

The State of South Africa's Crisis

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Abstract

The coronavirus crisis has sent South Africa into an economic slide. To the extent that one can assess these things in such a rapidly changing conjuncture, in this case study, I discuss how this crisis may likely be the proximate trigger for longer-term reconfigurations over the control of South Africa's commanding heights of the political economy. I briefly overview the social fallout of coronavirus on the country, then transition to the various struggles already underway between the state, capital, and labour to define the agenda for post-crisis reform. The resolution of these struggles will shape prospects for equitable and inclusive development.

Keywords

South Africa; The State; Capital; Labour; Development

Acknowledgements

Thanks are due to Richard Humphries for his research assistance and Jacqueline Laguardia-Martinez for her input.

Introduction

South Africa entered hard lockdown in late March 2020. But an extended period of reduced activity and more regulated behaviour has not yet been able to dent the spread of the coronavirus. The national growth rate hovers at 5.5%, with metropolitan areas at around 8.5%. Indeed, at the beginning of July, by new cases per million South Africa (147.16) was a peer of the United States (161.32) with both countries' new cases accelerating (see Our World in Data 2020). As of mid July, approximately a quarter of a million cases have been confirmed, while sadly there have been close to 4'000 deaths. Granted some acceleration was to be expected as coronavirus specific national regulations were eased from June onwards. This easing saw 15.8 million persons, or 95% of the employed workforce permitted to return to work. Effectively, a 'risk-adjusted strategy' was replaced by efforts to

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restore economic activity as rapidly as possible across the country, while still maintaining restrictions on large concentration events like sports and theatres (TIPS 2020). But given that R_t has been stable at ~ 1.4 during lockdown (see Coronavirus in South Africa 2020), it is likely that infections will increase, and more deaths will follow.

Already the capacity of health care facilities in Cape Town and Johannesburg has been overwhelmed with coronavirus cases. The situation is dire, because for example, settlements like Khayelitsha, where many of the 500'000 residents are deprived of basic infrastructure, has among the highest rates of HIV/Aids, tuberculosis, hypertension, and diabetes in the country. Adding to the difficulties, the City of Cape Town has been demolishing shacks and evicting the most vulnerable (Van Wyk 2020). But at least Khayelitsha has access to facilities in neighbouring Cape Town. Many rural settlements lack those resources (see York 2020). Indeed, there are testimonies in the press by doctors about “patients are lying in the corridors of hospitals like Livingstone in Port Elizabeth and are dying” and “Sick people are fighting each other. It is literally a ‘survival of the fittest’ situation. It is awful” (anonymous ER doctors quoted in Venter 2020). Without hyperbole, South Africa is on the precipice of widespread social unrest due to hunger, job loss, and desperation. It is not one crisis after another. It is one crisis on top of another. But whereas there is considerable international media attention given to the United States, like Latin American countries South Africa is generally an afterthought. This basic disinterest demonstrates how Southern populations are not deemed subjects ‘worthy of concern’ nor how their circumstances seem to warrant comment.

Accordingly, following CLR James’ method of analysis through narrative historiography (see James 1989), in this paper I seek to chart the politics between various classes and factions as South Africa navigates the coronavirus and a looming sovereign debt crisis. To the extent that one can assess these things in such a rapidly changing conjuncture, in this case study I discuss how the coronavirus crisis may likely be the proximate trigger for longer-term reconfigurations over the control of South Africa’s commanding heights of the political economy. I briefly overview the social fallout of coronavirus on the country, then transition to the various struggles already underway to define the agenda for subsequent economic development. The resolution of these struggles will shape prospects for equitable development.

Coronavirus in South Africa

As pertinent background South Africa has high rates of persons who are immunocompromised. This is a legacy of Segregationist and Apartheid era urban development (see Beavon 2004), as well as an underfunded, corrupt, and poorly managed public health sector (see Rispel, de Jager, and Fonn 2016). In addition to living in crowded homes in informal settlements that lack basic infrastructure like running water (Harber 2014), the working-class travels via crowded minibus taxis to crowded workplaces, like underground mines, hospitals, schools, police stations, prisons, and supermarkets. As such, the country is an extreme example of how the reverberating effects racial capitalism

continues to configure social inequalities and the distributions of burdens. These basic facts made the prospect of community transmission of coronavirus particularly worrisome.

More generally, South Africa had a relatively proactive response to the coronavirus. This can partly be attributed to sections of media, who from mid-December 2019 gave the crisis considerable attention through producing human interest stories of citizens caught in the crisis in Wuhan. This brought a degree of public consciousness about the pandemic. Concurrently the National Institute for Communicable Diseases established detection mechanisms in early January 2020 (see Mathews 2020). Shortly thereafter Parliamentary briefings with the Chinese Consul General followed (Joint Session by Portfolio Committees on Health and Tourism 2020). But South Africa was also fortunate that its experience of the pandemic lagged the European experience by about a month. So, there was compelling evidence of the public health consequences if there was no state led action. In late March 2020, the African National Congress (ANC) government implemented a national lockdown, doing so just after payday so people could stock up on essential goods. Factoring into this decision was modelling based off the Chinese and Italian cases that when applied to South Africa projected between up to 220'000 deaths (Geffen 2020). After lockdown and other interventions, the current projections are between 40'000 and 50'000 deaths (Silal *et al* 2020).

President Ramaphosa's policy response was to diverted funds to provide supplementary incomes for wage earners, small, medium and micro enterprises (SMMEs), and established a Solidarity Response Fund. For example, State Owned Enterprises (SOEs) suspended or cancelled their capital expenditure projects (eg. Cokayne 2020) which pooled funds for these programs. Additionally, through deferring payment of taxes and other mechanisms, R15bn (US\$790mil) was set aside for business relief for approximately 704'000 formal and 1.7 million informal SMMEs. The Treasury is undertaking risk sharing with banks on consumer loans, while loosening capital and liquidity requirements—although the Banking Association of South Africa (2020) cautions that “our efforts to help customers must not trigger a financial crisis.” In March, the state established a Covid-19 Temporary Employer/Employee Relief Scheme to provide relief to those in formal employment and who lost their income due to the Covid-19 lockdown. Administered by the Unemployment Insurance Fund, organized business says that the process to file for these funds has been cumbersome, lacking agility (Mkentane 2020). More broadly, the policy directive was to move to import substitutions, local manufacturing of pharmaceuticals, and the need for food security, while pivoting away from some of the elements of globalization towards a “green economy” and a “care economy” through cultivating small businesses to reduce mass unemployment (Ramaphosa 2020).

Notwithstanding these provisions, the lockdown set off a massive real-time reconfiguration of the labour market due to forced reduction of production (see Arndt et al 2020 for data). So there are valid questions about whether the method of fiscal intervention met the character of South Africa's economy (see ICD 2020 for a sector by sector breakdown), a good portion of which is informal. For example, access to the Solidarity Fund requires that tax affairs are in order. However, as they often are not licenced an estimated 100'000 informal retailers cannot file claims (du Toit and Petersen 2020). All in all, it is estimated

that 5.5 million informal workers lost their jobs. These workers supported 16.5 million people. Creeping commercial development of shopping malls in the townships already threatened the informal sector, so it will be telling about the larger dynamics in the economy if one legacy of the general crisis is that retail markets become consolidated under corporate control.

Elsewhere, SASFIN (2020) released a survey of over 1000 SMMEs, the bulk of which had an annual turnover less than R5mil—approximately US\$265'000—and 10 employees or fewer. Their findings indicate that 61% of owners saw cash flow to pay expenses as their biggest challenge. 7% had retrenched staff since the coronavirus crisis started. Only a third believed the impact was manageable. Additionally, Bheki Ntshalintshali (2020) General Secretary of COSATU the largest organized labour body noted how freelancers and digital gig workers, especially in the cultural sector, did not have suitable administrative documents to access unemployment insurance. Gerrie Fourie, CEO of Capitec Bank expects the crisis “to change business in its totality,” highlighting that companies that migrate business to digital platforms will weather this period well (quoted in Barron 2020c). Capital deployment at this scale is something that many formal and informal SMMEs cannot do. In short, lockdown favours corporations such that one downstream effect of this general crisis will likely be greater social inequality,

As one of the country’s leading labour organizers Zwelinzima Vavi (2020) notes, the poorest of the poor, who work in the informal sector and live hand-to-mouth, do not have access to the R15bn provision. For this reason, Irvin Jim (2020), another labour organizer, is correct to note that it is “the working class in general who will suffer the most.” One could go a step further by pointing out that ultimately burdens will roll down onto those that undertake socially reproductive labour, which in South Africa is both racialized and gendered. Concurrently, lockdown led to food riots, as well as widespread reports of imminent hunger (see Davis 2020 for an assessment about the politicization of local food distribution in this crisis). To this, Kgalema Motlanthe, a former president, has indicated that South Africans hold the course by remembering that Apartheid era detainees endured worse (quoted in Mahlakoana 2020). Conceivably Motlanthe meant to suggest a reservoir of forbearance. Still, it could be read as middle-class moralizing, which frankly does not help provide the working-class the material goods they need to practice ‘social distancing.’ Indeed, social distancing is an apt turn of phrase, for it reveals the vast distance between the outcomes for the rich and poor.

In mid-April 2020, South Africa’s new cases had declined to a ‘plateau,’ which was interpreted to be a lull before more infections (see Karim 2020a). However, this lull meant that organized business began to question the legitimacy of lockdown (see Grootes 2020). For example, for most of April Minerals Council SA, a capitalist lobby group, pushed for the government to relax lockdown regulations so that its members would be allowed to resume primary operations (2020). Indeed, pro-business advocates argued that state actions were an unwarranted power grab and signalled undue advances into the realm of private affairs (eg. Hartley and Mills 2020). With these conditions in mind, as the Minister of Small Business Development, Khumbudzo Ntshavheni admitted, lockdown was eased because the

state did not have the capacity to distribute budgeted aid quickly enough. And so SMMEs were at risk of collapsing if they could not conduct business (see Cele and Shoba 2020).

Against some degree of racialization of the virus and the government response, performative chastisement deploying charges of privilege or the denial of the severity, there were lots of well-intentioned universalist views that “corno [sic] knows no skin color” (Daily Sun Editorial 2020). But at best this is a partial truth because health care systems do discriminate. So does capitalism. And inequalities certainly facilitate the spread of coronavirus. In summary, this crisis illustrates how rentiers, professionals, wage earners and the precariat share space, whose fates are so deeply entwined with one another, yet each need different strategies to come out on the other side. Middle Class moralizing will not help provide the working class the material goods they need to practice ‘social distancing’ and ‘shelter in safety.’ Indeed, social distancing is an apt turn of phrase, for it reveals that the distance between the outcomes for the rich and poor are vast.

A good portion of the government’s policy response was through a framework of the state led disciplinary relations between itself and subjects. For example, the state authorized the deployment of 73,000 soldiers to help enforce the lockdown, maintain law-and-order, and fight the pandemic. But these state security forces were extremely aggressive and killed several working-class people like Collins Khosa without cause. Arguably the police and military were unprepared for pandemic duty. At the same time, the South African government used the crisis to install more border security, nominally meant to keep Zimbabweans and others fleeing South. So, there is an increase in state repression, with human rights being compromised. Indeed, advocates for state security are using these conditions to lobby for increasing the military’s share of the national budget. It does not matter that their talking points, like “democracy will not defend you,” are fallow (see Hamilton 2020). What matters is that they have a good chance to push their agenda.

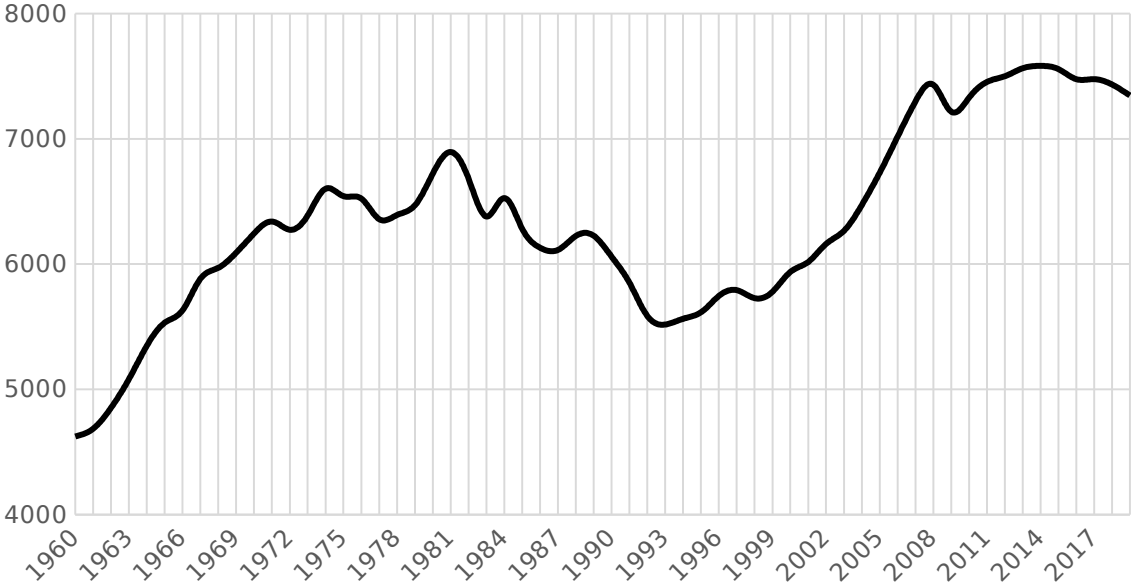
Effectively, through the government’s response being technocratic and disciplinary it lost the social licence needed for citizens to cooperate with odd regulations which subsequently destroyed the informal sector. For example, Professor Abdool Karim (2020b), chair of the COVID-19 ministerial advisory committee, publicly expressed frustrations with the government for the lack of evidence-based decision making, mixed messaging, backtracking, and the promulgation of ambiguous regulations that had little biomedical justification. At the same time relief measures were slow and inadequately delivered thereby undermining the efforts to keep the economy steady and the coronavirus at bay. There has been little effort to build upon citizens and communities pre-existing capabilities for solidarity, self-care and self-organization, ways of living that are common for most South Africans in cities, suburbs, townships, and informal settlements. Both unions and capital point out that the social legitimacy of the lockdown and other government action was rapidly eroding as the poor did not have access to direct financial aid. This makes the situation even more dire than most analysts realize. For the driver of this experience of coronavirus rests less on behavioural change and more on the underlying social structure.

Pre-Existing Conditions

The coronavirus crisis has sent South Africa into an economic slide and likely a sovereign debt crisis. Already in a precarious position at the start of the year as the country was in a recession. Economic growth was forecast to be 0.6% against a global forecast of 3.3%. Conservative unemployment figures were at 29%, with the expanded definition around 40% and the youth unemployment rate above 50%. GDP per capita was nearly 80% from 2011, \$6'300.00 to \$8'000.00 (World Bank Data), while debt of 68% of GDP was a factor in downgrades by Moody's and Fitch. Altogether, the budget was deemed "the toughest since democracy" (Theoblad 2020). Now this picture will be compounded by the global recession, as the world GDP is projected to contract by 1.5% in 2020 (Nedbank Group Economic Unit 2020).

Even prior to the coronavirus, South Africa had its worst decade for economic growth, economic performance which are even lower than the 1970s and 1980s where sanctions, multiple foreign wars, and anti-Apartheid domestic protest took their toll (See Graph 1). This poor growth related to considerable wealth concentration in post-Apartheid South Africa. Indeed, since the 1990s wealth concentration has remained higher than in any other country. South Africa's top 10%'s share of wealth fluctuated between 80% and 90% during 1993-2018, while the top 1%'s share was 55% in 2017 (Chatterjee, Czajka and Gethin 2020). Comparatively, in the United States the top 10%'s share is around 75% and the 1%'s share is 36% (Wolff 2017).

South Africa GDP per capita (constant 2010 US\$) 1960 - 2019



Graph 1: South African GDP per capita (constant 2010 US\$). Drawn from World Bank national accounts data, and OECD National Accounts data files.

So to put it bluntly, the coronavirus crisis has accelerated economic and social processes that have been unfolding over the last two decades in South Africa, whether that is wealth concentration in the top 1%, the consolidation of the corporate sector at the expense of SMMEs, township economies becoming hand to mouth, precarity. As such, as the return to work signals, the larger issue is the struggle between the state, capital, and labour over the South African political economy. And the working class is likely to pay with their lives, livelihoods, and well-being.

ABSA (2020), one of the leading banks in South Africa projects “GDP could be set for a record contraction of about 23.5% q/q saar [seasonally adjusted annual rate] in Q2, equivalent to a year-on-year decline of 7.4%, assuming the full lockdown is not extended beyond three weeks.” They add

“a GDP fall of this magnitude would raise exceptional challenges for South Africa, with its high unemployment, pressing socio-political challenges and ballooning fiscal deficits. Tax receipts are likely to collapse in 2020/21 as the economy grinds to a halt and existential spending pressures will surge. The National Treasury’s forecast in February of a main budget deficit of 6.8% of GDP now looks unreachable.”

When ABSA did these calculations, it was anticipated that the lockdown would be for three weeks. Moreover, their analysis points to a reduction in tax collection as the economic slowdown confronts spending pressures. Government projections are that 1.6 million people will become unemployed, raising the official unemployment rate to around 50%. With a decrease of the GDP, it is anticipated that debt-to-GDP will increase from around 62% to 80% in 2022, raising the prospect of further downgrades to come. Already the April trade deficit was R35bn. Like reports of hunger, these are indicators that social problems will become more acute. Currently the country is at a point where it is edged beyond ABSA’s scenario, meaning that there are prospects for the recession exceeding the original forecast. In this initial modelling, government economists projected 1 million more people becoming unemployed. Much like the reported figures for coronavirus are less than the number infected, the same is true for unemployment. So social problems will become more acute. There is a general crisis at hand.

Sites and Stakes of Struggle

While the government, big business, and unions are cooperating in NEDLAC (South Africa’s institutional means for grand bargaining and pacts) around the Covid-19 crisis, there is a deeper struggle going on in that venue. In addition to the items already addressed, a recent downgrade of South Africa’s sovereign debt rating by Moody’s (2020) means that there will be a shift in the national political economy. The question is who is likely to benefit from that shift. From public statements, there is a sense that capital is planning a revanche.

One site of contest is the public wage bill. It is 35% of the budget, employing more than 1.2 million people, and has long been a source of complaint by business. Currently, the 2018

public sector wage agreement is up for re-negotiation (National Treasury 2018). The government had offered 4.4% for the lower half tier, and no increase for the upper half. But indicative of the tone of the coming negotiations, in April 2020, the Government did not pay public servants a due wage increase leading to FEDUSA (2020), a major labour union, approaching the Labour Court to enforce the contract. This case is currently before the courts. Returning to the negotiations, treasury can veto any agreement reached at venues like NEDLAC or within the Tripartite Alliance (a pact between the ANC, COSATU, and the South African Communist Party). So, it is anticipated that these talks will collapse (Mahlaka 2020a). The unions point out that as poorer provinces rely “disproportionately on public service employment” these cuts would increase the geography of social inequality (Pamla 2020). Conversely, with a narrow tax base the middle class has a degree of resentment for government workers because they perceive that they do not receive value from the civil service. More generally, the middle class, both Black and White, tend to market solutions before turning state. For example, using private schools, private medical insurance, private security and so on. Indeed, in June 2020, the state did not honor its commitment for a public sector wage increase.

The other site of contestation is State Owned Enterprises, about 700 in total, which for the most part have been so grossly mismanaged in the Post-Apartheid era that they have perpetually sought state bailouts over the last two decades. Indeed ‘state-capture’ (presidential directed institutionalized corruption through strategically placed cronies channeling rents to one network) during the Zuma Presidency shattered many of these entities. Now Eskom, the national power provider, is planning to unbundle itself into three independent entities. In the second half of 2020, the Public Investment Corporation, an asset management firm wholly owned by the state primarily investing in public sector retirement contributions, will have to decide whether it will recapitalize Eskom (Mahlaka 2020b). Currently the PIC has R2.131tn in assets, but to date, the asset managers have been reluctant to invest in SOEs, even while organized labour and other branches of government apply pressure to do so. Private sector energy lobbyists are arguing that “a full throttle, totally unapologetic green energy liberalisation” will be the panacea for almost all of South Africa ills caused by the grid not being able to service the current demands (Montalto 2020a).

These sites and stakes also reveal tensions between the state, capital, and labour, as well as tensions within the ruling tripartite alliance. Nominally, the alliance has a pro-poor rhetoric but prioritises elite enrichment. It has been maintained through a series of public service wage increases without demanding commensurate increases in productivity and service delivery, as well as using private contracting by state owned enterprises to create a new elite. Yet these mechanisms are no longer available to keep the alliance together. Conversely, capital can see this fragmentation, and so have made moves to better position themselves to direct what the post crisis political economy might look like and who it might favour.

The Supplementary Budget Review

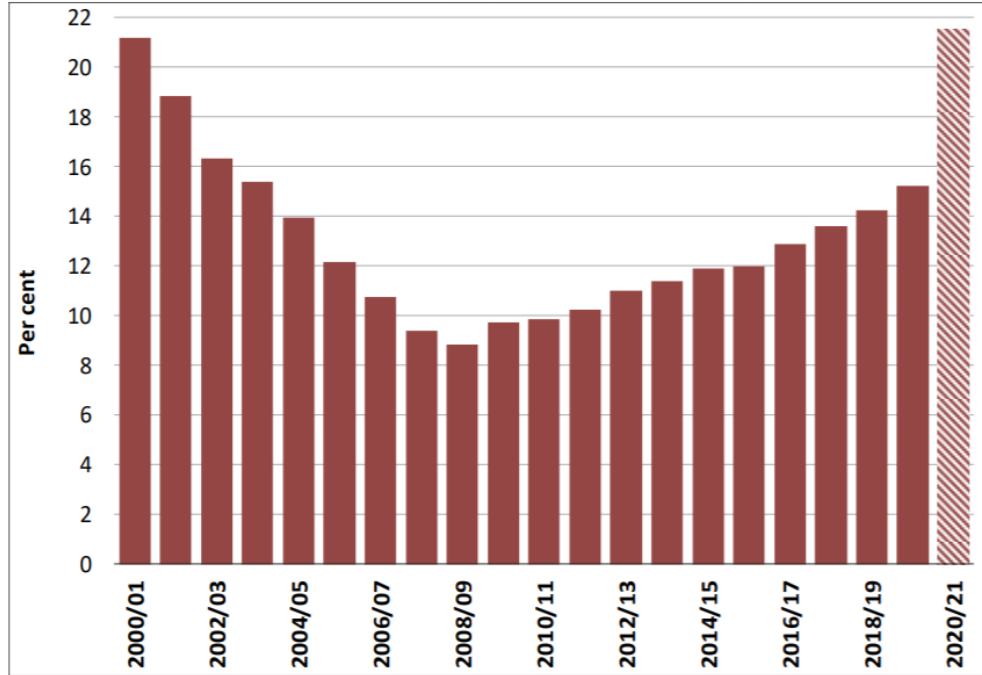
Towards the end of April, Cabinet rolled out a near R1 trillion (US\$53bn) stimulus, a package that received NEDLAC's endorsement (Mahlaka 2020c). The stimulus is 11% of GDP. From early April the government has been negotiating with the BRICS New Development Bank for a loan of US\$1bn, about R19bn. As Treasury Director-General Dondo Mogajane said "We are assuming that at some point global liquidity will dry up so our approach is to rather get the money while it is cheap. The NDB has said to us from day one they have \$1bn for SA. We are taking that with both hands" (quoted in Paton and Thompson 2020). However, there is current considerable confusion about the IMF's need for a Letter of Intent and whether it is a quaint formal bureaucracy or if it provides the means to compromise national economic sovereignty (Joffe 2020b). President of the Black Business Council, Sandile Zungu believes the general crisis presents an "existential crisis from a nation state point of view. It is not just a health and economic crisis" (quoted in Stone and Masondo 2020).

Given this 'existential moment,' Tito Mboweni, the Finance Minister, re-orientated the budget. As Mboweni said he was "prepared to make difficult choices even if people burn me on the stage." These choices involve speeding up "structural reforms, which include things like the release of spectrum [and] pending finalisation of public-private partnerships at the harbours" (ibid). The difficulty is, to put it plainly, that there just are insufficient funds to both save the working class in the private sector who have been furloughed now, or the working class who staff the SOEs later. And given the downgrade and existing debt, borrowing to cover the shortfalls will likely cause cascading problems elsewhere. According to Stuart Theobald (2020a), Mboweni was in an unenviable position. "He must cut back government spending while assuring unions that job and wage cuts are not in the offing; he must convince a sceptical public that the government really is pushing ahead with the structural reforms his department has highlighted, while sidestepping vociferous opposition from some in his own party." Mboweni has created a new unit in the ministry to identify places for structural reform. Notwithstanding the reasoning behind this agenda, it is doubtful whether the government has the support for this policy course (Mnyanda 2020).

Initially presenting a 'consultation document' to NEDLAC a few days before, Mboweni (2020) presented the Supplementary Budget to Parliament on 24 June 2020. The main goal of the budget was to close the gap between revenue and expenditure. "Our Herculean task is to close the mouth of the hippopotamus. It is eating our children's inheritance. We need to stop it now," Mboweni said (quoted in Reuters 2020). In addition to reorganizing funds to provide additional resources to public health, Mboweni underscored in this budget the deficit had would likely increase from 6.8% of GDP in February to 15.7% by the end of the financial year. Part of this was due to increased expenditures in key areas like public health, the economic stimulus, and pay outs from the Unemployment Insurance Fund, but also due to decreased revenues as tax collections were expected to decrease from R1.43tn to 1.12tn. Treasury projects that by the end of the fiscal year the gross national debt will be approximately R4tn, or 81.8% of GDP (Mboweni (2020). All this said, rating agencies are doubtful about South Africa meeting the latest debt stabilisation target (eg. Fitch Rating 2020). Turning to the politics of the budget, Mboweni did not announce any no new wage cuts. But analysts attributed this to the "the ANC [needing] its alliance partners during this

Covid-19 pandemic.” Accordingly, Ramaphosa and Mboweni “will not risk alienating itself by again proposing public servant wage cuts that have already been met with strong opposition by its partners” (Lumkile Mondli quoted in Khumalo 2020).

Figure 1.1 Debt-service costs as a proportion of main budget revenue



Source: National Treasury

R billion / Percentage of GDP	2019/20	2020/21	
	Preliminary	Budget 2020	Revised
Main budget revenue	1 345.3 26.2%	1399.0 25.8%	1099.5 22.6%
Main budget expenditure	1690.6 32.9%	1766.0 32.5%	1809.2 37.2%
Non-interest expenditure	1495.8 28.9%	1536.7 28.3%	1572.7 32.4%
Debt-service costs	204.8 4.0%	229.3 4.2%	236.4 4.9%
Main budget balance	-345.3 -6.7%	-368.0 -6.8%	-709.7 -14.6%
Primary balance	-140.5 -2.7%	-138.7 -2.6%	-473.2 -9.7%

Table 1: Main Budget Framework, from National Treasury (2020, 8) Supplementary Budget Review.

Despite trying to avoid alienating members of the Tripartite Alliance, COSATU (2020) was nevertheless “extremely disheartened and disillusioned” by the supplementary budget, deriding it as “uninspiring and timid”. Their basic position is that the R500bn stimulus is not sufficient and that it is mostly the re-organization of the previous budget, thus austerity posing as a stimulus. Business analyst Stuart Theobald (2020b) agrees, pointing to how of the “R142bn to Covid-related spending...only R36bn of that is new money, with the rest coming from cuts to other budgets.” By COSATU’s calculations, the stimulus should be R1tn or more. They are generally in support of taking on foreign debt to finance this stimulus provided the fiscal arrangement did not undermine national sovereignty. Moreover, while the budget did allocate R100bn to job creation, COSATU framed this as the state lacking an employment creation plan. They correctly pointed out that despite the establishment of various funding schemes, extraordinarily little has been dispersed to claimants (also see Quintal 2020) while funds from the Solidarity Fund are being used to purchase personal protective equipment from abroad, rather than commissioning local production where possible. COSATU can provide these kinds of critiques and comments because South Africa has a transparent budgeting process. Still, the problem rests not with planning. Rather it rests with the lack of accountability on spending, with many branches of government unable to obtain clean audits.

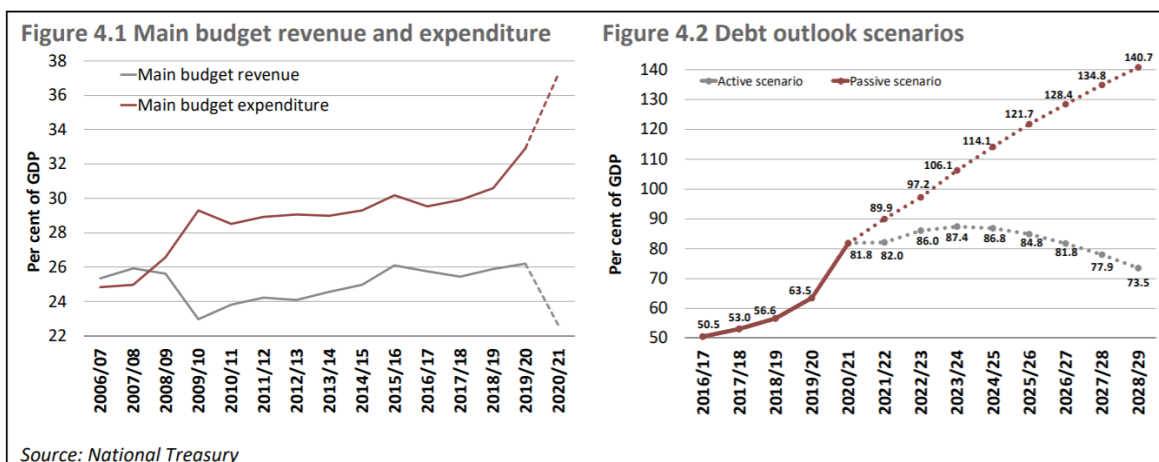


Image 2: ‘Closing the hippo’s mouth’, National Treasury (2020, 30)

In accordance with the need to find additional revenue sources, in May 2020 the Davis Tax Committee revisited its 2018 report on the feasibility of a wealth tax, reiterating their recommendation that high income earners have mandatory disclosure of all assets and liabilities. This accounting could then inform a decision about the viability and desirability of implementing a wealth tax (Woolard, Davis and Ajam 2020). Although Peter Montalto (2020b) believes the state lacks basic functionality and capacity that “new tax measures that might theoretically work (a land tax for example) are too complex to introduce.” He advises that “the government should focus on shifting existing taxes (say increasing inheritance tax)

or dealing with leakages and actually kick-starting growth to expand the tax base.” But yet again the ANC’s policy of elite enrichment shapes the politics around a wealth tax, reducing the chance of it being instituted regardless of other factors.

Given the stalemate between the state and labour, capital has begun to study how it can take advantage of the current moment. In the typically understated fashion of the business press, Hilary Joffe (2020a) conveys that this is the “moment that the government will seize to drive long-promised economic reforms, as well as - crucially - to work more closely with business.” She adds that “under a new Business for SA banner, organised business has set up a project management office of 40-50 people, working full time and for free, seconded from the big consulting, accountancy, law, and communications firms as well as the banks and multinationals. It’s interfacing with government ministers and co-ordinating resources and responses in health care, labour and economy.” Stavros Nicolaou, a healthcare executive heading up Business for SA’s health workgroup, has praised some officials in the Department of Trade and Industry for being “progressive and innovative,” suggesting they would fit in with the private sector. He contrasts them to ministry personnel “who are still highly bureaucratic and insist on doing things like they always have” (quoted in Barron 2020b). Busi Mavuso (2020), CEO of Business Leadership South Africa, echoes these sentiments, while Martin Kingston, vice-president of Business Unity SA, has said “a different type of dialogue” is emerging (Kingston quoted in Barron 2020a). As representatives of capitals, Nicolaou, Mavuso and Kingston illustrate the ambition to use this conjunction to remake governance in their image.

Economic Disaster for the Global South

Peter Leon (2020), Africa co-chair at Herbert Smith Freehills, has said that “if SA is to emerge from the economic devastation of the pandemic, it will need more than investment-friendly rhetoric. The government will need to show a concrete commitment to the protection of foreign investors by amending the Protection of Investment Act to provide for proper investment protection” and “joining the International Centre for the Settlement of Investment Disputes.” These remarks show the agenda of international capital. Indeed, as it has such a determining influence on outcomes, it would be remiss to not talk about the role of global political economy and international capital in shaping the South African crisis.

There are certainly macro-economic implications of coronavirus for developing countries and international institutions. Goldman Sachs estimates -25% in the United States’ GDP in second quarter 2020 (Sherman 2020); The Federal Reserve Bank of St. Louis estimates -50%. During the Great Depression, their GDP dropped about 30% over four years. This acceleration and compression of the economic crisis may likely catch many legislators, governors, and even activists flatfooted. Moreover, as the United States is a core node in the global economy, like in 2008, the effects will be far reaching. For example, within Southern Africa, Zimbabwe was in a drought at the start of the year (Howe 2020). The current crisis may very well push the country to the brink of national starvation. Co-currently remittances by Zimbabwean migrants in South Africa totalling around US\$600mil annually have previously alleviated the social problems there (Finmark Trust 2016), but

with the South African labour market and economy stalling, migrants will be even more vulnerable. Granted, in July 2020, the South African Social Security Agency committed to provide R700m in grants to refugees, persons who had previously been excluded from the various state grants, but this does not include undocumented migrants.

There is a terrible myth that circulates in orthodox development studies that globalization reduced the gap between the North and South. It has always been ideology (Hickel 2019). But due to the coronavirus crisis effect on trade, that gap will become that much more visible. Accordingly, Northern policy makers have some complicity in the social and economic effects of this pandemic, as they were instrumental in building the arrangements that led to favoring the interests of multinational corporations. This illustrates how the current global political economy allows crises to disproportionately impact poorer countries. “Fragile and vulnerable at the best of times,” Abiy Ahmed (2020), the Prime Minister of Ethiopia wrote, “African economies are staring at an abyss.” He adds,

“There is a major flaw in the strategy to deal with the coronavirus pandemic. Advanced economies are unveiling unprecedented economic stimulus packages. African countries, by contrast, lack the wherewithal to make similarly meaningful interventions. Yet if the virus is not defeated in Africa, it will only bounce back to the rest of the world... That is why the current strategy of uncoordinated country-specific measures, while understandable, is myopic, unsustainable and potentially counter-productive. A virus that ignores borders cannot be tackled successfully like this.”

The prospects for Africa more broadly are particularly worrying. The United Nations Economic Commission for Africa reports that there are 1.8 hospital beds per 1'000 people (Naidoo 2020a), in health systems that are already strained by Malaria, HIV/Aids and Tuberculosis. Elsewhere, due to lockdowns and their effect on resource extraction and the associated exporting orientated supply chains, about half of the jobs in Africa are vulnerable to loss (Naidoo 2020b). And so emerging markets should consider capital controls to avert financial catastrophe (Michell 2020). Countries without fiscal means may well mean mass death, according to Ricardo Hausman (2020). It is for these reasons that the UNECA recommends a stimulus package of US\$100bn to stave the impact of the coronavirus in Africa, 44% of which UNECA believes could come from debt relief like waiving interest payments to creditors (Soto 2020). Like other countries in the global south, South Africa requires debt relief to meet its social service delivery obligations and fulfill the basic needs of the population. Yet the resurgence of white nationalism in place like the United States and the United Kingdom means that is unlikely to happen. Similarly, the disaster capitalists will fight debt relief and similar initiatives. Still politics is terrain of struggle and one cannot capitulate, especially so in trying times it is important to advocate for greater economic inclusion.

Conclusion

Public health is a social good that is produced through an interplay between entities like the state, capital, and labour. But as the condition of public health in South Africa demonstrates, this good has been greatly compromised. Through systemic relations, capitalism reproduces poverty, entrenches inequalities, and generates widespread vulnerabilities to existing routines, let alone crises. And now South Africa faces crises on several fronts. While initially enabled by late capitalism's chief characteristics like international flights, it is the crowded workplaces, underfunded public health care, and economic bailout that prioritize firms and shareholders over workers that exacerbated the coronavirus pandemic. As such, the existing modes of social relating puts people in great jeopardy. It is the routine that permits the crisis. Due to this routine, currently there is an acute struggle between the state, capital and labour for the control of the commanding heights in South Africa. How this struggle unfolds will outline the country's development trajectory, as well how inclusive that pathway happens to be. All in all, the state, capital, and labour are now the salient issues in South Africa. It is the coming politics between these groups in light of a sovereign debt crisis that will shape well-being in the coming decades.

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