The art of revolutionary leadership consists in providing leadership to the masses and not just to its most advanced elements; it consists of setting a pace which accords with objective conditions and the real possibilities at hand. The revolutionary-sounding phrase does not always reflect revolutionary policy, and revolutionary-sounding policy is not always the spring-board for revolutionary advance. Indeed what appears to be "militant" and "revolutionary" can often be counter-revolutionary. It is surely a question of whether, in the given concrete situation, the course or policy advocated will aid or impede the prospects of the conquest of power. Strategy and Tactics - ANC 1969 Morogoro Conference

There is a growing need for the discussions on the context and content of the programme for radical transformation to develop and improve our understanding this perspective within the alliance and society at large. The radical transformation of the economy must be located within the theoretical context of the liberation movement characterisation of the country as a Colonialism of a Special Type (CST).

SETTING THE CONTEXT

In order to understand the perspective of radical economic transformation, we need to embrace a perspective that looks beyond what we can see - symptoms/events and pattern explanation. The events that are reported daily about our economy as well as analysis that is limited to pattern explanation are short of providing an understanding of underlying structures that shape events and patterns. This point is amplified in the discussion document by the SACP: "GOING TO THE ROOT- A radical second phase of the National Democratic Revolution – its context, content, and our strategic tasks."

One of the historical and strategic interventions made by the ANC's consultative Kabwe Conference was to adopt a document titled the South African Ruling Class. This document characterises the South African social formation as capitalist with a small group owning the wealth. This implies certain property relation, specific mode of producing the social wealth and appropriating it (the underlying structure) and definite pattern of distributing the surplus (long term-trends and their implications). Thus, in such a social formation, when we refer to ... the small group which owns (the) wealth', we are referring to those who own and control the decisive sectors of productive property - the mines, banks and large insurance companies, the factories, large commercial farms and retail firms.

In this respect, the capitalist economy in South Africa does not differ in its essential, from capitalism in say Britain, France or Japan. It is governed by the same laws of motion and is characterised by the same basic contradictions, that between wage labour and capital. This does not, however, mean that it is identical to capitalism in other countries. Capitalism, as it exists in South Africa, has a number of specific features, setting it apart from others.

- The working class has been severely marginalized from effectively participating and staking its claim, in the economy in a number of ways: through the scourge of unemployment, an extremely flexible labour market in the form of casualisation, outsourcing and the use of labour brokers, the commodification of basic needs and the suppression of workers' wages below productivity gains. All these factors are meant to break the power of the working class, increase the power of capital and to boost the profitability of the capitalist system as the basis to support economic growth.

- Economic growth reproduces inequality of incomes and power, poverty and unemployment. The structure of economic growth has deepened the structural instability associated with mineral-dependent
economies in a finance-led world. In almost all spheres of society power still rests with the white minority, which co-opts the black elite, in pursuance of the interests of capital and imperialism.

- There is complexity in the chain of policy-making; the link between policy formulation and implementation is not straightforward. It is not obvious that consensus policy positions that emerge from Alliance deliberations find expression in ANC policy directives, and neither is it obvious that ANC policy directives will find expression in government policy, and neither is it obvious that government policy will be implemented by the state bureaucracy[11]. Further complications arise because in each of the links in the policy-making chain, there are various layers through which power shifts. In the light of this experience, the working class has to re-assess its engagement strategy and avoid the risk of being managed through unending internal engagements, whilst reactionary policies continue to be imposed by the state.

- The speed, with which jobs have been lost, in the context where income distribution has worsened, shows that the types of jobs that have been created are vulnerable. But this also shows the failure of past policies to build a strong internally cohesive productive base and shifting away from reliance on mineral exports. It also shows the weaknesses in existing macroeconomic policies to respond to shocks, and to promote jobs as the first priority.

The following points also underline other socio-economic challenges that informs the perspective on radical economic transformation

1. The persistence and increase in unemployment:
2. Poverty incidence remains high
3. Redistribution of income has not occurred: the key challenges being the decline in the real incomes of African households and the indicator of income inequality has increased across the board. In 1995, the Gini-coefficient stood at 0.64 but it increased to 0.68 in 2008. The share of employees in national income was 56% in 1995 but it had declined to 51% in 2009, i.e. there has been reverse redistribution from the poor to the rich. Income inequality is still racialised, and has deepened within racial groups.

4. The means of production and power remain concentrated in white capitalist hands: The JSE is still dominated by few large firms; 50% of JSE is account for by 6 companies and more than 80% is accounted for by large banks and companies engaged in the core of the minerals-energy-complex. Crucial sectors in the economy continue to be dominated by a few large conglomerates with cross directorships. These conglomerates are vertically integrated and therefore limit entry into the economy by smaller firms. In addition, there has been a rapid increase in foreign ownership of these conglomerates. This has served to consolidate their domestic power through their global networks. Traditional South African conglomerates, such as Anglo-American have undergone significant restructuring, encouraged by opportunities to globally diversify their operations, thanks to financial liberalization. Nevertheless, significant vertical and horizontal linkages continue to define the South African corporate landscape. For example, the links between mining and finance, construction and mining activities, wholesale and retailers and food processors, remain the main building blocks of the
South African corporate structure. In addition, little by way of black ownership and worker control has been achieved over the past 20 years.

5. **The structure of the economy remains mineral-dependent and is now finance-led:** The economy is still very much reliant on mineral exports for foreign exchange earnings. Although some have found that manufacturing exports have increased, surpassing minerals, such exports remain driven predominantly by the core minerals-energy-complex. **Petrochemicals, mining and Basic Iron and Steel make up 69% of total exports, and are highly capital and energy intensive.** Many studies have found that the manufacturing sector has rapidly increased exports, attributing this to trade liberalization, which is said to have increased productivity and competitiveness. This is misleading, because the so-called manufacturing that has increased exports, especially basic iron and steel and petro-chemicals, constitute the key pillars of the minerals-energy-complex.

6. In fact, over a long-haul the structure of exports has failed to break the dominance of core minerals-energy-complex sectors, and **imports continue to be made up of sophisticated manufactured items such as machinery and equipment.** Between 2003 and 2008 manufacturing imports rose by almost 10 percentage points, thereby contributing problems in the external balance. Since 1975 the financial sector outperformed the non-financial sector in terms of growth performance. By 2005, the financial sector was growing almost twice the growth rate of the non-financial sector. A combination of the increase in finance and the capital-intensive MEC core puts further limits to job creation.

7. **Control of the economy is still in white hands:** Top management and senior managers continue to be predominantly drawn from the white population. This perpetuates historical networks that determine the probability of promotion and recruitment. In turn, this determines whether one moves to a higher income bracket or not.

8. **The health profile of the population has deteriorated:** In 2006, a black female South African expected to live 12 years shorter than a white male, and an average male in Sweden expected to live 30 years more than an average black South African female. The life expectancy of South Africans was the highest in 1992, at 62 years. Ever since then life expectancy fell to 50 years in 2006. The situation seems to have worsened since 2006. The life expectancy of a white South African now stands at 71 years and that of a black South African stands at 48 years, according to the South African Institute of Race Relations Survey (2009). **Whites therefore expect to live 23 years more than blacks** according to the study.

9. **The crisis in education persists and the quality of education is declining:** The poor’s children remain trapped in inferior education with wholly inadequate infrastructure. Indeed "70% of (matriculation) exam passes are accounted for by just 11% of schools, the former white, coloured, and Asian schools". What is of major concern is that 12-year olds in South Africa perform three times less than 11-year olds in Russia when it comes to reading and 16-year olds in South Africa perform three times less than 14-year olds in Cyprus when it comes to mathematics. Nevertheless, white
learners perform in line with the international average in both science and mathematics, which is twice the score of African learners.

The persistence of these fault-lines points to a need for a shift in class power relations in order to lay an appropriate political context for thorough-going transformation of South African society. The past 20 years has shown that the ballot box, though necessary, is not a sufficient path to power. No policy shift will automatically emerge unless it is preceded by a shift in class power relations in society.

This is the context within which the ANC Policy Conference and later the 53rd National Conference, The SACP Congress and COSATU congresses have all called and agreed for a radical phase of our transition.
The New Growth Path's core focus is to place our productive economy onto an employment-creating trajectory.

Linking BBBEE more effectively to our developmental and productive economy objectives - with an emphasis on fostering a productive entrepreneurial sector, including a new model of finance.

Radical economic transformation is conditional upon a programme that strategically combines state power and popular activism.

The Industrial Policy Action Plan (IPAP) is a key pillar of the NDP.

The National Infrastructure Plan is coordinated through the Presidential Infrastructure Coordinating Commission (PICC) through 18 overarching Strategic Integrated Plans (SIPs).

State intervention in the mining sector (SIMS policy).

Interventions to break the exclusionary constraint and market power of private monopoly capital.

Development of SMMEs and cooperatives around the industrialization process.

Transforming the financial sector of DFIs, industrial investment, prescribed assets, endowments, investment funds and a greater working class strategic control over retirement funds.

Changing our energy mix - greater self-reliance, greater sustainability.