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South Africa

Scourge of Unemployment Shows Need for Drastic State Intervention

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In most other countries the news that more than 10.2 million citizens are unemployed would lead to mass calls for the President and Finance minister's resignations. Instead, the reality that more than 10 million South Africans are condemned to hunger, inadequate housing, a failed transport system, violent and unsafe neighborhoods is met with further calls for neoliberal orthodoxy from the mainstream.

It is patently obvious that cutting back on government expenditure will not in any way draw the country out of this calamity. The plans to cut down the size of the public service will in no way alleviate the shocking unemployment and the myriad of problems that follow. The overtures to neoliberal populism favoured by Mboweni and Ramaphosa are misguided.

Instead the moment calls for a massive increase in state led spending on public social infrastructure. We need the state to invest in a low carbon industrial strategy. This entails, but is not limited to, a wide scale housing programme (building real houses in the centres of the city, not serviced sites in the periphery), expanded public transport, an Eskom driven renewable energy programme.

On that latter point, the One Million Climate Jobs campaign should be a rallying point for all. Research indicates that we can create one million climate jobs, specifically: 250 000 renewable energy jobs, 390 000 public transport jobs, 200 000 construction jobs and 100 000 agriculture jobs and 110 000 jobs in waste, industry and education.

It is important to note that taxation of the wealthy and corporations will be a crucial pillar in this process. Increasing corporate taxes, which have fallen since 1994 will have to be a priority. So too will the combatting of illicit financial flows and, base erosion and profit shifting. These mechanisms' that have been used by companies like Lonmin (of which our President is no stranger to) cost the country billions in lost taxes and wages. This is in addition to capital sitting on R1,4 trillion in idle bank accounts which should be part of a prescribed assets regime.

Achieving this ambitious, but realisable programme will need economic policy that strongly deviates from the norm of inflation targeting and austerity. Options available include a combination of increasing taxes on the super wealthy, the introduction of prescribed assets, making use of the Public Investment Corporation (PIC) fund. This must also include the introduction of a basic income grant and the abandonment of BEE in favour of affirmative action that serves the interests of the poor majority.

These and other mechanism aimed at undoing the damage of neoliberalism will require an alliance of the unemployed, labour, communities and civil society to fight for them.

South Africa is in crisis and the approach favoured by Ramaphosa and Mboweni will lead us down a deeper path of social, economic and environmental decay. Drastic reorientation of the governments approach to the economy is the only way out of this quagmire. The fact that so many South Africans are without the most basic means to subsist calls for action. The state has a duty to act now, solutions to our problems can no longer be left to the markets and economic elites!

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