of labour-power in full self-awareness as one single social labour force.’
(Marx 1990/1867: 171)²

**A. The principal contradiction of the South African society:
Capitalist private property and mode of production in general**

1. The debate on the nationalisation of mines has become one of the central areas of engagement in our discourse since a year or so starting during the global capitalist crisis, probably the biggest since the inter World War I and World War II so-called Great Depression. The debate therefore merits attention although as its central focus the purpose of this paper is to reflect on the transformation of property relations in general and propose strategic and tactical considerations³ in the National Democratic Revolution (NDR) and the struggle for Socialism. It is as thus that we make a number of references to the debate on the nationalisation of mines without necessarily drifting away from our intended purpose to reflect on a broader programme for the transformation of property relations in our country.
2. According to Marx and Engels (2010/1848)⁴, communists must always and everywhere in all movements bring the property question to the front as the leading question no matter its degree of development. By *Transformation of Property Relations in South Africa* we are therefore referring to our strategic and tactical considerations and broadly our programme on tackling the property question in line with Marx and Engels.
3. Marx and Engels (2010/1848) analyse the social structure of the capitalist mode of production and the consequent class struggle that takes place between the two main classes, i.e. the bourgeoisie and the proletariat, that thereby necessarily arise. They find among others that the development of capitalism ‘cuts from under its feet the very foundation on which the bourgeoisie produces and appropriates products’ (Marx & Engels 2010/1848: 21), and that, what ‘the bourgeoisie therefore produces, above all, are its own grave-diggers’ (Marx & Engels 2010/1848: 21), i.e. the proletariat. Marx and Engels decisively conclude that the fall of the bourgeoisie and the victory of the proletariat are equally inevitable. Nevertheless, in no particular way do they suggest that the bourgeoisie acts out of its own accord in constructing conditions for its own fall.

¹ Men and women: human beings

² *Capital*, Volume I

³ If delineated in parts, it would be seen that one part of our strategic and tactical considerations reaffirms the correctness of the existing YCL resolutions on the transformation of property relations and another part augments those resolutions with additional proposals.

⁴ *Manifesto of the Communist Party*

4. As a matter of fact, the bourgeoisie cannot exist without simultaneously constructing conditions for its fall. This is necessitated through its mode of production and appropriation, which has economic exploitation as its central pillar. As such, the existence and the inevitable fall of the bourgeoisie are as inseparable as they are opposed. The bourgeoisie cannot exist without the proletariat which it creates, recruits, and compels, at least through economic exploitation, into class struggle.
5. In that struggle the proletariat primarily fights against its conditions of economic exploitation, against economic exploitation itself, and consequently, against social domination and political rule, against all forms of bondage, imposed by the bourgeoisie. In general, as a class conscious process, the struggle of the proletariat against the bourgeoisie is the struggle for the ultimate overthrow of capitalism and its replacement by a sustainable solution – socialism, which is but a transitional historic mission towards communism – the unity of a fully emancipated human society and nature as a whole. That is our overarching goal as communists whenever we are dealing with every status quo. It is in the context of this overarching vision that our conduct, strategic objectives and propositions on property relations are located.
6. In the nationalisation of mines debate, notwithstanding potentially different underlying motives by different actors, a number of strategic objectives have been given for the nationalisation of mines. These strategic objectives include boosting state revenue capacity to meet social services such as health and education, community participation and local and Southern African development, increased beneficiation⁵, job creation, improving mine health and safety, environmental conservation, etc (SACP 2010)⁶.
7. Let alone the dearth of elaboration how some of those strategic objectives would concretely be achieved, as the SACP (2010) states, in principle those are perfectly legitimate reasons for nationalising the mines. Indeed in the context a strategically effective and highly disciplined state under conditions of a powerful working class and socialist orientation would be required. This should make it increasingly possible to deal with any potential contradictions and find a correct balance between those different strategic objectives.
8. Nevertheless, all of those strategic objectives important as they are, and of which each requires further examination and elaboration both theoretically and practically rather than be assumed would automatically be addressed under state ownership, our strategic goal when dealing with the property question and advancing transformation of property relations is fundamentally different to that of the other actors. Our goal is to achieve economic justice. That involves the elimination of economic exploitation and bourgeoisie economic, social and political supremacy in general.

⁵ Manufacturing finished products from raw materials such as mineral resources.

⁶ *Expanding democratic public control over the mining sector*: SACP (2010) discussion document on the nationalisation of mines debate

9. The principal contradiction of the South African society – capitalist private property and mode of production – arise from and for the pursuit of private capital accumulation and are the central pillars of the foundation for economic exploitation. Those pillars must be collapsed altogether for economic exploitation to be completely brought to an end and therefore for human society and nature at long last to achieve a possibility of complete emancipation. As summed up by Marx and Engels (2010/1848), our goal is to abolish capitalist private property. That requires working class political strength and ultimately victory in the battle for democracy, thus working class struggle for the seizure of the state and the political power that is materialised in it.
10. This places the building of working class power under all circumstances as one of the running themes in this paper and central operation in our everyday reality. As such our approach streamlines rigorous working class mobilisation to buttress all our strategic objectives, proposals, historic mission and overarching vision. That must be understood as our line in respect of every single way forward we have about the state and its role in economic production and consequent political and social relations. This includes pressing for revolutionary changes in property relations and the mode of production in general, therefore economic and social development. In other words, while through the working class which has the proletariat as its core we are pursuing a historic mission to win the battle of democracy, seize the state and therefore ultimately restore society's political power to society, in the process we seek to embed the state in the working class rather than in capitalists as the status quo largely reflects.
11. That is where we also stand unique from the others, e.g. a section of the capitalist class that has pledged “support” for nationalisation of mines, possibly their fronted actors and those for whom Public Private Partnership (PPP) constitutes a strategic goal for the transformation of property relations. Not an in-built part of those but somehow linked, there is another view that was heard by a Plenary Session of the 2nd YCL Congress National Committee (13 – 15 August 2010) that PPP must be supported as a strategic line because it is better than Private-Private Partnership.
12. To the extent that it is opposed to community ownership which the SACP (2010) later redefined as state ownership through local government, that view has something deficient or both materially and ideologically wrong with it. For instance if PPP (i.e. state-capital axis to ownership and control of means of production and exploitation of the working class) is better than Private-Private Partnership (i.e. purely capitalist private ownership and control of means of production and exploitation of the working class), then there is no reason in principle why Public-Public Partnership must be suppressed and not even be considered as an option.
13. In fact, Public-Public Partnership is far better than PPP which in many ways is used in most capitalist societies as one of the instruments of capitalist private property. In such societies, workers' immediate aims, momentary interests and in fact their long-

term strategic goals are compromised through PPP in which working class exploitation and private capital accumulation take precedence. In South Africa, allowing PPP as a strategic goal on property relations to develop capitalist private property rather than its direct antithesis carries an enormous potential to undermine the strategic objective of resolving the Great Historic Injustice (GHI) committed against our people and ultimately against ourselves (there is no separation between the two).

14. Historically the GHI has been the main motive force behind the principal contradiction of the South African society. In this, ownership and control of capital and means of production rests with a tiny minority of the capitalist class whereas an overwhelming majority is alienated. It is as such that in our situation our people have no prospects to have their ever-growing material and cultural needs met.

B. The GHI and the historical development of capitalist private property in South Africa

15. It is important to note that in our society, capitalist private property was historically established through the GHI involving among other atrocities:
 - 15.1. wars of conquest, colonisation (both British and Colonialism of Special Type or CST) and imperialism (mainly British and Western);
 - 15.2. expropriation without compensation whereby our people were forcefully divorced from means of production inclusive of land and its wealth both beneath and above the surface; and
 - 15.3. once the capitalist mode of production was established, then private capital accumulation was advanced through dispossession by means of economic exploitation in which racism and sexism were to be adopted as part of the measures to facilitate profit maximisation.
16. It is as thus that historically a process of the proletarianisation of our people has basically taken place. Through that process our people and their generations to come, including ourselves, were left with no means of production of their own but their potential and ability to work which they would be forced to sell in return for wages in order to live and reproduce of their kind. Marx (1990/1867) correctly observed that the history of such expropriations is written in the annals of humankind in the letters of blood and fire.
17. It must be reasonably understood therefore, that by *Transformation of Property Relations in South Africa*, ours is and in fact also primarily, a deep-rooted agenda to resolve the GHI. This understanding must send a sharp reminder that the present democratic dispensation in our country was actually founded amongst others on the basis of compromises; that our revolution was never intended to remain in the chains of those compromises forever; that sunset must be followed by sunrise; and therefore that our revolution must progress towards the purpose for which it was founded rather than evaporate into reformism.

18. That understanding is also important in highlighting a point that must not be forgotten. South Africa's constitution is one of the centres of some of the compromises from which our revolution must be unlocked.
19. The property clauses in the constitution which guarantees and protects capitalist private property and asserts the market mechanism on the property question must be repealed. That must allow the transfer and restoration of the wealth and heritage of South Africa to the ownership and control of the people as a whole in line with the *Freedom Charter* and the ultimate vision as succinctly summed up by Marx (1990/1867): an association of free persons working with the means of production held in common and expending their many different forms of labour-power in full self-awareness as one single labour force.
20. For one of our tasks therefore, championing the amendment of the constitution is not simply a matter of altering what is written on paper, but primarily, is a question of tilting the balance of forces in favour of the working class. Without that, no serious constitutional amendment, particularly to advance working class aims and interests, will probably be possible.
21. As we flow from a reflection on the historical development of capitalist private property in South Africa, and proceed to historical positions of the ANC and the SACP on the property question, there is another important question which cannot be avoided in our programme on property relations. In what way does a capitalist deserve compensation in a revolutionary transformation of property relations? In the process we must therefore address this question.

**C. The property question:
Historical positions of the ANC and the SACP**

22. Our strategic objectives have never included the reinforcement of the historical, mainly White, exploiters of the masses of our people by adding Black individuals in the structures of capitalist private property to own fractions.
23. In its founding Manifesto, the Communist Party of South Africa (30 July 1921) or the CPSA, now the SACP, reflected on a long-term goal to which revolutionary transformation in property relations must lead.
24. The Party premised its approach to property relations within the context of a struggle and ultimately a revolution by the working class to overthrow capitalist social relations of production in general and masterfully spearhead a political transition to a new order.

25. As its eventual outcome that order is defined in line with Marx (1990/1867) from the opening quote, by:

an emancipated world, a society of economic and social equals wherein class divisions, privileges and disabilities will for the first time in history be impossible; a system of social ownership of the means of production industrially administered by the workers on an organised and harmonious plan, ensuring from each according to their capacity to each according to their needs (SACP/CPSA 1921).

26. In line with that, in its *Morogoro Strategy and Tactics* the ANC (1969) correctly states that its ‘nationalism must not be confused with chauvinism or narrow nationalism... It must not be confused with the classical drive by an elitist group among the oppressed people to gain ascendancy so that they can replace the oppressor in the exploitation of the mass’. In the post-1994 period we have come across and in confrontation with an agenda within our National Liberation Movement (NLM) to advance exactly what the ANC says must not be confused with its nationalism. Such an agenda has also been pursued through the state and manifested among others through what the SACP called the 1996 Class Project and the New Tendency.
27. Like the 1996 Class Project, the New Tendency also involves among others factional battles to secure leadership positions in our NLM with the ANC as the chief, but not the only, target. Through that the New Tendency seeks to build ascendancy into and grip over positions of authority and power in the state in order to advance private capital accumulation. The New Tendency also makes use of tenderpreneurship and seeks to build patronage networks as part of its accumulation measures.
28. In many ways, the pursuit of an agenda by elitist groupings from among the historically oppressed to join and thereby reinforce the historical exploiters in the exploitation of the masses of our people represent part of the strategic internal threats facing our revolution in the post-1994 period. Our broader programme to transform property relations must not be conceived in isolation from strategic objectives to tackle post-1994 deviations such as the New Tendency and in general the endorsement of neoliberalism. That programme has to involve intensified mobilisation to decisively confront tenderpreneurship and roll back tenders which have come to be prioritised as the main mode of acquisition and delivery of public goods and services.
29. Tackling tenderpreneurship and rolling back tenderisation stands to contribute meaningfully in addressing income inequality, creating decent work, dealing with the tsunami of crass materialism that has swept and is sweeping away a number of comrades in our NLM, and confronting corruption.
30. In the *Medium Term Budget Policy Statement*, government states that ‘Procurement and tender fraud to the value of nearly R25 billion is currently under investigation’ (Gordhan 27 October 2010: 29). That must be taken seriously; corruption has among

others adopted private provision of information (often stolen) and facilitation of tenders into a commodity that is sold through bribes, direct private stakes, proxies, etc., and is largely responsible for poor quality of work in service delivery.

31. While government identified five legislative and regulatory reforms to deal with tender fraud of which in large part appear to be welcome, all that is blind to the fact that in essence tenderisation is actually part of the material basis of corruption within capitalism. Ever since its appearance on the world stage capitalism has operated through robbery and loot.
32. Rolling back tenderisation must comprise measures to expand state ownership through state enterprises that are not driven by the profit motive but are mandated to deliver public goods and services such as infrastructure development and maintenance, houses, schools, clinics, among others, and to contribute to human resource development. Under tenderpreneurship, even government buildings and police stations are guarded by private security companies which are private armies in our democratic dispensation. On its own this requires a special attention, deep-going scrutiny and a radical turnaround strategy.
33. The question of rolling back tenderisation must also be seen as part and parcel of measures to respond to the capitalist class character of our present state. Part of that character was built and strengthened after 1994 while most of it originates from the foundations of the South African state as a colonial and apartheid capitalist state. Post-1994 there has been a number of changes in the South African state.
34. For example, and in particular under the Polokwane administration communist and working class leaders have attained increased presence in the executives, in legislatures and other branches of the state. This is one of the indicators of change in the character of the post-1994 South African state. However, must be considered with due regard to the fact that those communist and working class cadres are serving under the leadership of the ANC as the organisational leader of the alliance. But also, and most importantly again from 2009 as in 1994, they are serving under a jointly developed and shared elections manifesto. This point must not be neglected because it is very important to strategic and tactical considerations about the role of the alliance in the NDR.
35. Nevertheless, the class basis of our state and its orientation, by and in large, remains dominantly capitalist notwithstanding contestations by the working class. The dominance of neoliberalism has also taken its toll over the character of the post-1994 South African state. While increased presence of communist and working class cadres must be welcome and properly supported as a quantitative step and creatively be leveraged to advance working class interests through the state as one of the centres of power in accordance with the Party's Medium Term Vision (MTV), our political orientation and programme remains fundamental in all respects.

36. That is, to emphasise, working class leadership, in line with Marx and Engels (2010/1848), completely winning the battle of democracy and the state itself of which must be crushed into a restructured state, i.e. the state as an organisation of the working class. It is ultimately in the hands of the working class state that all capital and instruments of labour so centralised will be secure on a sustainable basis in line with the SACP (2010) as formerly referenced.
37. Part of our political programme to achieve complete victory in the battle of democracy and gain full control of the state, at least in the present period correctly has to involve confronting the pre-1994 capitalist foundations, structures and orientation of the South African state and post-1994 deviations from the revolutionary line. Moreover, we must be in full combat with imperialism which is not just a threat to the character of and actually the state itself but also to the people as a whole.
38. After all, central to deviations such as the 1996 Class Project, the New Tendency, the endorsement of neoliberalism, and therefore the impact of imperialism over our society, in so far as they are all driven by private capital accumulation, is the property question that we seek to resolve in order to achieve complete emancipation. That point is made in no uncertain terms also as thus:

In our country – more than in any other part of the oppressed world – it is inconceivable for liberation to have meaning without a return of the wealth of the land to the people as a whole. It is therefore a fundamental feature of our strategy that victory must embrace more than formal political democracy. To allow the existing economic forces to retain their interests intact is to feed the root of racial supremacy and does not represent even the shadow of liberation. (ANC 1969; Morogoro: *Strategy and Tactics*)

39. The class character of the forces that the ANC refers to is capitalist, the national and gender characters, White and male, mainly racist and sexist in historical terms. What the ANC categorically declared in the Morogoro *Strategy and Tactics* is that our struggle for national emancipation is in a very real way bound up with economic emancipation, and that:

‘one thing is certain – in our land this cannot be effectively tackled unless the basic wealth and the basic resources are at the disposal of the people as a whole and are not manipulated by sections or individuals be they White or Black.’ (ANC 1969; Morogoro: *Strategy and Tactics*)

40. About seven years before the ANC Morogoro Consultative Conference the SACP once more gave leadership on the property question as part of its immediate proposals on economic development. The Party declared that:

In order to ensure the rapid development of South Africa as a well balanced industrial-agricultural country, overcoming the lopsidedness caused by colonialism, to abolish unemployment, and to ensure continuously rising material and cultural standards of the people, the Party advocates the large-

scale, planned development of the economy of the country, controlled and directed by the state. In order to ensure South Africa's independence, the Party will press for the strengthening of the state sector of the economy, particularly in the fields of heavy industry, machine tool building and fuel production. It will seek to place control of the vital sectors of the economy in the hands of the national democratic state and to correct historic injustice, by demanding the nationalisation of the mining industry, banking and monopoly industrial establishments, thus also laying the foundations for the advance to socialism. (SACP 1962; Programme: *Road to South African Freedom*)

41. The above converging positions of the ANC and the SACP on transforming property relations are aimed at achieving a revolutionary transformation of property relations and properly articulate the *Freedom Charter*. The charter declared that:

The national wealth of our country, the heritage of South Africans, shall be restored to the people;
The mineral wealth beneath the soil, the Banks and monopoly industry shall be transferred to the ownership of the people as a whole;
All other industry and trade shall be controlled to assist the wellbeing of the people. (Congress of the People 1955)⁷

D. But in advancing revolutionary transformation of property relations what then must be our attitude towards compensation?

42. In a revolutionary programme to transform property relations the question of compensation is one of the central questions that cannot be left unaddressed or be thought to be resolved by such other means as the constitution of South Africa. Compensation is also one of the determinants of the class direction of economic benefit on changes to the property question as a class discourse.
43. For example for so long as it contributes to the fulfilment of its class interests the rightwing is able to either support or move for the adoption of policy instruments that are usually attributed to the left. In that context no policy instrument, albeit usually attributed the left, must be treated with an assumption that its adoption as either supported or moved for by capitalists will automatically serve working class interests.
44. For example, public property can arise in a capitalist society under several scenarios of which we highlight but two main ones.
45. The first scenario in which public property can arise in a capitalist society is when capital is unable to provide the basic conditions for accumulation by its own methods and the capitalist class invests in the state the right to build and maintain infrastructure. In our present South African context this is reflected through policies

⁷ We feel obliged to state that by the *Congress of the People* (proper) we are referring to a 1955 Convention of the People of South Africa, NOT the name as misappropriated by one Post-Polokwane splinter grouping which by its own has since its formation up to now been splinting same way as it splinted from the ANC.

such as “lowering the cost of doing business” which have been adopted by the state. In such contexts infrastructure development is either guided or overwhelmed by private capital accumulation strategies of uneven spatial development between rural and urban or between export and non-export facilitating infrastructure.

46. Another context, and a major one, in which public property can arise under conditions where capital is unable to provide the basic conditions for accumulation by its own methods, is CRISIS. Such has been the case from the global capitalist crisis which we have seen at least since almost three years ago whereby, instead of looting as usual through sharing profit, the capitalist class has had to share loss.
47. In the nutshell, public property arises in the above scenario not as the direct antithesis of capitalist private property, but as one of the means of its development and even defence. In the capitalist economic crisis, we have seen leading capitalist states such as the United States of America (USA) bailing out and even acquiring shareholding (“nationalising” parts of share ownership) in corporations.
48. An example in that regard is General Motors (GM). During the crisis the USA government pumped a \$50 billion in funding to GM. That government later converted \$43 billion of the \$50 billion in funding to GM into equity. The USA state was now to own 61 percent of GM, at this time it was to be called Government Motors (GM) by many in the USA. If nationalisation is expressed merely as a matter of percentage of shareholding by the state in a private company, then GM is nationalised, not 50:50, but 61 percent state ownership.
49. The GM Public-Private Partnership includes shareholding by ‘the governments of Canada and Ontario and the United Auto Workers Unions health care trust’ (The Star 20 August 2010) in addition to the company’s private owners. But then what was to and will happen? The USA Treasury is planning to sell about 20 percent of the 304 million GM shares it holds, thereby reducing its stake to less than 50 percent (The Star 20 August 2010). Thus the start of selling what the state “nationalised”. After all, GM looks to have been saved from severe loss in the crisis and repositioned as a private company. That is capitalist nationalisation.
50. As a result of the crisis that threatened to liquidate companies such as GM, the state in USA now holds stakes in a number of largest private corporations in different sectors, industry, insurance and finance in general. But it is all along capitalist ideological line as illustrated by the example of GM. The same applies to a number of other capitalist states, mainly, but not only, in Europe. Both the USA and those other states are known of imposing the globalisation of neoliberal policy regime comprising among others privatisation of State Owned Enterprises (SOEs), outsourcing of government functions, curtailing of state intervention in the economy in particular as it relates to working class interests, deregulation and liberalisation.
51. The second scenario in which public property can arise in a capitalist society is when the working class builds and expands its strength and succeeds to establish a counter-

hegemonic challenge to the capitalist class. In that way, public property can arise as a vehicle to provide for basic services or conditions of life for the working class. Largely, the rise of public property in the context represents the direct outcome of the changing class balance of forces.

52. The working class would not have necessarily achieved a sufficient level of political strength to seize capital and means of production from the capitalist class and to establish a socialist revolution, but as part of the means to achieve its immediate aims and enforce its momentary interests, it would have attained a relative level of success in contesting political power and tilting the class balance of forces in its own favour, requisite in its own interests, to establish and expand public property or to win compromises from the capitalist class.
53. The above scenario is itself also subject to a number of conditions depending on the state of class struggle. Firstly, the creation of public property in the context could serve as the basis to construct an antithesis of capitalist private property. That is what we stand for as a matter of systematic policy approach. But secondly and on the contrary, public property in the same context can still be used to serve the development of capitalist private property. A number of social democratic and welfare states in Europe and some of the so-called developmental states in South East Asia are either pursuing or locked in that model.
54. At best, some actors in the nationalisation of mines debate including certain sections of the capitalist class through their so-called support for the nationalisation of mines are actually not championing the development of an antithesis of capitalist private property. For they are not opposed to and have no problem with capitalist private property.
55. That is why some of them could basically be seeking inclusion in capitalist private ownership and control of means of production or could at the same time be seeking to achieve bailout from crisis-loss in order to continue advancing economic exploitation of the working class and private capital accumulation. That exploitation is carried out through certain levels of the already acquired status of capitalist private ownership and control of means of production through shareholding in our economy albeit partly or largely through indebtedness. This is possibly one of the areas where some of those actors find it necessary to carryout antagonisms against working class leaders, working class formations and in the ultimate analysis the working class in general. What a contradiction?
56. That contradiction will likely deepen as we advance transformation of property relations under working class leadership and in that context as we deal with the question of compensation from the basis of historical-material facts. Through our programme on property relations we not only seek to transfer ownership and control of means of production but also capital – both socially produced yet privately accumulated – from the capitalist class to society as a whole. To that end we shall now briefly turn directly to the question of compensation from the standpoint of a

concrete analysis of concrete conditions by Marx (1990/1867; 1986/1885⁸; 1991/1894⁹) in looking at the circulation of capital.

57. Firstly, capitalist production has as its basic or otherwise first phase in terms of the general formula of capital, the transmutation of a sum of money (M), through purchase, into the means of production and labour-power of which both are commoditised, i.e. they are made commodities (C). In this way C is the combination of the Means of Production (PM) and Labour-power (L), i.e., as illustrated by Marx (1986/1885), $C <^L_{MP}$. Secondly, the means of production and labour-power are set in motion in the second phase of the circulation, i.e. the production process. In this process commodities whose value exceeds that of their component parts are produced, and therefore contain the capital originally advanced plus a surplus-value.
58. In that way, a capitalist brings less money into a socially-productive process but privately pulls out more with respect to surplus-value. It is as such that the economic exploitation of workers is fundamentally constructed. Thus surplus-value is basically the unpaid labour of workers. For that unpaid labour to be realised in money form, the commodities so produced must be sold. The result is therefore more money, i.e. M^X or $(M + \Delta M)$. Marx represents this circulation process in general terms through the formula: $M \rightarrow C \rightarrow M^X$ or $M \rightarrow C \rightarrow (M + \Delta M)$.
59. The X in the M^X is used in a similar manner as in mathematics. Its value can be determined, e.g. after the capitalist has extracted a share of surplus-value from workers. Marx (1990/1867; 1986/1885; 1991/1894) uses the symbol: ' in the position where we used the X, i.e. M' or more of that symbol, e.g. '', i.e.: M'' to illustrate an increment. As shown above, M^X can also be represented as $(M + \Delta M)$ where M stands for the sum of money originally advanced and ΔM stands for an increment, i.e. surplus-value.
60. Marx (1990/1867; 1986/1885; 1991/1894) shows that the capitalist who produces surplus-value, i.e. who extracts unpaid labour directly from the workers and fixes it in commodities is admittedly the first appropriator of that surplus-value but is by no means its ultimate proprietor. That surplus-value has to be shared afterwards with other capitalists who fulfil other functions in social production considered as a whole. Where applicable it is shared with the private owner of the land (rent-seeking capitalist), traders or merchants, an investment fund or a bank (interest-seeking capitalist) through paying interests when repaying the principal loan, etc. This shows that workers are not only exploited by the individual capitalist who directly extract unpaid labour (i.e. surplus-value) from them, but are also exploited by other distant-seeming capitalists in the social process of production.
61. So far it is clear that, for instance whenever a capitalist among other portions from M^X takes one to repay a primary loan plus interests where applicable as a way of accessing the original capital or sum of money (M) advanced into circulation or

⁸ *Capital*, Volume II.

⁹ *Capital*, Volume III.

production process, another to buy, renew and keep constant flow of the means of production¹⁰, that capitalist does not do so from his or her own money, but from the surplus-value extracted from workers. In concrete terms therefore the interests for that loan are paid and means of production are bought from none other than workers' unpaid labour. In that way even capitalists to whom or institutions to which loans are obtained, e.g. commercial banks, investments funds, companies that finance acquisitions of their own shares for instance as is the case in some BEE deals, etc., are accumulating surplus-value from workers through interest rates.

62. From the above it basically suffices for instance to illustrate that a capitalist does not as such necessarily deserve compensation when a just act is implemented to transfer to the working class or their state on their behalf, in general therefore to society as a whole, capital and means of production from that capitalist's private accumulation, ownership and control as legally established historically from the universal triumph of capitalism over previous modes of production.
63. Unlike the biggest compromise as stipulated in the constitution of South Africa on compensation, if any at all a capitalist deserves compensation, and depending on the state of class struggle, for example that can basically be worked out only from the difference between, on the one hand the original sum of money (M) that capitalist advanced into a particular circulation or production process, and on the other hand in the historical context, the sum total of surplus-value (ΔM) that capitalist has privately extracted from the affected workers.
64. That can be represented through the basic formula: $Cc = t(\Delta M) - M$ where Cc stands for Compromise compensation and $t(\Delta M)$ stands for the total surplus-value a particular capitalist would have extracted since advancing ("investing") M into a particular circulation or production process. Where the answer is negative (-), i.e., where $t(\Delta M) < M$, it would then mean that there is some remainder of M due to that capitalist. But where the answer is positive (+), i.e., $t(\Delta M) > M$ it would mean that there is accumulated ΔM due by that capitalist. It must be noted that any portion of surplus-value (ΔM) that capitalist returns (or "reinvest") into the particular circulation or production process does not count as part of the M that capitalist originally advanced. This illustration shows basically that where $t(\Delta M) = M$ then there must be zero Cc to that capitalist.
65. In that process the regime of interest rates must decisively be dealt with, i.e. private accumulation interest rates must be zero-rated as an ultimate strategic objective or otherwise be fundamentally restructured to the advantage of the working class. This must be linked to the strategic objective of transforming property relations in capital and financial sectors; and that must lead to the 'Centralisation of credit in the hands

¹⁰ Generally, here by means of production we mean a composition of the instruments of production – the factory, plant, mine, all of which are build on land, and equipment, tools, machines, production technology, etc., whichever is applicable for a given economic activity or production process; subjects of production – inputs, raw material, parts and components; and auxiliary material

of the state, by means of a national bank with State capital and an exclusive monopoly' (Marx & Engels 2010/1848).

66. It must be understood therefore that the example of the Cc (of which might as well be paid in instalments as far as it is affordable and reasonable as judged by the working class) approach does not have to be carried over beyond a revolutionary point where the working class would have achieved sufficient strength, completely won the battle of democracy and seized the state. In our case therefore Cc must post-apartheid be limited to the early phases of the implementation of the NDR but under circumstances where it is necessary and a possibility to expropriate the exploiters without compensation does not exist at all.
67. As such, as part of our programme to transform property relations towards universal socialisation as highlighted briefly from Marx (1990/1867) in the opening quote, the SACP's founding manifesto (CPSA 1921) and *Road to South African Freedom* (SACP 1962 Programme), it must remain the YCL's ultimate policy instrument to expropriate the capitalist expropriators without compensation. In the here and now in line with the above the YCL must fight in all fronts and to all extremes to prevent any gain by any section of the capitalist class in any change in the property relations involving state ownership including what we shall call strategic nationalisation.
68. The immediate strategic objective in that fight must be the achievement of gain by the workers and broadly society as a whole rather than a tiny minority of capitalists or any of their sections. This must also be located in the shared SACP and COSATU conclusion that the first ten years of our democratic dispensation have largely benefited capitalists in economic terms. That conclusion led to a declaration both by the SACP and COSATU that going forward economic gain must be shifted through struggle to the workers and broadly society as a whole. It is as such that we must confront the ambitions of any section of the capitalist class in property relations.
69. Preparations to achieve the enforcement of our ultimate policy direction and the immediate strategic objectives in property relations must include political education and ideological training, social mobilisation through mass campaigns, series of seminars and workshops, public statements, bilateral and multilateral engagements, marches and rallies, etc. For so long as the state does not unleash violence against the people class-conscious workers must use democratic means to win the majority to their side (Slovo 1988). In this context options such as those adopted in the period between the banning of the Party and its unbanning must not be ruled out should at a particular point struggle conditions once again necessitate them.
70. In the ultimate analysis if any compensation is due when capital and means of production are transferred from the private ownership and control of a capitalist, that is, in concrete terms, deserved by the workers whose unpaid labour is appropriated by that capitalist. This is beyond a moral argument; it is a concrete outcome for economic and social justice to be realised.

71. Concretely, even when a property is considered developed it is only because that property materialises value added by labour. That value, whether it is called or forms part of the so-called market value, is fundamentally not due to a capitalist, but to the workers that capitalist is exploiting.
72. We now turn to the contradictions inherent in the process of capitalist production and class struggle in relation to the ultimate inevitable outcome of property relations, i.e. the relations between people and things – means of production.

E. Working class power and inherent contradictions of capitalist production

73. Marx (1990/1867) elaborates further on property relations when dealing with the process of the development of capitalist production and the consequent class struggle between the bourgeoisie and the proletariat. To build from a point we formerly touched upon, he illustrates that the capitalist mode of production and appropriation is inherent with internal contradictions that inevitably contribute to its own downfall. One of those contradictions which are ever growing within the mechanism itself, is between, on the one hand the centralisation of capital in the hands of a few capitalist magnates who expropriate others, and on the other hand, the socialisation of labour and further transformation of the means of production into socially exploited, and therefore, common means of production (Marx 1990/1867).
74. In the capitalist process of production as the capitalist magnates appropriate and monopolise all advantages, ‘the mass of misery, oppression, slavery, degradation and exploitation grows; but with this there also grows the revolt of the working class, a class constantly increasing in numbers, and trained, united and organised by the very mechanism’ (Marx 1990/1867: 929). As part of the growth of misery, oppression, slavery, degradation and exploitation in our present day period is the growth of atypical forms of employment such as undocumented and super-exploited migrant labour, labour brokers and perpetual temporary labour, non-payment of wages in restaurants but forced reliance of workers on tips, tremendous shift patterns without transport provision, at a broader level, poverty and inequality, etc.
75. The YCL must fight against all of that capitalist barbarism and work together with trade unions while simultaneously championing transformation in property relations, the end result of which Marx (1990/1867) sums up succinctly. Given its inherent contradictory laws of motion, the development of capitalist production leads:
 - 75.1. to the monopoly of capital inevitably becoming a fetter upon the very capitalist mode of production and appropriation which have sprung up and flourished along with, and under it;
 - 75.2. the centralisation of the means of production and socialisation of labour reaching a point where they become incompatible with their capitalist integument; and
 - 75.3. at last, the expropriators being expropriated, thus the negation of the negation, i.e. the negation of capitalist production as a result of its own internal laws of

motion inclusive of the revolution by the working class that mode of production produces.

76. The above transcends beyond a programme to transform property relations into a broader political struggle to finally bring down the capitalist mode of production with the aid of its own inherent contradictions and natural laws of motion. That must remain our overarching strategic vision for which our programme to transform property relations is therefore an integral part. We must stop at nothing at all times and in all fronts to propagate, mobilise and intensify class struggle for the achievement of that overarching strategic vision, and in line with Marx and Engels (2010/1848) as we bring the property question to the front to be a leading question at every given moment. That makes our goal for the transformation of property relations different from those of the other actors for instance in the nationalisation of mines debate.
77. For instance many of the BEE mining interests such as Mvelaphanda Resources were already in trouble even before the crisis (which made matters worse) in 2007 (SACP 2010). It would be grossly ignorant therefore to simply dismiss the point that for some of those actors who joined the call or pledged support or started lobbying for nationalisation of mines during the economic crisis possibly want to achieve bailouts and lay the basis for a new cycle of increased private capital accumulation. This is the reality we must highlight in order emphasise the need and press ahead with a strategic objective to develop policy instruments in order to curtail and close rank and space for any section of the capitalist class from succeeding to achieve its interests through for instance “support” for nationalisation in the mining or any branch of our economy.
78. We briefly reflected on this formerly when dealing with compensation and the need to build working class power as the only force capable of ensuring that nationalisation as one of the policy instruments that can be useful in our programme to transform property relations when adopted is made to serve the working class and not the capitalist class or any of its sections. That must guide cost-benefit analysis to each and every case. The question which class stands to benefit most from a particular change including change in the property question is important in determining the class character of that change.
79. From that point of view we formerly pointed out that the class character of any policy instrument cannot simply be summed up without a concrete analysis of concrete conditions and merely from a point of view of reliance on attributing the historical background of that policy instrument for instance to the left. For a class to gain most from a policy instrument even if it is the one that discovered that instrument it must make sure another class does not gain most in the adoption of that instrument. In class struggle there is no point of obvious.
80. That is one of the probable underpinnings why the SACP (2010) opens its discussion document reasonably as thus: ‘of late...a kind of spurious socialism has arisen,

degenerating now and again into something of flunkeyism, that without more ado declares all state ownership as socialistic' (Engels 2010/1880)¹¹.

81. In looking at the crisis of 1873-78 and capitalist crises in general, Engels (2010/1880) shows and warns that in a capitalist society state ownership can be adopted, not to do away with the capitalist relation, but to bring it to a head. In a way we formerly highlighted this point when briefly reflecting on some of the scenarios under which public property can arise in a capitalist society. In line with Engels's analysis we stated, as one of the extremes, that public property can be adopted to develop capitalist private property rather than its direct antithesis.
82. To sum up the point we made clear already, our programme to transform property relations is a working class programme rather than capitalist class manoeuvres to run away from loss or advance private accumulation. Most in particular, we seek to develop the direct antithesis of capitalist private property. To this end, contrary to developing capitalist private property, nationalisation and state ownership in our programme on property relations feature in so far as they are useful:
 - 82.1. to systematic elimination of working class exploitation rather than its expansion;
 - 82.2. providing for what we formerly referred to as the basic conditions of life for the working class, which encompass quality houses, healthcare, education, expanding social security, effective service delivery in general, better conditions of work inclusive of occupational health and safety, environmental protection, etc.;
 - 82.3. advancing towards the socialisation of ownership and control of means of production and, the value produced from the production process; thus therefore,
 - 82.4. democratising control over production, the value thereby created and the economic activity in general; and
 - 82.5. advancing industrialisation through expanding the local manufacture and processing of finished products.
83. Our historic mission as categorically summed up by Marx and Engels (2010/1848), to emphasise, is to abolish capitalist private property, consequent working class economic exploitation, social and political domination by the capitalist class. This suffices to explain why some actors in the nationalisation of mines debate for instance, regardless of all sorts of despises that they might conveniently adopt in pursuit of their class interests, must not be allowed to sow confusion. This point is important to highlight because some sections of the capitalist class, notably some BEE elements with vested interests in mining for example have come out in "support" during the debate on the nationalisation of mines.
84. There is nothing most important for communist organisations such as the YCL to question class interests that are behind every proposition and support to that

¹¹ *Socialism: Utopian and Scientific*

proposition. Our basic orientation in Marxism-Leninism is that without questioning the class interests behind every proposition people may fall prey to deceit. Any suggestion to the effect that we must neglect that task is therefore itself deceitful.

85. It is such not impossible that some calls, appeals and support for nationalisation in the context of a capitalist economic crisis are nothing else but part of the efforts to defend the accumulation interests of a certain section of the capitalist class. That might as well include advocacy for buying their threatened stakes through tax payer's money. In that way they may be repositioned to pay, as the SACP (2010) succinctly puts it, a debt that they are battling to pay off so that they can minimise or avoid crisis-loss by pulling out more money ($M + \Delta M$) in order to migrate and speculate somewhere else for private capital accumulation. But there is another side of the story that must be taken equally serious.
86. While some sections of BEE capitalists have come out in support of nationalisation in the mining sector where they hold stakes, on the contrary the dominant mining capital in the Chamber of Mines of South Africa has come out in opposition to that. To distinguish between the two it is important to turn a bit to Marx's *Capital* (Volume III).
87. Reflecting on the law of the tendency of the rate of profit to fall, one of the inherent causes of capitalist crisis, Marx (1991/1894) finds that during the crisis of capitalism a portion of old capital has to lie unused under all circumstances, that it has to give up its characteristic quality as capital so far as acting as such and producing value is concerned. Under the circumstance as soon as it is no longer the question of loot through sharing profit as usual, but sharing loss, every capitalist tries to reduce their own share of loss to a minimum and to shove it off upon another, and how much the individual capitalist must bear of the loss, i.e., to what extent that capitalist must share in it at all, is decided by strength and cunning, and competition then becomes a fight among hostile or enemy brothers (Marx 1991/1894).
88. According to the finding by Marx (1991/1894), loss in the crisis of capitalism is by no means equally distributed among individual capitals. Its distribution is rather decided in that fight among hostile or enemy brothers in very different proportions and forms, depending on special advantages or previously captured positions, so that one capital is left unused, another is destroyed, and a third suffers but a relative loss, or is just temporarily depreciated, etc. Engels (2010/1880) further explains that in a capitalist crisis at first workers are forced out, but in the same way follow capitalists, who are also reduced, just as workers, to the ranks of surplus-population, although not immediately into those of the industrial reserve army.
89. In the circumstance, faced with unequal distribution of loss relative to other capitalists who due to special advantages or previously captured positions are either thriving or able to minimise loss, the battle between hostile or enemy brothers compels certain sections of the capitalist class who are probably confronted by severe loss to seek bailout or even support nationalisation. It is as such that they

would turn over to the state for it to save them from sinking or from extinction as capitalists by absorbing their loss.

90. As formerly highlighted, that state intervention in the interests of the capitalist class so affected may comprise of measures to use tax payer's money to acquire stakes in corporations and ownership of means of production in so far as their capacity as capital is facing a death sentence or is losing its use-value to profit making and maximisation, and therefore to private capital accumulation.
91. From that point of view it can be deduced with regard to capitalist economic crisis that there are capitalists, for example in the Chamber of Mines of South African who probably because of special advantages or previously captured positions are in a different situation in terms of loss relative to some of the BEE capitalists who might have identified that nationalisation could assist them navigate the storm. That is why, and other probabilities are limited, those capitalists who are in a better position to loss or are actually thriving had to come out in opposition to a call for the nationalisation of mines. For those capitalists it is, therefore, such a call that threatens their continued private capital accumulation forward going.
92. It is as such that a balanced class analysis for instance of the mining capital and crisis would not only highlight a phenomenon by some sections of the BEE capitalist class supporting nationalisation of mines in order to navigate the storm of crisis-loss, but would also, and must, highlight the phenomenon of opposition by the dominant mining capital. Appreciating both the phenomena, and therefore the heterogeneous nature of dynamics within the capitalist class itself, is important to any well considered way forward on how to deal with it with regard to developing strategy and tactics for a programme to transform property relations.
93. As a matter of purpose, more than any other social actors in society as communists we have duty, to emphasise, in all the times as part of the struggle for socialism to bring the property question to the front no matter its degree of development (Marx & Engels 2010/1848), and with or without crisis but for the interests of the working class, press for the alteration of property relations away from capitalist private property towards socialisation. It would not be justice to this duty to condemn those sections of the capitalist class who seek bailout but not condemn those who are relatively better or thriving and would continue to do so in terms of privately accumulating the surplus-value that is created from labour.
94. Appreciating capitalist intra-class dynamics is critical to strategy and tactics in our programme of transforming property relations across the economy in general and in each one of its branches in particular. In this way therefore, in mining the dominant mining capital would not be left untouched but would be pursuit to the end.

F. Increasing total productive forces

95. By productive forces we mean the unity of the means of production – instruments and subjects of production as formerly defined – and labour-power. As captured from Marx (1990/1867) we seek to free labour-power and have it expended in many of its different qualitative forms by emancipated humanity in full self-awareness as one single labour force. It is as thus that we formerly touched upon the dialectical connection between the twin tasks of transforming property relations and intensifying the struggle against class exploitation. Approaching both is not a question of mechanical sequence, but a question of dialectical coordination of but one strategy the motive force of which is the working class.
96. It is as thus that increasing the total productive forces is one of the central tenets of our programme on transforming property relations and developing the general productive capacity of our society. The question as to which class owns, controls and most benefits from means of production is materially interwoven to the question of developing, expanding, diversifying and increasing productive capacity. After all, control over means of production and labour-power which is presently overwhelmingly in the hands of the capitalist class, is control over two most important aspects of both the productive forces and capacity. It is as thus that our systematic approach involves a fight to win control of the already developed, while simultaneously furthering the development and increasing both, productive forces and capacity.
97. Failure to develop and increase total productive forces, while at the same time fighting to free from the yoke of private capitalist ownership and control those already developed, can setback a revolution. History is littered with such examples. That must be avoided.
98. In terms of labour-power, developing and increasing productive forces requires expanding access to education and training, and thereby intensifying knowledge production and skills development. That must be seen as part and parcel of our approach to provide for the basic conditions of life for the working class which at the fundamental level comprise of increasing access to productive work. This must contribute positively to food, clothes, shelter, and creating an enabling environment for the working class to develop and exercise their potentials in other areas of human activity – politics, arts and culture, science, etc. Engels (2010/1883, March 17) makes this point eloquently when acknowledging Marx's discovery of the law of development of human history.
99. Knowledge production and skills development must help us address, for example the weaknesses that we have seen in land reform. Although still far too insignificant compared to the targeted percentage of land for redistribution, there are hectares of land that have been transferred, contrary to what the *Freedom Charter* calls for, to people who are not supported and fail to use it productively and as a result end up redundant or even sold back to capitalists.

100. Prioritising knowledge production and skills development must also be seen important in developing production capacity in manufacturing and processing to produce, from conception to execution, finished products from agricultural, primary materials, marine and other natural resources including minerals. Our country is rich with minerals:

South Africa possesses an abundance of raw materials and is the world's top ranked producer of platinum, palladium, rhodium, chrome, manganese, vanadium, vermiculite, ferro-chromium and aluminosilicates. In terms of global reserves and production of minerals, the country holds 90% of platinum-group metals, 80% of those of manganese, 73% of chrome, 45% of vanadium and 41% of gold reserves. Only two strategic minerals, namely, crude oil and bauxite, are not available in the country... The country is also home to over 70% of the world's chromium... This resource base produces in excess of 50% of the world's ferrochrome (AIEC 2008¹²: 10).

101. What happens to these minerals after mining? Would that automatically change with ownership? In fact, South Africa produces from over 700 mines approximately 55 different minerals which are exported overwhelmingly as raw materials to over 87 countries across the globe. This resource base, in addition to the above consists of coal, diamond, iron ore, antimony, nickel, phosphates, copper, uranium, even gas, etc. While we have particular levels of developed productive forces and capacity in particular areas of our economic production, transforming property relations alone, while very important, will not automatically resolve the crisis we face in undeveloped and under-developed areas of productive forces and capacity and to diversify our economy.
102. It is as such that our programme on property relations and increasing productive forces must integrate the strategic objective of confronting one of our principal contradictions in economic production. That contradiction is between, on the one hand, the availability of vast natural resources and the dominant production of raw materials and primary industrial and agricultural products, and on the other hand, the relative lack of developed productive forces and capacity to advance high value added, from product Research and Development (R&D) to labour-process on the ground, manufacture and processing of finished products. In order to deal with this contradiction a number of macroeconomic and industrialisation policy issues shall have to be addressed along the question of developing and increasing productive forces to which we believe R&D and education and training must be taken equally serious.
103. Presently, South Africa has a low investment level as a percentage of Gross Domestic Product (GDP) on R&D while most of the related institutions including universities are hard to access. In fact, R&D and post-graduate education and

¹² Automotive Industry Export Council (AIEC); Also see AIEC (2010: 10)

training in South Africa are in practice a privilege or otherwise elitist. In general, while access to higher education has improved post-1994, there is much more that still needs to be done.

104. In addition, the transformation of the technical and vocational college sector into the Further Education and Training (FET) sector has not been accompanied by capacity building and the use of colleges as vehicles to expand access to higher education qualifications. In principle there is no reason why the capacity of the college sector must not be developed to offer Higher Education (HE) qualifications up to the first HE diploma and degree level. In particular, same as capitalist private ownership of means of production, by and in large education and training in South Africa are dominated by the market mechanism – they are market-driven. For instance that is how Sector Education and Training Authorities (SETAs) determine sector-skills plans. This picture must change. It must be inverted.
105. R&D must be made accessible. The existing research institutions must be augmented with Science Parks that are evenly distributed across the country in accordance with developmental objectives that are not set by the market, but by society through democratic participatory processes. R&D investment must be increased with the private sector, to the extent that our programme of transforming property relations would not have reached its logical conclusion, held accountable to significantly contribute.
106. Access to higher education and training must be expanded further. In particular, post-graduate education and training must no longer be treated as privilege. In line with the *Freedom Charter* the state must make available increased scholarships in that regard. As part of this, South Africa must learn from China and its own exchange programme with Cuba to increase scholarships for students to study in international universities. The private sectors must, in line with the above principle, significantly contribute to the funding of these scholarships as well. In fact the private sector is the largest consumer of our skills and education through exploitation.
107. Also, education and training must in particular be freed from market-driven approaches. Education and training must democratically be directed in terms of our industrialisation and developmental objectives. Increased attention must be paid to curriculum transformation, in fact, curriculum overhaul. The capacity of the college sector must as well be developed and colleges must diversify programmes. They must also be leveraged to expand access to higher education qualifications.
108. As part of our strategic objectives we must take democratic control seriously. One of the reasons why we still have in a number of strategic areas under-developed and undeveloped productive forces and capacity is lack of democratic control. Before 1994 that was overwhelmingly because of colonial and apartheid capitalism. After 1994 it is largely because of neoliberal capitalism. One thing is common though. For instance our natural resources are exploited for profit. That is why post-1994 the extraction of our resources is dominantly for export for profit maximisation. Before

1994 this was constraint by apartheid and the international limitations it faced. During that period there were some internal manoeuvres by the apartheid regime to develop and increase, but along lines of racism and sexism, productive forces.

109. In the minerals and petroleum sectors, post-1994 there has been an intervention through the Mineral and Petroleum Resources Development Act (MPRDA) (Act No. 28 of 2002), as a regulatory step, which made the state the custodian of all mineral and petroleum resources. But this Act did not actually pursue the question of developing and increasing productive forces. Neither did it temper with production for profit. In fact, the MPRDA gives private prospectors and miners a right to do so for their own account. While making provisions for fees, levies, tax and royalties on mineral and petroleum resources, those instruments are not even exercised effectively to the benefit of the people as a whole as it should be.
110. Actually, private mining companies are relaxing nicely under the shadow of a special, in fact very low-level, tax regime. Another weakness that arises from the MPRDA is its BEE provisions which affect state ownership too. The SACP (2010) concisely illustrates this weakness through the Limpopo Economic Development Enterprises (Limdev) as a typical example. Although controversially, Limdev had to sell 30 percent of its 40 percent stake in ASA Metals in order to enable it to be BEE compliant. ASA Metals is involved in the mining of chrome ore and ferrochrome production.
111. The dominance of the profit motive over the extraction of our mineral and petroleum resources almost hollows out the point that these resources belong to all the people of South Africa. It is as such that resources are extracted, not only in, but also from South Africa to the extent that in particular areas the country ends up not even having access to those resources.
112. Eskom is one of the typical examples which under particular circumstances had to experience shortage of first grade coal to generate electricity for the people. Private mining companies prioritised coal for profit maximisation through export to lucrative markets. The *Freedom Charter's* clarion call that all trade shall be regulated for the interest of the people as a whole has been undermined post-1994 through liberalisation. Reality is that for us to develop productive forces and even increase revenue from our mineral and petroleum resources one of the things we must do is to rigorously implement that provision of the *Freedom Charter*.
113. Consistency in moving to the diametrically opposite direction to the *Freedom Charter* must be reversed. For instance in both industry and the financial sector instead of being preoccupied with how the banks and monopoly industry can be transferred to the people as a whole what has happened was to allow strategic assets in those areas to be privatised and even transferred to external takeover.
114. For example it is as such that we have come to be haunted by abuse of dominance, Import Parity Pricing (IPP) and international market-based pricing models by former

SOEs and now private companies such as ArcelorMittal which is headquartered in Luxemburg. Such things constrain and stifle the development of productive forces and capacity. The strategic objective of decent work creation and increasing employment in the downstream manufacturing industry is also compromised.

115. SASOL is another example of the many in which privatisation disempowered the people as whole. Such things illustrate the importance of a strategic objective to reverse privatisation and press for the review of outsourced services back in the hands of the state. A drive for state ownership will not make sense in the midst of privatisation. If genuine, that drive must simultaneously involve a strategic objective of a thoroughgoing anti-privatisation programme. In a way we touched on the latter when we underlined the strategic objective of dealing with tenderpreneurship and rolling back tenderisation.
116. To emphasise before highlighting some of our immediate augmenting proposals, the building of working class power is fundamentally important for what we seek to achieve. It would be a disaster to give the state power but in return have that state exercise that power in accordance with capitalist private interests or otherwise re-privatise or return those assets and power to the capitalist class.

G. Our immediate proposals to transform property relations in South Africa

117. The following proposals augment our strategic objectives and those we already highlighted or reflected upon.

117.1. Settling the land question

Since the 1994 democratic breakthrough land reform programmes have failed to reach targets. In this process capitalist private land ownership has been entrenched in the midst of a growing mass of landless and homeless people to the extent that human settlement through the provision of housing has severely been constraint particularly in urban areas. Food production for sustainable livelihood is lacking and commercial agriculture and farming are the order of the day. Moreover, environmental and water pollution is escalating from inorganic methods of production in farming and agriculture. This must be stopped before it is too late.

South Africa must indeed belong to all who live in it. All capitalist privately owned land must be nationalised. A drive must be pressed ahead with to ensure that land is used productively. This must include material, education and training support to the people. Democratic control and policies driven by mass participation must be intensified to regulate land use in all categories, agriculture, farming, mining (which by the way is one of the biggest if not the leading environmental polluter), settlement, etc.

The land question must also be seen central in our industrial policy in order, according to the SACP (1962), to ensure a balanced agriculture-manufacturing

economy and independence of a people of South Africa. This must include measures to develop, expand and diversify agro-processing. This must be part of our rural development strategy and among others involve a coordinated action by several government departments, Rural Development; Trade and Industry; Agriculture, Forestry and Fisheries; and Water Affairs.

117.2. Expanding state ownership

The SOE sector must be developed further and expanded. Among others this must involve the expansion of existing SOEs and the creation of new SOEs in other sectors of the economy in accordance with the *Freedom Charter*, the *Road to South African Freedom* and the *Morogoro Strategy and Tactics* for revolutionary examples.

As a general strategy, strategic areas of economic production and key industry must be identified. For instance given the need to intensify the battle against HIV/AIDS, other health conditions including chronic areas, build effectively proactive and responsive healthcare system, the pharmaceutical sector must be one of those. As part of that strategy, we shall also put forward the following areas for the building of state ownership.

117.2.1. Heavy industry, machine tool building and fuel production

In line with the *Road to South African Freedom* (SACP 1962), and as further advanced through the resolutions of the Party's 12th National Congress, this area is strategic and consists of monopoly characteristics. It is in this area where the likes of SASOL and ArcelorMittal are located. The SACP supported by the YCL resolved that both SASOL (SASOL's production operations include fuel) and ArcelorMittal (ArcelorMittal produces steel) must be re-nationalised. We must rigorously champion the realisation of this resolution. These two monopolies or dominant companies were SOEs but privatised post-1994. Both of them have been involved in IPP and international-market pricing models to the detriment of the development of downstream manufacturing and employment creation.

Very recently, a battle erupted between ArcelorMittal and Kumba, an Anglo-American owned company, for loot of iron ore. The cause of the fight originates from the unbundling of ISKOR, a SOE which was privatised to ArcelorMittal and Kumba separately. However while taking over steel production operations ArcelorMittal retained a residual stake of 21.4 percent of old order mining rights with the rest of the mining rights assumed by Kumba. Through an arrangement based on that, ArcelorMittal was to be entitled access to iron ore from Kumba at cost plus 3 percent.

After the old order mining rights were repealed and had to be converted into new order mining rights, ArcelorMittal did not convert the 21.4 percent that it acquired at the unbundling and privatisation of ISKOR. In the process a make shift company, Imperial Crown Trading (ICT) was created elsewhere and eventually granted in new

order mining rights, the 21.4 percent previously held by ArcelorMittal. This led to a fiasco of arbitration and court encounters. In the process ArcelorMittal designed a BEE deal and advanced to acquire ICT as a means of getting back the 21.4 percent but most in particular, undercut-price access to iron ore for steel production. As stated, ArcelorMittal is part of those companies that has practiced IPP and international-market pricing models that result to sky-rocketing and prohibitive steel prices locally. This is contrary to the objectives for which the company acquired iron ore cheaply. The state was involved in this arrangement but it has been toothless to act decisively by means of democratic regulation.

This fiasco not only affirms the correctness of state takeover, but the urgency to develop and intensify democratic control of economic production and trade in all strategic areas of our economy. That is our line. This includes, as stated from our subtopic above and in addition, heavy industry, machinery and equipment, metals fabrication, mass transport, Information and Telecommunications (IT), etc.

In fact, all monopoly industry must be taken over through total state ownership and control in line with the *Freedom Charter* and the *Road to South African Freedom*.

117.2.2. The mining industry and strategic nationalisation

By strategic nationalisation we mean a strategically guided nationalisation programme that is informed by a concrete analysis of concrete conditions in class terms. Such a programme can only be guided by the strategic objective to achieve the immediate aims and enforce the momentary interests of the working class and advance to its long-term goals. Strategic nationalisation is, therefore, not a capitalist class nationalisation, but a working class nationalisation. It is underpinned, foremost as formerly reflected upon, by the principle and strategic objective of ensuring that no capitalist achieves a bailout or pulls out gain in the process. Strategic nationalisation is not an end on itself. It is rather but one of the means to an end that encompasses the systematic elimination of exploitation and economic inequality, therefore advances redistribution, socialisation, and, industrialisation.

One of the central pillars of what we mean by strategic nationalisation in this area is a proper assessment, economically, politically and in terms of the resulting social outcome, of all our mineral and petroleum resources and a clear identification of the strategic ones. The point in this regard must not necessarily be to continue extraction for revenue generation from trade, but also, and importantly, to drive the strategic objective of expanding local manufacturing of finished products as formerly reflected upon. This must be made one of the central pillars of our industrialisation policy. The same must apply in other sectors, i.e. there must be in those sectors a clear identification of strategic areas or economic production and assets for state ownership.

As part of this change, in this regard we must reaffirm our support for the consolidation of state ownership in the mining industry through the creation of a state-owned mining entity to which other existing ones must be annexed.

In the event where strategic nationalisation and the creation of a state consolidated mining entity are not completed to their logical conclusion, the state must rigorously increase control over mineral and petroleum resources. That means systematically confronting the profit motive. In so doing, thoroughgoing taxes, levies and royalties must be imposed. The fact that the mineral and petroleum resources of South Africa belong to all who live in it must reign. This must be reflected in those endowments benefiting the people as a whole rather than a tiny minority of capitalists through profits.

As part of our programme to transform property relations in the mining sector and as reflected upon formerly, the weaknesses of the MPRDA must also be rectified. Where necessary, that must involve new amendments or supplementary regulations. As part of this, BEE equity requirements on state ownership must be scrapped. That must illustrate our seriousness to return the wealth and heritage of South Africa to the people as whole and, as the ANC (1967) *Morogoro Strategy and Tactics* declares, to make sure that the resources of our country are not manipulated by any elite be it White or Black.

The state must also increase its role on trade in mineral and petroleum resources. The experiences of OPEC (Organisation for Petroleum Exporting Countries) must in that regard, be studied carefully. To that extent for instance, the SACP (2010) proposes the establishment of an international platinum cartel. That must be engineered and considered.

117.2.3. Banks and the financial sector in general

The most immediate calling in this regard is to pass over our support for the nationalisation of the Reserve Bank of South Africa (RBSA) into thoroughgoing working class mobilisation. It is inconceivable that even after sixteen years of a democratic dispensation such a strategic asset of our society consist of capitalist private ownership. The British colonisers bound the Colonisers of Special Type through partial privatisation of the RBSA in order to retain imperialist control. Later, the Colonisers of Special Type were to copy the same approach to bind a people as a whole and exercise a particular form of neo-Colonialism of Special Type (n-CST) control.

The RBSA is not only an important policy instrument for developmental purposes, but also makes money available to commercial banks at a low lending rate. What these commercial banks do is simply add more interest rates. As part of this, compound interest rates are charged on housing, thereby making access to decent houses prohibitive. This must be abolished. Banks together with Development Finance Institutions (DFI) occupy a strategic position including on access to capital.

But the profit motive overwhelmingly overrides that strategic importance in particular against the working class.

We formerly stated that there is no progress since 1994 to transfer banks to the ownership of the people as a whole, and that instead there has been a movement to a diametrically opposite direction, i.e., there has been external takeover in some of the “South African” banks. The state lacks presence in the bank sector although it has Development Finance Institutions (DFIs). Over the years we have also been confronted with the dominance of an agenda within our DFIs to advance the development of capitalist private property. This agenda must be reviewed with co-operatives and state ownership prioritised.

In general, nothing much except the profit motive is the rule of law in the banks. This has even undermined in some instances the SACP achievements from its financial sector transformation campaign including the Umzansi Account.

In fact, since the 1994 breakthrough and 1996 Class Project, and now even under the present Polokwane administration as it is evident in Gordhan (27 October 2010), there is consistency to advance financial sector liberalisation instead of implementing democratic control by the people as whole.

Thus over and above tackling the issue of the RBSA we must press for the building of state presence in the banks sector. As formerly touched upon, that must include a state bank that is not operated by the profit motive but by revolutionary developmental and service delivery objectives. Until all credit is centralised in the hands of the state, that bank must deliberately be used to undermine the high cost of banking, capital and financial services imposed willy-nilly by commercial banks. The financial sector liberalisation trend must also be confronted head on. Democratic and effective financial sector and capital regulations must be adopted. This must include rigorous taxation, finance and capital controls over non-state owned banks, other finance institutions and capital transactions in particular hot money.

117.2.4. Building a strong co-operative movement

Our approach to transforming property relations can never make sense without developing and expanding the co-operative movement to assert direct worker ownership. Building a vibrant co-operative movement is one of the most important concrete steps in confronting economic exploitation, and empowering the masses of the people economically and therefore, socially and politically. Our resolutions on this important strategic objective are well known. We must develop a detailed strategy paper to implement our strategic objective on co-operatives development. That must include an examination of state support to co-operatives and propose measures by which that can be improved to advance co-operatives across our economy.

118. But closely monitor the enemy

However, throughout the NDR and the struggle for socialism the enemy will fight, and where facing encirclement will strike back through all its capabilities. For so long as it is strategic and tactical to it, at times the enemy will recruit its personnel from the revolutionary camp. For instance policies such as BEE are there to facilitate that. That has also been used to breed parasitic and comprador bourgeoisie, and often underpinning it, also corruption. The Polokwane (2007) *Strategy and Tactics* is clear that the parasitic and comprador bourgeoisie must face combat. But all combat does not take place unopposed.

At times the enemy will strike back in a manner that will hit the working class hard and even cause divisions in the revolutionary camp. Therefore the attainment of our vision, historic mission and strategic objectives must not be underestimated. The balance of forces must not be taken for granted. It must be studied thoroughly and be engaged with zeal to tilt in favour of the working class. While adopting correct strategy and tactics to advance ahead, we must at all times minimise or avoid casualties. But one thing is certain. There is no other alternative.

Until capitalist private property and economic exploitation are overturned there can never be human emancipation. For that there is no best vision than as Marx (1990/1867) puts it: an association of free men and women, working together with the means of production held in common, and expending their many different forms of labour-power in full self-awareness as one single labour force.

References

- African National Congress, *Strategy and Tactics*, Morogoro, 1969
- Automotive Industry Export Council, *Made in South Africa – Automotive Export Manual – 2008*, Tshwane, 2008 (also see 2010)
- Congress of the People, *Freedom Charter*, Kliptown, 1955
- Engels, F., *Socialism: Utopian and Scientific* (2010/1880) (i.e. written in 1880 by Engels and accessed from www.marxists.org, *Marxists Internet Archive*, June 2010)
- Engels, F., *Speech at the Grave of Karl Marx*, Highgate Cemetery, London, 1883, March 17 (accessed from www.marxists.org, *Marxists Internet Archive*, June 2010)
- Gordhan, P., *Medium Term Policy Budget Policy Statement*, South African Government, 27 October 2010
- Marx, K., *Capital* Volume I (1990/1867) (i.e. Book 1 of Capital, written by Marx, K., and first published in, 1867; the presently used copy in this present paper was published by Penguin Classics, London, 1990)
- Marx, K., *Capital* Volume II (1986/1885) (i.e. Book 2 of Capital, written by Marx but put in shape and finally edited after his death by Engels, F., and first published 1885; the presently used copy in this present paper was published by Lawrence & Wishart, London, 1986)
- Marx, K., *Capital* Volume III (i.e. Book 3 of Capital, written by Marx, K., between 1863 and 1883 but edited and completed by Engels, F., and first published in, 1894; the presently used copy in this present paper was published by Penguin Classics, London, 1991)
- Marx, K., and Engels F., *Manifesto of the Communist Party* (2004/1848) (i.e. written by Marx, K., & Engels, F., in 1848; the presently used copy in this present paper was accesses accessed from www.marxists.org, *Marxists Internet Archive*, June 2010)
- Slovo, J., *The South African Working Class and the National Democratic Revolution*, (1988), accessed from the SACP – www.sacp.org.za (June 2010)
- South African Communist Party, *Expanding democratic public control over the mining sector*, African Communist, Special Issue (Number 180): 61 – 82, Johannesburg, 2010
- South African Communist Party, *Central Committee Discussion Document on State Power*, Bua Komanisi (Volume 5 Issue 1), Johannesburg, 2005
- South African Communist Party, *Road to South African Freedom*, Underground and Exile period, 1962
- The Star, *GM files for dual public offering*, Johannesburg, 20 August 2010