

No going back to normal:

Imagining a Just Recovery in South Africa





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// Whatever it is, coronavirus has made the mighty kneel and brought the world to a halt like nothing else could.



Our minds are still racing back and forth, longing for a return to "normality", trying to stitch our future to our past and refusing to acknowledge the rupture.

But the rupture exists. And in the midst of this terrible despair, it offers us a chance to rethink the doomsday machine we have built for ourselves. Nothing could be worse than a return to normality.

Historically, pandemics have forced humans to break with the past and imagine their world anew. This one is no different. It is a portal, a gateway between one world and the next.

We can choose to walk through it, dragging the carcasses of our prejudice and hatred, our avarice, our data banks and dead ideas, our dead rivers and smoky skies behind us. Or we can walk through lightly, with little luggage, ready to imagine another world. And ready to fight for it."

- ARUNDHATI ROY¹

Introduction

The COVID-19 pandemic has drastically altered the lives of the vast majority of the world's population. Varying forms of lockdown, social distancing, mask wearing and major restrictions on travel and trade have been implemented to slow the virus's spread and limit its impact. Responses by governments have, in many cases, been extraordinary as they implement significant economic support packages and utilise monetary policy tools previously described as unviable. One result is that governments have expanded the realms of possibility, displaying to ordinary people how much more can be done with the appropriate political will.

At the same time, the pandemic exposes the deep inequalities in our global economic system. On one level this is evident in the structural conditions that allow some countries the space – fiscal, political and financial – to do much more than others. On another level, these inequalities are also evident in the virus's roots in industrial agricultural production², which has spread significantly because of unequal and unconstrained economic globalisation.

For many climate justice advocates, the trajectory of the pandemic is unsurprising, as it mirrors the very systems and structures that underpin the climate crisis. Inequality is also at the heart of rising emissions. Wealthy people are able to fly on private planes, buy and use superyachts and consume other high-emission, luxury products. A person who is in the top 1% globally is responsible for emissions 175 times greater than someone in the bottom 10%.³ Our use of energy is both unequal and wasteful.

"For many climate justice advocates, the trajectory of the pandemic is unsurprising, as it mirrors the very systems and structures that underpin the climate crisis."



As such, we must ensure that our response to the crisis and plans for a recovery from the pandemic are based on a people-centred approach that is designed to overcome and not entrench existing inequalities. The pandemic is giving us a window into the types of problems we will face as the climate crisis takes hold. It is imperative that we leverage this moment to begin to build institutions and social solidarities that can dismantle, rather than strengthen, the current order.

The South African government was initially praised for taking proactive and aggressive steps to “flatten the curve”.⁴ However, the gains made by the public health response have been undermined by the economic management of the crisis and the underlying economic and social problems that impact many South Africans. The lockdown rightly prevented the vast majority of South Africans from going to work. But because of inadequate government compensation, many were unable to replace their lost incomes. The South African government’s rescue package⁵ has severe limitations: increases to social grants turned out to be significantly less impactful than initially announced and poorly implemented – one month after a special COVID-19 grant was announced only 10 people had benefited⁶; the special unemployment benefit payouts for COVID-19 – known as the temporary employee relief scheme (TERS) – were delayed and didn’t cover workers in the informal sector or employers who were not compliant; and business support measures are proving to be insufficient, given the scale of the crisis.⁷

The package is unlikely to have any significant stimulatory effect because it is largely dependent on a reallocation of already planned expenditure.⁸ R130 billion of the proposed R500 billion package will be provided directly by the national budget, meaning that the balance of these funds are taken from important social infrastructural budget items such as housing, water and transport.⁹ The government has further reduced expenditure by R66 billion in 2020/21, R88 billion in 2021/22 and R107 billion in 2022/23.¹⁰ These economic responses will deepen the economic crisis.

This comes at a time when the South Africa economy is already ailing, having entered

into a recent recession before the onset of the pandemic. Similarly, as a result of deep and worsening inequality, poverty, and both unemployment and underemployment, South African households have poor buffers for dealing with shocks like this. Households, for example, are heavily indebted and therefore without savings,¹¹ while each poor wage earner already has high numbers of dependents.¹²

There is a desperate need to ensure that our recovery path prioritises not a “return to normal” but a transformative vision for our society. There is the risk that those who would see “business as usual” continue will be further emboldened. This is despite the fact that this approach has resulted in a deeply unequal, unjust society. We as communities, governments and citizens must ensure that this does not happen and that the recovery from COVID-19 is a just one. In order for this to be possible, we need to ensure that any recovery from the pandemic incorporates principles that build resilience to future crises, in particular those associated with the climate crisis.

“There is a desperate need to ensure that our recovery path prioritises not a “return to normal” but a transformative vision for our society.”

The fight for better alternatives is already underway from communities and initiatives across South Africa. For example, the Cry of the Xcluded is calling for a just transition to a Green New Deal¹³ and the Climate Justice Coalition is calling for a Green New Eskom, and a transition to 100% renewable energy by 2050.¹⁴ These initiatives – and many others – inform the content of this report, which advocates for a Just Recovery.

Five principles for a Just Recovery

What is a Just Recovery?

It is one that ensures our economic systems are people-centred and not profit-centred, one which takes account of the intersecting factors that have caused inequalities and large-scale ecological damage. 350.org has highlighted five principles:

1

Put people's health first, no exceptions

2

Provide economic relief directly to the people

3

Help our workers and communities, not corporate executives

4

Create resilience for future crises

5

Build solidarity and community across borders – do not empower authoritarians

These principles are crucial in light of the devastation we have seen during the COVID-19 crisis. Their adoption underlines the view that climate justice and social justice are intersecting struggles. In addition, these principles must be incorporated into a longer-term strategy to transform our economy from a dependence on fossil fuels to one based on renewable energy, and from inequality towards racial, gender, and class equality. The impact of the COVID-19 pandemic has “illustrated the mutually reinforcing relationship between effective public health measures and conditions of labor, precarity, and poverty”.¹⁵ Recently, a number of plans for preventing ecological breakdown, while drastically improving people’s lives, have emerged, often under the banner of a Green New Deal or a Just Transition. These provide inspiration for our post-COVID-19 recovery.

Here we begin to think through how South Africa can develop new economic and social policies which reflect the above principles through the various stages of COVID-19: respond, recover, and rebuild. We argue that policies must be geared towards building a different kind of economy and to recalibrating the system in which we live in order to mitigate the climate crisis, build resilience, and ensure the wellbeing – including health – of all people. A programme for response cannot skirt on the edges of transformation but must entail a fundamental rethink of the economy. This in turn requires an understanding that the current crises (health, inequality, and climate) are deeply interrelated and embedded in the prevailing economic orthodoxies of the last half a century.

How we got where we are

While devastating and unprecedented, we cannot understand the COVID-19 pandemic as an outside ("exogenous") shock to an otherwise well-functioning system. As with the climate and ecological crises, the COVID-19 pandemic is shaped by a highly-extractive economic and political system that prioritises profit over people, threatening the wellbeing of the majority in favour of extreme luxury for the few. The economic orthodoxies – typically subsumed under the banner of neoliberalism – of, at least, the last 40 years have not only created the ecological conditions under which COVID-19 has emerged but have also weakened the very institutions – like a strong public healthcare system or robust socio-economic safety nets – that would help us fight it. In this section, we briefly outline these factors and explain how they have created the current situation.

"As with the climate and ecological crises, the COVID-19 pandemic is shaped by a highly-extractive economic and political system that prioritises profit over people, threatening the wellbeing of the majority in favour of extreme luxury for the few."

Market fundamentalism, the prioritisation of profit and financialisation

Within this paradigm, "the market" is presented as the best, and most efficient allocator of resources. Companies pursue profits at all costs and the wealth created will "trickle-down". Inequality is not considered a problem as it is claimed that the benefits of market-centred policies outweigh negative consequences. The financialisation of the economy – the penetration of financial markets into ever more facets of economic, social, and political life – has undermined production, wages, job security and environmental sustainability and fuelled rising personal debt and inequality. Conventional wisdom has become that companies are only run well if they operate to maximise returns for shareholders, playing up short-term profits while downplaying long-term sustainability of the business through the improvement of productivity and outputs.¹⁶ This has fuelled outsourcing and is intertwined with globalisation. The dictates of finance are, however, often not aligned with the needs of the people that the economy should be serving.

Privatisation and hollowing out of the commons leading to fewer and poorer public services

The logic that private companies are inherently more efficient than the state has led to the mindset that the public provision of goods and services – which typically falls outside of the market – should be limited as much as possible, even for things like healthcare and education. Privatisation has seen immense shifts in ownership since the 1970s, as assets move from public to private hands. This also entails a shift in power, as greater decision-making is held in the hands of fewer people and vested in multinational corporations and asset managers. This often comes with a greater degree of influence over state decisions, further undermining democracy to the detriment of the vast majority of people – what has been aptly described as “the intrusion of corporate power into public policy”.¹⁷ This has played a major role in rolling back regulations, be that for worker or environmental protection, which have historically risen and fallen together.¹⁸

Deregulation

Another central pillar has been extensive deregulation, or the removal of government-instituted rules and regulations over how businesses operate. This allows companies and businesses to engage in more harmful and selfish practices, such as reducing wage levels or polluting the natural environment. The logic is again that if the market is the most efficient allocator of resources then states should allow companies to act as freely as possible. Labour market deregulation has weakened workers’ rights, such as the ability to wage bargain and unionise, resulting in depressed wages and greater inequality. Job security has been undermined, leading to the proliferation of underpaid, casual, part-time work that is often precarious, and sometimes outsourced. This is reflected in the approach of many of the large international financial institutions like the International Monetary Fund (IMF) and the World Bank.¹⁹ The 2008 financial crisis made clear the

negative impact of insufficient and inappropriate regulation of the financial sector, but deregulation has also played a major role in failing to limit the harmful impacts of fossil fuel extraction and air pollution.

Globalisation

A particular form of globalisation has played a significant role in entrenching global inequalities. This has seen the dominance of multinational corporations centred around offshoring and/or outsourcing certain functions to low-wage countries, primarily in the Global South, with little health, safety, or labour protection. The resulting “global value chains” have developed with a focus on economic “efficiency” (profit), rather than deepening resilience. Ecological and health crises are linked to this. For example, the growing demand for food has led companies in the Global North to seek out land and other natural resources in the Global South resulting in ecological devastation (through the loss of biodiversity and deforestation). Such highly-fragmented and complex global value chains are not resilient to shocks like the COVID-19 pandemic, with the outbreak in China leading to a global disruption of supply, production and consumption worldwide. Global supply chains themselves are not the problem; instead it is their development along the principles of profit maximising “efficiency,” rather than resilient and sustainable provision of goods and services. This will be increasingly important in the face of climate shocks.

Reliance on fossil fuels for energy generation

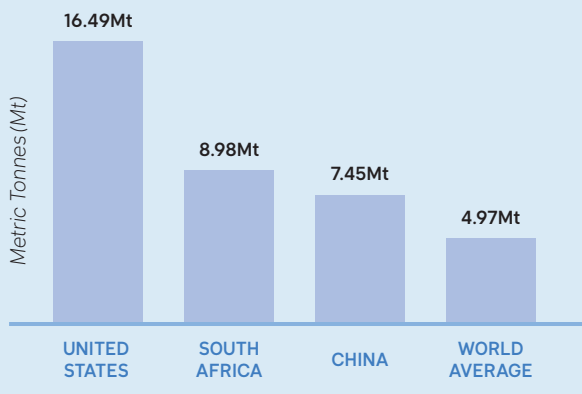
It is within the above context that the global reliance on fossil fuels and related ecological breakdown should be viewed. Although such reliance dates back to the industrial revolution of the late 18th century, fossil fuel dependence has exponentially increased in more recent decades. The century-long strategic alliance between fossil fuel corporations and governments has fostered a fossil-fuel-dependent energy system, which thrives on dispossessing people of their land, the occupation of villages by soldiers, and the poisoning of nearby natural resources such as water reserves.

Despite the outward promotion of the “free market”, this has also often relied on heavy state subsidies. In South Africa, abundant coal reserves, and expropriation of severely underpaid productive and reproductive labour, have entrenched an energy-intensive economy that has the highest carbon emissions in Africa.²⁰



CO₂ EMISSIONS

The World Bank's 2014 data on average carbon dioxide emissions, per person.



This goes hand in hand with harmful effects on both the environment and humans, through pollution and degrading people's health. In areas where coal plants operate, there have been numerous cases related to respiratory infections and lowered immune systems due to air pollution.²¹

Privatisation of social reproduction and care work leading to a crisis of care

These same market-centric logics separate “economic production” from “social reproduction,” the activities needed for the creation and maintenance of life, including birthing (reproduction), raising children and elderly care work, which is conducted mostly by women. By excluding this from the economic calculus, such care work remains undervalued. Care work is treated as “free” and infinitely available. The same logic is applied to the natural resources in the earth, which are extracted without consideration of their depletion or the ecological damage caused. A consistent lack of state funding towards social development spending, including through privatisation, has seen the proliferation of multiple

crises of care and the inability of society to meet its full care needs. Care responsibilities have been progressively shifted from the public sector to households and families, in some instances to the not-for-profit sector and, where households can afford it, to private domestic work. As women have increasingly entered the workplace, care responsibilities have shifted down the income spectrum, with wealthier families able to pass this on to poor (usually women, and in South Africa, Black) workers.

GDP growth and how we measure human development

In this context it is no surprise that we measure human development by the weight of our economic output, with increasing our gross domestic product (or GDP) the primary benchmark. GDP is meant to be a monetary measure of the total value of the goods and services produced within a country's borders. However, what is counted as “value” is a political determination. For example, GDP only includes formal market transactions and often excludes “informal” sectors such as unpaid care work and work within the informal sector – both of which are performed mainly by women. Rather than increase wellbeing, “the ecological consequences of permanent global growth have led to massive social upheavals and growing distribution conflicts, in turn undermining social progress”.²² Within this paradigm more is always better. There is little concern for questions of distribution and impact, or consideration that we may need more of some things (community care) and less of others (private air travel). This is not to argue that some economies do not still need to “grow,” in that greater income needs to be generated from more economic activity; but growth (and its measurement by GDP) capture neither all the costs – for instance environmental costs of production – nor most dimensions of society's wellbeing. Rather we need a more sustainable approach to production and an inclusive measure for economic activity.



Making these visible

Two examples at the intersection of the health and climate crises

The above developments significantly underpin both the COVID-19 health crisis and climate breakdown.

Land and agriculture

Large agribusiness leads to increased deforestation and the loss of biodiversity. This is a major contributor to climate change²³ as forests are natural carbon sinks, drawing in greenhouse gases (GHGs) from the atmosphere. Cutting these down means we lose that carbon sink and the carbon that was stored in the forests is released. A key driver of deforestation is the massive increase in large-scale farming for food production, especially for livestock and its feed. This has also been cited as increasing the emergence of viruses: limiting biodiversity through cutting down forests and genetic modification of plant and animal species increases the incidence of pathogens “jumping” from animal to human and in the subsequent quick spread of viruses like coronaviruses.²⁴ The expansion of such agribusiness is fuelled by the drive for profit, commodification of nature, deregulation and unequal globalisation.

Underfunding of public services

The systematic underfunding of public services – often as a route to privatisation and thus commodification²⁵ and premised on the market-centric system described – means we are poorly equipped to cope with pandemics and other crises when they do arise. Public healthcare, for example, has seen decades of underfunding and in some countries privatisation, leading to outcomes such as 15 of the largest pharmaceutical companies giving up the research and development of new antibiotics and antivirals because they are not as profitable as other areas.²⁶ A drive to improve “efficiency” and profitability is poorly suited to the provision of something like healthcare.²⁷ Due to “just-in-time” provision of products needed, massive shortages of personal protective equipment (PPE) have occurred in the United Kingdom during COVID-19.²⁸ In South Africa, companies exported large volumes of PPE in the first three months of 2020 when they could fetch high prices on the global market, resulting in shortages when South Africa’s COVID-19 cases increased.²⁹

The consequences for health and economic crises

These developments mean that economic slowdowns, and in particular the lockdowns associated with trying to “flatten the curve” of the pandemic, are devastating to working class and poor communities. Without adequate social protections, people are reliant on market transactions to meet their needs. When incomes dry up, so too does their ability to meet these needs. The imposed lockdowns have closed vital services such as schools and daycare centres and

shifted these responsibilities to households, the bulk of which are performed by women.³⁰ these responsibilities to households, the bulk of which are performed by women.

This market-first logic has spilled over into the ways that governments tackle climate and ecological challenges. Rather than recognising the systemic nature of the problem, we are told that we can stop climate breakdown if we put a price on carbon or change individual consumption choices. Although sometimes important, this will not do enough to decarbonise and will not restructure relations between people and businesses to be more fair and equal.³¹

» How we got where we are

The upshot of all of this is the continuation of extreme asymmetries in global political and economic power. Developing countries in many cases remain dependent on extractive industries in order to produce raw materials and/or cheap labour for the rest of the global economy. They also then bear the brunt of the breakdown of this system.³² The shutting of borders and the closing of industry across developed countries threatens to cut off the incomes of the 1 billion people reliant on remittances;³³ this has already been seen in Zimbabwe as a result of shrinking remittances from South Africa.³⁴

Developing countries are both most at risk of climate breakdown and associated climate shocks and least able to cope with them. A key example is the recent floods in Mozambique.³⁵ The same dynamic is evident in the impact of COVID-19 and the inability of countries in the Global South to respond adequately.



The structure of South Africa's economy

The South African economy has seen similar policy developments, which, together with its underlying structure, will make it difficult to recover from a crisis such as the COVID-19 pandemic, or any external shock that will be aggravated by climate change.

The country's rich abundance of mineral wealth is its "original sin". While it represents significant potential wealth it also underpins the history of colonialism, labour exploitation, racial oppression, and migration, and continues to structure the South African economy. The need for electricity for mining, the exploitation of cheap labour and abundant coal reserves, resulted in the world's cheapest energy costs, reinforcing the economy's structural dependence on fossil fuels.

NOW ESKOM ALONE EMITS ABOUT 42% OF THE COUNTRY'S TOTAL GREENHOUSE GAS EMISSIONS.

The economy evolved to be centred on mining, mining-linked industry and finance, with concentrated ownership patterns and the prominence of large corporations. This has crowded out new and smaller entrants, like small-scale agriculture or renewable energy generation. It has also undermined other sectors of the economy, particularly manufacturing, which is often very employment intensive. This mineral-centric structure has a number of negative consequences, both economic – for example, export diversification suffers and better-paying jobs don't evolve – and social – for example, dangerous and unhealthy work and environmental destruction continue.

A core feature of economic policy post-apartheid, in line with the global trends above, has been liberalisation, commodification, globalisation, financialisation and deregulation. The manner in which this has unfolded has unduly exposed domestic markets to international volatility, exacerbated by the country's embeddedness within international commodity markets. The increased dominance of finance has led to large accumulations of wealth by some and little capital being allocated to developmental objectives and employment-generating areas of the economy.³⁶ The country has also witnessed increased privatisation in sectors such as water, healthcare, electricity, housing, and education. This has also had the effect of limiting access to these social services and sometimes raising their cost. All of this is compounded by weak state capacity, corruption and policy coordination failures. Vital state-owned enterprises have become vehicles for looting.

While significant progress has been made in deracialising labour markets and modernising labour laws, many features of the historic racially-segmented labour markets still persist today. Persistently high unemployment makes matters worse as this is associated with loss of skills and weak adaptability to workplace requirements. Finally, a lack of effective land reform and urban development policies in South Africa have reinforced spatial development patterns inherited from colonialism and apartheid. The agrarian structure remains divided, with relatively few large farming, forestry and fishing enterprises dominating most subsectors and even fewer agri-business companies. This results in a minority of farm producers (mainly white farmers) being responsible for the bulk of produce and exports.

All of this informs the intersecting inequalities that are visible in considerable levels of poverty and unemployment. According to the latest (2019) figures from Statistics South Africa:

10% OF THE HIGHEST INCOME EARNERS MAKE 60% OF THE TOTAL INCOME IN THE COUNTRY.

The stark disparities are not only class-based, but also take on racialised, gendered and geographically spatialised underpinnings. The extensive research on inequalities reveal that Black women are consistently at the lower end of the income spectrum; women, on average, earn 30% less than men; and urban workers earn more than twice that of those that live in rural or countryside areas.

The COVID-19 pandemic has reinforced the structural faults of the South African economy. Millions of people that reside in underdeveloped rural areas and informal settlements are unable to conduct necessary social distancing measures, further burdened by the lack of adequate water and sanitation services in these areas. The pandemic has also over-burdened an already dysfunctional public healthcare system, exposing many healthcare workers in under-resourced hospitals to infection.

A STUDY BY BHEKISISA FOUND THAT A SINGLE PATIENT IN A PUBLIC HOSPITAL IN KWAZULU-NATAL LED TO 135 INFECTIONS IN THE HOSPITAL COMPLEX WHICH EVENTUALLY MADE UP 14% OF KWAZULU-NATAL'S TOTAL NUMBER OF COVID-19 INFECTIONS.³⁹



The inequalities present will also shape how the costs of climate breakdown are distributed, something which is already having a marked impact. The drought across the country in recent years has left many food-insecure and without access to water. This is compounded by poor access to services and unequal power relations, especially in small rural towns that often seem closer to apartheid than democracy.³⁷ The COVID-19 crisis is shaped by and exacerbates these realities. The government has not been effective in providing widespread social security to the most vulnerable populations. The result has been increased income insecurity and further precarity because of the lockdown on economic activity and increased costs to staying indoors. It is estimated that up to 1 million people could (temporarily or permanently) lose their jobs because of the economic fallout of the pandemic.³⁸ It is clear that we need to do more to change the trajectory of the South African economy.

What we need to do

A Just Recovery from the COVID-19 pandemic is an opportunity to restructure the economy to be more sustainable and resilient and to prioritise the needs of ordinary people using the five principles laid out by 350.org above.

This needs to involve a rethinking of how we relate to both production and social reproduction within the economy. The way we produce goods and services needs to change by shifting away from a reliance on fossil fuels and extractive industries such as mining towards greater diversification, especially in industries that are environmentally friendly and employment-creating. New objectives must guide this – ecological preservation, as well as other economic imperatives such as eradicating poverty, must be the foundation of our reimagined economic policy.



Measuring our performance

Achieving this will require letting go of old ideas, including an individualistic approach to achieving wellbeing through competitive market behaviour. One example is through measurements of wellbeing.

The World Economic Forum's (WEF) Inclusive Development Index, for example, includes measures of unemployment, productivity, income, inequality, poverty, healthy life expectancy, savings rates, and public debt. Carbon intensity is measured as well⁴⁰. The Genuine Progress Indicator (GPI)⁴¹ uses similar indicators while also identifying and deducting externalities such as environmental degradation, human health effects and loss of leisure time. There are also more radical indices available to replace GDP.

While there is not yet agreement on which index to adopt, it is important that our measures of social and economic progress:

- include voluntary work, unpaid care work such as housework and childcare, and value leisure time;
- incorporate living standards, measures for unemployment, income distribution and financial security;
- take account of human and social development, such as population health, costs of crime, and educational attainment; and
- prioritise environmental sustainability, including through curtailing greenhouse gas emissions, ecosystem destruction, and waste.

Cities and countries across the world are beginning to assert new priorities, including under the banner of a Green New Deal or a Just Transition. Others have started to reconfigure budgets around different social, economic, and political imperatives. For example, in 2019, New Zealand announced that their budget would be centred around the notion of wellbeing rather than GDP growth rates. Prioritising wellbeing means “people living lives of purpose, balance and meaning to them, and having the capabilities to do so”.⁴² New Zealand has also had one of the more successful responses to the COVID-19 pandemic. Similarly, as they begin to plan for recovery from the impact of COVID-19, the Dutch city of Amsterdam announced that it would be using Kate Raworth’s doughnut economics.⁴³ Raworth’s doughnut theory has a simple central premise: “the goal of economic activity should be about meeting the core needs of all but within the means of the planet”.⁴⁴

The need for systemic change

Only bold and systemic changes can match the scale of the problems that the pandemic presents and reproduces. In South Africa, we have already seen many suggest that while extensive government support is necessary now, we must see a “return to normal” after.

Such a path would both limit the possibility of a Just Recovery and severely curtail our ability to tackle the climate crisis.

New approaches must be complemented with a reconfiguration of power relations, to empower ordinary people to see their needs prioritised.

An economy aimed at meeting basic social needs – adequate food, clothing, shelter, education, healthcare, and dignified work – means people are less susceptible to various forms of exploitation, and increased public ownership means wealth is not concentrated in the hands of the few. This will ensure a high degree of social equality and foster environmental sustainability.

A blueprint for rebuilding our economy along these lines would be lengthy and should be built through collective effort. What we do here is explore six avenues through which we believe we can take steps in this direction, and expand on each in turn. Under each, both short-term (during the pandemic and immediate recovery) and more medium- and longer-term proposals are given.

These six avenues are:

- 1** *Reclaiming and rebuilding public services to promote public affluence*
- 2** *Complementing the Green Economy with the Purple Economy*
- 3** *Transitioning to a low-carbon energy system and integrating this into the above*
- 4** *Pursuing structural transformation not structural reforms*
- 5** *Changing ownership structures throughout the economy to reconfigure power relations*
- 6** *Build a new internationalism*



1

Reclaim and rebuild public services

The COVID-19 pandemic has clearly shown the importance of a national, well-funded public healthcare system. Such a system must be understood in an expansive way, taking note of the way that health outcomes often reflect societal and economic factors. Austerity (through budget cuts, particularly in social spending) has resulted in massive underfunding of South Africa's public healthcare sector. With as many as 38,000 public health positions unfilled, it operates under extreme strain with long wait times and poor service provision.⁴⁵ At the same time, only about 17% of the population have access to healthcare insurance⁴⁶ and private hospitals are for-profit entities and thus have little incentive to act in the interest of the collective and to plan for crises like this.⁴⁷

A Just Recovery must reclaim the power of public investment that is geared towards public provision of goods and services. While previous eras, such as the waves of nationalisation and building of the welfare state in Europe after World War II, provide inspiration, it is also important to remember these were bound-up within a fossil fuel capitalism⁴⁸ and excluded large swathes of the world, especially in the Global South.

While some environmental movements call for a reduction in consumption, much of the world's population struggles to access even basic goods and services. Rather than calling for a form of "green austerity", our proposals must expand public services in a manner that is compatible with a decarbonised economy and the advancement of human wellbeing and progress. These objectives are compatible and are explored here

Public transport

Transport accounts for roughly 11% of South Africa's GHG emissions. This is as a result of a heavy reliance on road transport for long-distance freight (almost 90% of South Africa's long-distance freight) as well as a passenger transport system that is heavily dependent on liquid fossil fuels (through private motor vehicles, fuel-powered buses, or minibus taxis)⁴⁹. In 2013, out of an estimated 17 million commuters (that is, excluding those 14 million who walked to work and school), two million used buses, one million used trains, and six million used minibus taxis, while there were eight million private car users.⁵⁰

Simultaneously, in a myriad of ways, the system fails to meet the needs of the majority:

- Working class people spend a significant part of their already-low incomes on transport to get to work; in Cape Town, this is an estimated 45% of household expenditure,⁵¹ greatly exacerbated by the collapse of MetroRail due to mismanagement by PRASA.⁵²
- Many people are forced to travel long distances to work or to school, often waking up very early and getting home late, thereby cutting into leisure time and exposing them to unsafe conditions.
- The minibus taxi industry, serving as a major service to the working class, has deep-rooted problems, including major safety issues and a lack of regulation. This is illustrated by push back during COVID-19 against health and safety regulations that eat into the profits. Profit also drives fare prices. In early June, for example, a number of taxi services in Gauteng announced price increases of up to 172%.⁵³ Devastating at the best of times, such increases are potentially catastrophic during COVID-19.
- South African cities have heavily congested roads, with traffic congestion estimated to cost the City of Cape Town R2.8 billion a year.⁵⁴
- South Africa has some of the most unsafe roads in the world. South Africa's road accident death rate is 25.9 per 100,000 people., well above the global average of 18.

Simply replacing all the cars on the road with electric vehicles would still leave us the problems listed above. This would also rely on an overly extractivist model given the materials needed to produce these vehicles. Where personal vehicles are essential, electric vehicles are preferable. But trying to solve this problem by replacing fossil-fuel with electric vehicles is representative of the weakness of solutions that seek technical and individualistic solutions, rather than political, public and structural solutions.

Instead, we need to incentivise people to leave their cars at home by providing safe, reliable, and efficient public transport that must be placed in an integrated network and run off renewable energy.



Short Term Proposals

- Provide free public transport during the COVID-19 pandemic to ease the burden on workers and job seekers. Regulations should require larger corporations (like major supermarket chains) to provide free socially-distanced transport for staff by, for example, subcontracting with the taxi industry.
- Ensure that the pandemic does not allow for the rollback of emission standards for vehicles in response to the detrimental impact of lockdowns globally on car manufacturing.⁵⁵
- Provide that any government support to automobile companies comes with conditions of zero-emissions transition.



Medium- to long-term proposals

- Rail transport should be prioritised over air and road transport.
- Electrification of bus lines and their expansion.
- Financial incentives for zero-emissions vehicles.
- Direct investments in low-carbon public transport including expansion of bus, taxi and cycle lanes.

Public, densified, low-carbon housing

South Africa's current housing model is neither climate friendly nor just.

The wealthy typically live in large suburban homes, requiring the use of private motor vehicles to travel to work and school. As a result they consume more land, require more infrastructure per capita and need more sewers and electrical lines per person.⁵⁶ These homes are also often poorly insulated and rely on electricity-draining appliances to heat or cool them. Because our energy grid is heavily dependent on coal, this contributes to our high emissions profile. At the other end of the income spectrum, apartheid spatial planning purposefully displaced Black, Indian, and Coloured communities, forcing them to areas that were far from city centres and away from where their jobs were. Low wages and building restrictions meant that they could not afford adequate housing and shacks proliferated. In addition, these people were forced to rely on fossil-fuelled transportation.

These inequities and environmental inefficiencies have been reinforced by post-apartheid housing policy that has prioritised, where housing is provided at all, small, individually-owned, free-standing houses built by private contractors that can be improved by the owners through loans from financial institutions. This has reinforced the apartheid geographies, as affordable land remained on the outskirts of cities. These houses have also

often been criticised for poor quality, design, and insulation. As a result of a growing population and slowing delivery, many South Africans continue to live in slums or over-crowded and under-serviced buildings. Many of these areas remain without access to clean water or electricity, forcing people to use fire or non-renewable paraffin oil to cook or provide heat. This is both environmentally unsustainable and a violation of people's rights to adequate housing and access to water. South Africa's housing model is therefore both wasteful and unsustainable, as well as unequal and unjust.

This has both climate and health consequences. The unequal way in which the COVID-19 pandemic has spread is illustrative of this problem,⁵⁷ as township residents have asked: "How can you social distance in a shack?"⁵⁸ Similarly, tuberculosis spread is notoriously worse for those crammed into small shelters. In addition, a number of communities face massive rent hikes, evictions and forced removals as the economy contracts and their incomes are reduced.⁵⁹ Extreme weather events, which will grow more frequent as the climate changes (even under best case scenarios), also highlight the inadequacies of such shelter. The impact of storms, heatwaves, flooding, and other climate shocks has displaced many people and this will continue to worsen if we do not act.

South Africa needs to undertake a massive public housing programme in order to ensure that people's needs are met. This must incorporate low-carbon design elements but, as with the question of electric motor vehicles, the solution must be more than technical – it must emphasise a different way of living in which people have access to communal, shared spaces for recreation. This is the development of what has been called "public affluence". Mike Davis writes that "public affluence—represented by great urban parks, free museums, libraries and infinite possibilities for human interaction—represents an alternative route to a rich standard of life based on Earth-friendly sociality".⁶⁰



Short Term Proposals

- Protect people through ensuring there are no evictions and that there are rent and municipal utility holidays for those below a particular income threshold.
- Provide adequate shelter for the homeless.
- Immediately begin to ensure longer-term cost sustainability for lower-income earners. This can be done through an expansion of rent controls and through the development of "percent income payment plans" which sets a limit on the maximum amount a household has to pay for basic services based on their income.
- Engage in a massive public works project to retrofit existing buildings, insulate public housing properly, and provide solar panels and water tanks. This can form part of a COVID-19 stimulus and recovery plan.



Medium- to long-term proposals

- Implement a plan to build low-carbon, beautifully designed, densified public housing that is integrated into public transport networks.
- Reclaim unused and underused buildings to be used for public housing.⁶¹
- Reclaim luxury sites, such as golf courses, that are also environmentally destructive and use these for mixed-income housing and re-wilding projects.⁶²
- Integrate public utilities like theatre, libraries, eco-parks, and sports grounds into these communities.
- Develop more urban farming spaces which allow for local food production and ensure these are integrated into other public spaces.

Transformative potential

Both integrated public transport plans and expansive public housing can have transformative effects on society. They can mitigate against spatial inequality – increased public transport and more homes closer to cities allows for more people to live closer to where they work and begins to break down the racialised geography of the country. They can grow the economy and fight both the unemployment and poverty crises through cutting the amount of money people spend on transport and the amount of time spent commuting, and by providing consistent and well-paying jobs across manufacturing, housing, transport, and maintenance. And they can address climate change through reduced carbon emissions and lowering harmful land usage.

This can be understood as part of reclaiming “the commons,” that is resources that we share and care for collectively rather than close off for private use. The use of these goods for collective enjoyment is also a critical way in which we can put limits on extractive growth while trying to achieve public affluence. This will help us cut our GHG emissions and live within planetary boundaries. As Jason Hickel has put it, “[b]y restoring the commons, we can ensure that people are able to access the things that they need to live a good life without having to generate piles of income in order to do so, and without feeding the never-ending growth machine.”⁶³

2

Complement the green economy

with an ecofeminist purple economy



A Just Recovery must respond to the crises of care that the pandemic highlighted. This is a central feature of the “purple economy,”⁶⁴ as pioneered by feminist economist, İpek İlkkaracan. The purple economy refers to the reorganisation of the economy “around sustainability of caring labour through a redistributive internalisation of the costs of care into the workings of the system just as the green economy is organised around sustainability of provisioning by nature through internalisation of environmental costs into production and consumption patterns.”⁶⁵ The purple economy socialises care and prioritises support for the most marginalised in the economy by expanding care services and increasing employment for women. It also aims to disrupt gender norms about the nature of certain types of work – like caring labour – and see that this work is paid and valued in the economy.

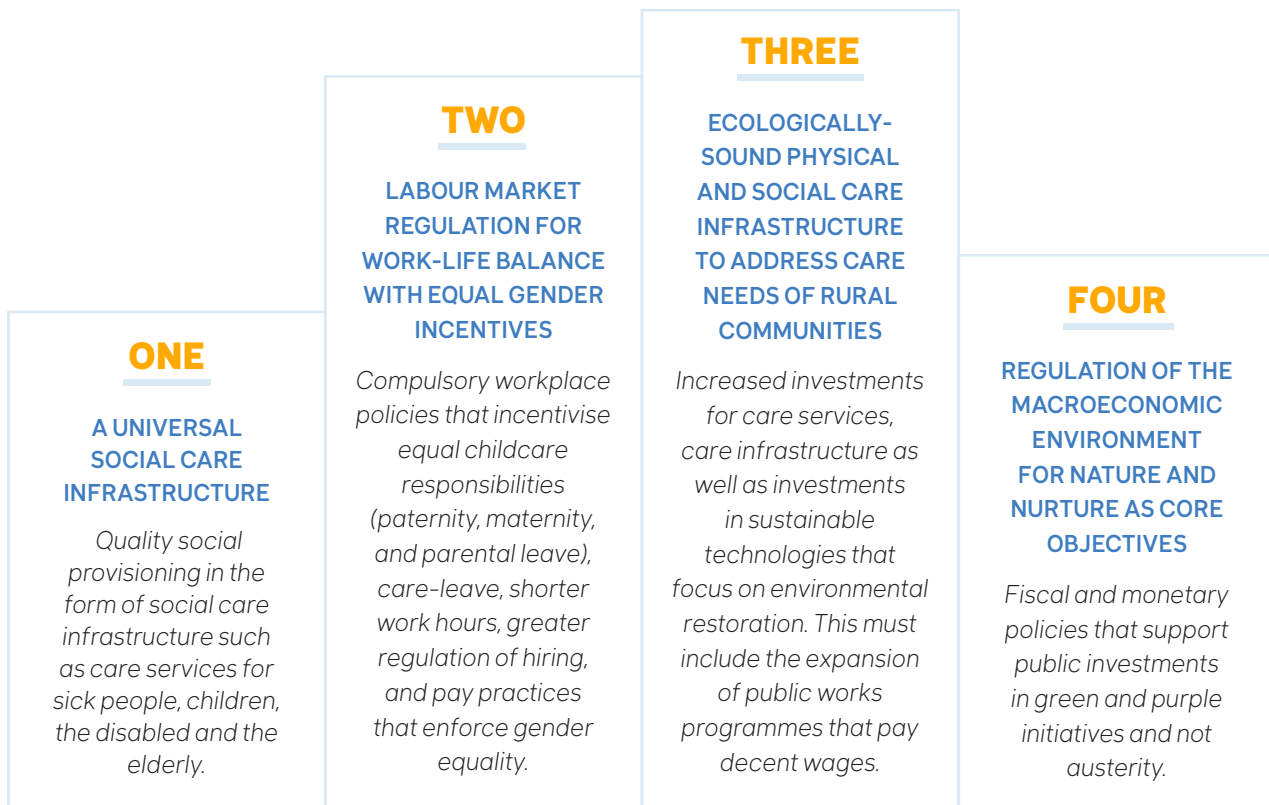
The pandemic highlights the importance of care work and caring labour that sustains health, wellbeing and life on earth. Healthcare needs have increased substantially as more people, especially the elderly, have fallen ill. The enforcement of a nationwide lockdown and the need for physical distancing has also increased household care responsibilities, such as domestic work and childcare. This work is often largely or completely unpaid and is gendered in that women conduct more than twice as many care responsibilities as men.⁶⁶

This highlights South Africa’s crisis of care, which existed before the onset of the pandemic. Similarly, the climate and broader ecological crisis may mean that food and water provision is more difficult as a result of droughts or that disease spreads more quickly as a result of flooding.

Increased investments in social infrastructure such as education, health-services and care activities, have both social and (more narrowly conceived) economic benefits. These have, for example, been shown to create more jobs and advance gender equity. A study from ITUC⁶⁷ found that investing 2% of GDP in care activities and

infrastructure would increase overall employment by 2.4 to 6.1%. In addition, greater investments must be made in rural economies, as environmental restoration projects such as tending the land are heavily gendered. This is particularly important as environmental restoration projects will be a key part of a just transition.

KEY PILLARS OF A PURPLE ECONOMY INCLUDE:⁶⁸



Short Term Proposals

- Relieve the burden on caregivers by increasing the child support grant further for every child and not per caregiver.⁶⁹
- Increase pay for frontline workers and provide adequate hygiene protection against the virus, especially for public and community healthcare workers.
- Institute childcare vouchers for workers with childcare responsibilities.⁷⁰
- Institute cash transfers targeted at paid and unpaid care workers.
- Implement compulsory equal parental leave.
- Provide free access to menstrual products for all girls returning to school.
- Provide face masks or visors for all children returning to schools.
- Relieve the burden on households through a basic income grant.

Medium- to long-term proposals:

- Ensure free, universal access to quality healthcare services.

- Increase mass public investments in childcare centres, after-school centres, senior centres, hospitals, and day services for the elderly and disabled, especially in rural areas.
- Accelerate adoption of labour market regulation that enables equal pay, decent job standards, and flexible work hours.
- Drastically rethink the way in which we work. One example would be the institution of a four-day work week which both improves quality of life by giving people more free time and also has the potential to lower carbon emissions and spur job creation.⁷¹
- Expansionary monetary and fiscal policies to restore investments in social and ecological infrastructure, especially care services.⁷²
- Greater valuing of pay and conditions for workers in the care sector (like an increased minimum wage for care workers).

3

Implement a just transition to a low to zero-carbon energy system



The COVID-19 crisis has underscored the urgent need for a resilient energy system that supplies reliable and affordable energy, especially to critical sectors under unprecedented stress, such as the health sectors. Key supply chains must be able to function under externally-imposed stresses, and power supplies must be flexible enough to cope with significant changes to demand patterns. A transition to renewable energy must also ensure affordable access for all households, especially to low-income households that currently have limited or no access to reliable electricity.

The consequences of the COVID-19 shock highlight a lack of resilience and will further worsen access. The lockdown caused a decline in economic activity leading to a decrease of about 7,500MW in energy demand (a quarter of its normal peak capacity).⁷³ While this has given Eskom much needed time to work on maintenance of its aging plants, it will likely have to increase electricity tariffs after the lockdown to recoup its losses and meet an expected surge in demand, which disproportionately burdens poorer households. Coal plants are also expensive to maintain compared to renewable energy infrastructure and more inflexible to demand disruptions. An important impact of COVID-19 is that the excess capacity caused by the lockdown resulted in Eskom implementing force majeure on some of its renewable energy producers.⁷⁴

A Just Recovery must also support coal-dependent communities to recover both physically and environmentally. Coal mines release toxic chemicals that have numerous effects on the surrounding earth and atmosphere. This leaves many communities, who are economically dependent on coal mine related activities, exposed to the high risk of developing serious complications from COVID-19. A Just Recovery must support the rehabilitation of retired coal mines which involves a set of processes that could also be economically beneficial for the local communities. Coal mining companies also have a responsibility to pay for the damage that production has caused on the environment.

The decarbonisation of the electricity sector has been woefully slow with renewables currently contributing only about 8% of the total energy produced for the grid. The development of a decarbonised electricity sector must ensure:

A transition to a fully decarbonised energy sector.

The latest Integrated Resource Plan (IRP)⁷⁵ for electricity released in 2019 acknowledges the need to progressively phase-out coal-fuelled electricity generation and sets out a path to 25% renewable energy generation by 2030. This is an estimated addition of 20 000MW, comprising a variety of renewable energy sources such as solar and wind energy. Such targets are not nearly ambitious enough and South Africa must roll out renewable energy in line with South Africa's fair share of keeping warming to 1.5°C. South Africa has an enabling natural environment for large-scale generation of alternative sources of energy that can meet 100% of South Africa's energy needs in the long-term, including: onshore and offshore wind power, solar-voltaic power, hydroelectric, biomass, and geothermal energy.

Electricity is cheap and accessible.

Renewable energy, the price of which has declined steeply in the last decade, provides the basis for cheap energy provision and is the most affordable and fastest way to provide energy access for all. Indigent households must be provided with a free electricity allocation.

Social-ownership is part of the transition to renewable energy.

Rather than owned by a few big corporations, the renewable energy sector must be a decentralised system that includes ownership by communities, cooperatives and even households.⁷⁶ In addition, Eskom should be mandated to produce large-scale renewable energy in the medium to long-term. Current programmes to support greater adoption of renewable energy, such as the Renewable Energy Independent Power Producers Procurement Programme (REIPPP), only benefits a limited number of private investors that have enough capital to invest. A Just Recovery stimulus can advance a decentralised people-centric system by adopting targeted programmes such as feed-in tariffs (FIT) which are guaranteed government-subsidised long-term price contracts for any producer that wants to sell renewable energy to the grid. FITs can also be used to facilitate the expansion of small-scale embedded generation (SSEG), which can be further incentivised through tax incentives or subsidies for cooperative, community and small-business renewable energy producers.

Communities and industries dependent on coal and Eskom-related industries are protected and supported in the transition to renewable energy.

The transition to renewable energy must support the families and communities that will inevitably be the hardest hit by the transition. This includes the millions of workers that work on coal mines, at Eskom and in the many supply chains connected to the coal-generation industry. The coal mining sector, for example, currently employs around 80 000 people, and accounts for 19% of the GDP of Mpumalanga province. A renewable reindustrialisation programme can enable a nationwide rollout of renewable energy factories and plants with priority given to vulnerable, coal-dependent, carbon-intensive regions. A massive rollout of a skills and development programme is required to retrain workers in coal-related employment and offer alternative employment in the renewable energy sector. Research by CSIR estimates that renewable energy technologies can create more than 1.5 million jobs by 2050⁷⁷ and the AIDC estimates that a transition to renewable energy can create 1 million climate jobs, 30 000 more jobs than the fossil fuel industry.⁷⁸

Improved energy efficiency and energy waste reduction.

South Africa's energy consumption, in proportion to GDP, is almost twice the international average. The biggest potential efficiency gains for South Africa are in the transport sector and in major industries. The energy used to power, heat, and operate buildings accounts for more than 25% of the total South Africa GHG emissions.⁷⁹ Energy intensity in sectors like manufacturing could be improved by 40% by 2040 by installing energy-efficient technologies. Energy efficiency in industry is achieved primarily through changes in how energy is managed and not only in the adoption of newer technologies. A substantial government-funded rollout of energy efficiency measures is required.



Proposals for a just transition to a low to zero-carbon energy system

- As part of the COVID-19 economic recovery, draw up a just transition plan that invests in and protects workers and communities vulnerable in the transition to a zero-carbon energy sector through an inclusive and multi-stakeholder process.
- Substantially increase state investment in large-scale wind and hydropower as part of a COVID-19 stimulus plan. Subsidies for renewable energy can be part of this mix.
- Set a target for 100% renewable energy generation by 2050.
- Develop a plan to ensure Eskom's debt is sustainable so that Eskom can be functional and able to commit to a renewable energy transition.
- Accelerate implementation of renewable energy access to the grid, including for SSEGs.
- Implement FIT policies and provide incentives for renewable energy, with priority given to small to medium sized energy producers.
- Carefully remove fossil fuel subsidies in a manner that places the burden on industry and not working class and poor people. This requires the increased rollout of public transport (see above).⁸⁰
- Where feasible, retrofit active coal mines into renewable energy generators including potentially through renewable hydrogen.
- Remove all artificial limits on renewable energy generation as set out in the IRP.
- Use a public works programme to retrofit existing buildings and ensure that new erected buildings are all energy-efficient.
- Improve and expand the public housing stock in an energy efficient manner (see above).
- Implement a massive skills, jobs and training programme to create opportunities for South Africans in the renewable energy economy and increase employment.
- Adopt and adhere to industry standards for energy efficiency, including installing heat pumps to buildings and residential homes.
- Invest in research for technologies on renewables and sustainable technologies.
- Increase investment in municipal and local waste management businesses that recycle solid commercial, industrial, and household solid waste.

While these are crucial interventions, decarbonisation is about more than just technical innovations: we need to understand the social and environmental impact at all points in global value chains. While renewable energy is significantly less harmful than fossil fuels, it is not currently harm free. For example, lithium is a critical component in rechargeable batteries that power electric vehicles and may be used to store energy for renewable grids, but its mining is as extractive and exploitative as other mining. In her work on the political and social impacts of lithium extraction, Thea Riofrancos notes that activists in the so-called "lithium triangle" between Chile, Argentina and Bolivia oppose the "green extractivism" paradigm as it represents "the subordination of human rights and ecosystems to endless extraction in the name of "solving" climate change".⁸¹ Rather they reaffirm "the broader cultural, natural, and scientific value of the salt flats – not just the economic value of its lithium".⁸² A recognition of this requires us to not only reimagine our energy sources but also to reshape the productive structures of our economies.

4

Structural transformation not structural reforms

The fundamental structure of the South African economy needs to be transformed in order to ensure a Just Recovery - sustainable structural transformation should guide this. "Structural transformation" is not the same as "structural reforms," the latter being the favoured approach of the National Treasury and business-leaning policy analysts.

A drive for "structural reforms" essentially approaches the problem as one of inadvertent "market failures" - the potentially perfect market is being constrained by blockages and these must be resolved for the economy to thrive. These blockages come from too much regulation - like stringent labour laws - or from microeconomic failures - like insufficient electricity infrastructure. It is true that South Africa is beset by a number of structural issues. But market-centric structural reforms, that often entail austerity measures, will not solve these. Rather, they will further erode the capacity of government to provide essential services and not provide the necessary change required to lift the economy from the fallout of the pandemic.

To move the post-apartheid economy - characterised by a "high-profit, low-fixed investment" nexus - requires structural transformation. This entails shifting production towards high-value added, higher productivity, and higher-skilled work. It also involves the formalisation of informal work, critical given the poor protections informal workers have during crises like COVID-19. Structural transformation reverses the over-reliance on commodities and fossil-fuel production by focusing on the areas of the economy that increase the "possibilities for decent paying, productive, inclusive, and sustainable employment opportunities".⁸³ To achieve this, South Africa will need to diversify its sources of production - both for domestic consumption and exports - requiring active support for investments in particular economic and social infrastructures.

A COVID-19 stimulus plan must therefore be geared towards structural transformation. This means that government expenditure must be used to increase aggregate demand and improve supply capacity.⁸⁴ The proposals outlined throughout this paper support structural transformation of the South African economy.



Short Term Proposals

- Plan and begin to implement a fiscal stimulus geared towards getting the economy moving and achieving structural transformation.
- Increased support for SMMEs to ensure that we don't have further market concentration and job losses. This may include temporary standstills on debt repayments in the short term, requiring state-backed finance to support this. Current rescue package measures are woefully inadequate.⁸⁵
- Use public works programmes to invest in critical social and economic infrastructure.
- Reorient industrial policy to ensure a transition of the energy sector to 100% renewable energy by 2050.



Medium- to long-term proposals:

- Develop a transformative economic plan, integrating macroeconomic, industrial and social policy in a

manner which embodies the principles outlined here.

- Implement targeted, state-led, sector-specific investment strategies able to transition the economy away from its reliance on commodities towards sectors that are low-carbon, employment generating, more productive and better paying.
- Greater investments that target social sectors - education, health and the care economy - able to support human capital development.
- Significantly improve the institutional capacity and accountability of public institutions.
- Mandate the South African Reserve Bank to consider green industrialisation and green jobs as one of its targets.
- Work with other countries to ensure African free trade agreements and regional developmental plans take cognisance of the need for a Just Recovery.

5

Reconfigure domestic power relations



The current structure of ownership⁸⁶ is poorly suited to fulfil social needs. It concentrates power amongst a small group of people who are able to influence both policymaking and firm-level decisions in a manner that is often not in the interest of the majority.

While a greater role for the state is essential, we should not be caught in a dichotomy between corporate ownership and large, centralised state-owned enterprises, the latter of which have often adopted the management principles of corporations. The dominance of both of these institutional forms is what has also allowed for state capture to flourish. Instead, democratic public ownership must be part of the solution. This is defined as "assets, services and enterprises that are held collectively by all people in a specific geographic area, either directly or through representative structures".⁸⁷ Democratic oversight of the economy must be enshrined, with the end goal being about the provision of goods for society in an environmentally sustainable and progressive way.

A Just Recovery must begin to change patterns of ownership and control by ensuring that more enterprises, services, and assets are owned through co-operatives, community ownership, or worker control. We must complement changes in ownership with increased participation by various stakeholders in key decisions, while limiting the power of large corporations.



Short Term Proposals

- "Buy-outs not bailouts".⁸⁸ Government must take equity stakes in any company that receives a direct cash injection from the state during the COVID-19 pandemic. This opens up more avenues for influence to be exercised in favour of the interests of workers and the community. It also allows the state to recapture some of this expenditure (through dividends or sale of shares) as the economy recovers.
- Develop mechanisms that involve workers more substantively in key decisions. This must begin

immediately regarding the return to work from lockdown – by, for example, worker oversight of COVID-19 workplace health and safety.

- Institute participatory budgeting processes to allow communities to have a say in what local and regional budgets are spent on. As already noted, public spending shapes service delivery and economic relations making budgets very powerful tools.⁸⁹ Given the continued threat of austerity in the post-COVID-19 era, this will be critically important to achieving many of the other issues set out here.
- Apply strict conditions on companies that get support from government during the pandemic, for example, strict measures to ensure that wage-support funds are actually passed on to workers.
- Any company that is registered in a tax haven,⁹⁰ pays out dividends to shareholders, or engages in share buy backs over the next three years, should be ineligible for any government assistance, as has been the case in Denmark.⁹¹
- Companies that receive government support must adhere to conditions to move towards a low-carbon future.

Medium- to long-term proposals:

- Explore the possibility of an Inclusive Ownership Fund⁹² which requires large companies to issue, annually, a set percentage of equity into a fund that is democratically controlled by the workers at that company and which grants voting and dividend rights in line with the Fund's equity share. This was adopted by the Labour Party in the United Kingdom in their 2019 election manifesto and that of the Bernie Sanders 2020 campaign in the United States.⁹³
- Expand public credit unions, worker cooperatives, land and community trusts and government assistance to help (especially low-income) communities to invest in community renewable energy, food sovereignty, and other projects.
- Encourage greater localisation and community ownership. This is widely compatible with an expansion of renewable energy technologies and is also critical to giving increasing power to communities over decision making.
- The above needs to be complemented by a process of massively increasing local and provincial government capacity and an eventual redeployment of some national government capacity to local government.
- Implement proposals to improve worker power within the workplace through, for example, increased union representation in management.

6

Build a new internationalism

The COVID-19 pandemic has shown us just how interrelated our world is and how a Just Recovery must reconfigure, not deepen, global inequalities that threaten already precarious economic, social, and political environments in the Global South.⁹⁴ In the Global South, the pandemic will not be limited to a public health crisis. Rather, the experience of it will be "a direct consequence of a global economy systematically structured around the exploitation of the resources and peoples of the South. In this sense, the pandemic is very much a social and human-made disaster — not simply a calamity arising from natural or biological causes."⁹⁵ We need

to ensure that our COVID-19 recovery policies take account of this and are done in such a way that we forge a new internationalism, restructuring not just domestic, but also international, relations of power. This will be critical in the fight for climate justice. Some examples assist us to illustrate this point.

Understand the possible injustices and impact on the environment at all points in global value chains.

We need to put in place policies and regulations that change the dynamics of global value chains in order for them to be more equitable and more resilient to climate shocks. This requires an understanding of production at each point in the value chain. As one commentator noted, “a socio-ecological understanding of work also includes an internationalist perspective: For example, if fair wages are then used to buy products made under inhumane conditions elsewhere, or are paid by an employer whose business practices jeopardize the health, dignity, or livelihood of third parties, then the core principles of decent work are called into question.”⁹⁶ It also includes an understanding of how international financial flows work. Centres of capital like London, New York, and Hong Kong should also be understood as the primary disease hotspots due to how decisions made there determine the economic consequences of the pandemic.⁹⁷

End the dogma of structural adjustment and abolish illegitimate debt.

We need to develop much more democratic, accountable international institutions. This necessitates removing the power of international financial institutions to impose market-centric, austere policies on developing countries. The strict conditionalities attached to loans from the IMF or World Bank, for example, have been a major contributor to the underfunding of social services, exacerbating the public health-care crises.⁹⁸ Alongside this is the need for a fairer and more just international debt regime that accounts for historical injustices and doesn’t cripple countries from adapting to crises like COVID-19 or the climate crisis. According to the Council for the Abolition of Illegitimate Debt (CADTM) 46 countries are now paying more as a proportion of GDP in servicing debt repayments than they are on health.⁹⁹ We need to renew the calls for debt cancellation. This must not be for the so-called heavily-indebted countries only, but must include other emerging and middle-income countries, like Brazil or South Africa that face rising debt pressures. In the short term this requires immediate temporary standstills on debt repayments for the developing world to allow them fiscal room to respond to the COVID-19 pandemic.¹⁰⁰ It also requires more substantial changes to debt repayments in the long term, especially as countries in the Global South face disproportionate challenges from the climate crisis.

Repurpose and reorganise international finance.

Although these proposals call for a strong role for finance, this must be fundamentally different to the role that international finance currently plays which has a disproportionately negative effect on developing countries. This requires a restructuring of global finance through both domestic and international channels. Money must be diverted away from fossil fuels towards decarbonisation plans that are also transformative of the broader economy. The current dominance of speculation and short-termism must be overcome in favour of longer-term, fixed investment in the real economy, especially for green infrastructure. This will require major changes on the parts of central banks, private banks, and pension funds, all to be geared towards more transformative projects,¹⁰¹ as well as an expanded role for public investment banks. Reform of the financial sector must be geared toward an end that leaves it “considerably smaller and less influential than it is now, with democratic, public bodies playing the lead role in shaping a post-fossil fuel economy.”¹⁰²

Emphasise the principles of solidarity and human wellbeing for all.

In the wake of the COVID-19 pandemic, we see a resurgence of xenophobia and discriminatory policies, including exclusions from pandemic-related aid for non-South African citizens.¹⁰³ We need to ensure that a Just Recovery is based on principles of equality and solidarity. The struggle for climate and economic justice are the same struggle and they are also at the heart of the struggle for racial, gender, immigrant, and ethnic

justice. By building more democratic and equal economies, we undermine the ability for reactionaries to stoke racial and ethnic tensions.



South Africa should lead the way in calling for a new internationalism that embodies the principles we have articulated throughout this paper. The need to institute rapid and far-reaching changes across all sectors of the economy in order to limit warming to 1.5 degrees celsius¹⁰⁴ requires extensive and co-ordinated government action which some have likened to a war-effort.¹⁰⁵ Critically, extensive and co-ordinated government action is also what will be required to rescue the economy from the COVID-19 generated slowdown.



Financing the Just Recovery



A post-COVID-19 fiscal stimulus package can support the proposals set out in this paper. This needs to be financed from resources available both locally and internationally. In addition to direct state financing, local development banks and investment corporations - such as the Development Bank of Southern Africa (DBSA) and Industrial Development Corporation (IDC) - can play a greater, more strategic role. There are also various international finance institutions that can finance high-risk investments across the innovation chain.



The IDC and DBSA

The IDC and DBSA are two of South Africa's largest development finance institutions. The IDC played a central role in catalysing industrial development in the South African economy by funding large-scale strategic projects, mostly in mining and quarrying, machinery and metals products, electricity, gas and water supply, and chemicals and other mineral products. It was a leading contributor to the carbon- and mineral-centric monopolistic structure of the economy and must now play its role in moving the economy away from that. The DBSA plays a central role in providing finance for industry and has been an important funder for critical infrastructure projects, including supporting industries such as electricity, water, transport facilities, and municipal services. It has also funded projects towards large-scale adoption of renewable energy, in total approximately 33 renewable energy projects, amounting to R 17 billion up to 2019.¹⁰⁶

Given their important role in financing development projects, their current funding

capacity is insufficient to galvanise financing a Just Recovery. The assets the main Brazilian development bank (BNDES) and Chinese Development Bank (CDB) own stand at 16 and 14% of GDP respectively. By contrast, the combined assets of the IDC and DBSA amounted to only 5% of GDP in 2017. Both BNDES and CDB receive fiscal transfers from the state, whereas the IDC relies on raising funds in financial markets thereby limiting its ability to lend at low rates or to risky ventures.¹⁰⁷ Both the DBSA and IDC have significant room to scale up their investments by receiving greater investments from the state and other international financial institutions,¹⁰⁸ thereby improving their balance sheets and expanding their capacity to finance renewable energy projects. The additional funding must be complemented with comprehensive changes to their mandates that centre tackling the climate crisis through funding the just transition and other climate-justice-friendly policies, some of which are outlined above. All other investment projects should be subordinated to this.

International Financial Institutions and the IMF loan

Many international financial institutions (IFIs), such as the IMF, the World Bank and the CDB, support a range of climate initiatives. At the UN Climate Action Summit in September 2019, nine development finance institutions – including the IMF and World Bank – jointly recognised that their work is “key for countries to achieve ambitious transformation” in line with the Paris Agreement.¹⁰⁹ These institutions are also making available a range of financing mechanisms to countries in need of funds in the face of COVID-19.

Given the scale of the pandemic and its weakening effects in the economy, the South African government has suggested seeking capital injections from IFIs, such as the World Bank and the IMF. The most relevant financing instruments in the short-term are the Rapid Financing Instruments (RFI) provided by the IMF to countries that need urgent financial assistance. There are also longer-term global climate funds available, such as via the Green Climate Fund and the Adaption Funds. These currently have \$7.2 billion allocated for developing countries for resilience and climate-adaption projects.¹¹⁰ Similarly, the Climate Investment Funds provide developing countries with grants, concessional loans, risk mitigation instruments and equity that leverage significant financing from the private sector, multilateral development banks (MDBs) and other sources.¹¹¹

There are valid concerns about the conditionalities that are often attached to large loans from IFIs. These conditionalities have historically entailed instituting conservative, pro-austerity policies that advance the policies of privatisation, deregulation and liberalisation discussed above. These financial institutions have also been key in advancing fossil-fuel generation, such as via the R40 billion loan Eskom received from the World Bank to build the Medupi coal plant. Therefore, South Africa must be cautious when approaching IFI's. Three principles should guide any interaction

with IFIs such as the IMF. First, global transfers from rich to poor countries must be prioritised. Second, IFIs support should come without stringent conditionalities, and terms of contract must be publicly available. Third, key social partners must be consulted prior to contract finalisation.¹¹²

Tax Revenue

Tax revenue is the main source of government funds and this can be increased through both higher taxes on the wealthy and preventing tax evasion.

There is room to raise taxes on both high incomes and accumulated wealth. It is estimated that about 3,500 individuals own 15% of South Africa's total wealth (for example pension assets and housing/land wealth) and recent research indicates that a wealth tax on the wealthiest 354 000 individuals could raise at least R143 billion for a post-COVID-19 recovery package.¹¹³ There is also room to increase tax rates on income derived from holding wealth, for example, from dividends or inheritance, which are currently taxed below income tax levels. Effective tax rates for higher income earners have declined by between 5%-12% between 2008 and 2018 and should be raised. In the short term it is possible to raise up to R80 billion from removing or reducing tax breaks, such as on private medical aid, which higher-income groups receive.

A concerted effort is required to clamp down on illicit financial flows. It is estimated that South Africa's revenue could almost double if illicit financial flows were effectively curbed. In addition, an estimated R7 billion is lost annually to tax avoidance by multinationals alone. In 2017, the Global Financial Integrity report indicated that \$1 of every \$5 that is sent out of South Africa in trade, is done illicitly.¹¹⁴ This equates to \$10 billion in lost taxes annually. South Africa needs to implement the recommendations made by the High Level Panel on Illicit Financial Flows from Africa (HLPF) and sign on to more transparency initiatives.¹¹⁵ It also needs to rebuild capacity and improve efficiencies

within the South African Revenue Service that has been undermined by the previous corrupt

Debt and debt relief

Borrowing on financial markets is another avenue to raise funds. For South Africa the challenge is to reduce the cost of debt through action by the South African Reserve Bank and prescribing certain compulsory lending for large domestic investors. South Africa must also explore debt relief and the unconditional

cancellation of all its fossil fuel-related debt, such as the World Bank loan given to Eskom to build a coal-fired power station.¹¹⁶ Debt relief or cancellations is even more important in the context of a global pandemic as it is estimated that between 2020 and 2021 alone, public external debt for developing countries will increase to between \$2.6 trillion and \$3.4 trillion because of the coronavirus pandemic.¹¹⁷ Focusing on external debt repayments weakens a country's capacity to prioritise other important initiatives for a Just Recovery.



Our vision for South Africa



South Africa is at a crossroads where the decisions that are made regarding how we attempt to recover from the COVID-19 pandemic will have implications for generations.



If we follow the logic of market-based solutions and trimming the scope of the state, we will have to face the consequences of not having created resilient political, social and economic institutions. This will mean that inequality widens alongside all the social ills that accompany it. It means our emissions profile will worsen, contributing further to the global climate crisis and leading to more frequent and greater climate shocks. It also means we will be less able to handle them and more people will suffer. A similar, if not worse, outcome arises from a continuation of the status quo whereby we bail out Eskom and other SOEs without insisting on their transformation into public-serving, democratically-controlled institutions geared towards a renewable-energy transition.

In late May, President Cyril Ramaphosa stated that it was time for a “New Economy” to meet our “new global reality”.¹¹⁸ An encouraging line. Developments within Eskom under new leadership that show an openness to renewables are similarly encouraging.¹¹⁹ It is clear that basing stimulus packages on transitioning the economy from fossil fuel use is a no-brainer for South Africa. It is similarly apparent that this requires a just transition for communities that have been built around coal. However, these are necessary but not sufficient conditions for a truly Just Recovery. It is not enough to build a renewable energy future that is controlled by multinationals or large conglomerates and we cannot allow the state to operate in the way it has historically – it must be a vehicle for human flourishing and environmental sustainability. COVID-19 has shown us that the health crisis, inequality crisis and the climate crisis can only be properly addressed if a Just Recovery embeds in it a tackling of the systemic issues – both of material needs and of power relations.

We have outlined how South Africa can follow a different model, one that centres climate justice and has the potential to be truly transformative. This is not meant to be a comprehensive model for the entire economy. Rather we have aimed to give examples of sectors and interventions that can help us achieve the goal of a radically different world. This requires building democratic institutions and social services that allow for public affluence and human wellbeing alongside the energy transition.

A DIFFERENT ECONOMY IS POSSIBLE.

A Just Recovery, embodying the five principles, is an opportunity to lay the foundations for the long-term goals of overcoming inequality, centring community and restoring the planet in order to ensure that all people have an equal chance to flourish in a way that remains sustainable for future generations.

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350Africa.org works to stop the climate crisis by ending the age of fossil fuels in Africa and bringing about a just transition to renewable energy for all. We are part of a million-people strong global climate movement that campaigns through grassroots organising and mass public. The number 350 means climate safety: to preserve a liveable planet, scientists tell us we must reduce the amount of CO₂ in the atmosphere from its current level of 400 parts per million and rising, to below 350 ppm.

Climate change will hit Africa hardest so this fight is about climate justice. Many of the poorest Africans, in particular, women and children are already facing more drought, floods and extreme weather that threaten their livelihoods and push food prices up. We believe that an African grassroots movement can hold our leaders accountable to the realities of science and the principles of climate justice.



THE INSTITUTE FOR ECONOMIC JUSTICE



The Institute for Economic Justice is a Progressive Economics Think Tank based in Johannesburg, South Africa. We provide rigorous economic analysis designed to arm policy-makers and the public with progressive policy options to combat the scourge of poverty, underdevelopment, and inequality in South Africa, the region and the continent. The IEJ also works with progressive social forces using advocacy and social action to bring about social change.



THE CLIMATE JUSTICE COALITION



The Climate Justice Coalition is a coalition of South African trade unions, civil society and community organisations working together on climate justice. Together they are advancing a transformative climate justice agenda, which works to tackle inequality, poverty, and unemployment that pervades South Africa. They are advocating for a vision of climate justice which advances environmental, energy, gender, racial, climate, and economic justice together.



