**Social Justice Deficits and Neoliberalism: The Cases of the United States and South Africa**

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**Abstract**

*Neoliberalism had dominated global economic culture. This has generated a significant depreciation of expectations of social justice. To date, neoliberalism has positioned itself as a new normal for global economic order. The social justice failures of neoliberalism have generated a search for new economic theory. The new economic theory (NET) stresses the centrality of human capital in any relevant theory that seeks to sustain globalization. The new economic theory focuses on the problems of radical inequality and unemployment, and a denial of the human right to development. NET compliments the salience of sustainable development. The ascendance of neoliberalism was built around the idea of the inviolability of property rights. To the extent that economic neoliberalism has tended to dominate globalization, the consequences of this economic theory have led to a global crisis of unemployment and a radical development of extreme global inequality in the U.S. and South Africa. The article provides an introduction to economic theory founded on the salience of human capital. It examines unemployment and radical inequality in terms of the fundamentals of a human rights centred economic theory. Unemployment destroys opportunity freedom. Radical inequality significantly undermines opportunity freedoms and capacity freedoms and consequently radically undermines human capital as a foundation of community prosperity. The article makes the argument of the imperative of a global bill of rights based on socio-economic values. The article concludes with stressing the importance of a bill of labour rights, first proposed by President Roosevelt.*

**1. Introduction**

The introduction introduces the salience of economic neoliberalism in the American political economy as well as that of South Africa.

The idea of human-centered development implies that the normative priority given to economic development should have a specific focus on human beings directly and not on abstractions such as the glorification of state sovereignty, the deification of private property or the exclusion of human interests from the vast aggregates of global capital accumulation. In a broad sense, this implies that there is a normative global imperative that requires the acknowledgment and adoption of a human right to development. This is contested; not only is the human rights side of it contested, but the notion of development itself is not unchallenged. At the back of an economic theory concerning the human right to development is the centrality to that theory of the vital importance of human capital.[[1]](#endnote-1) An economic theory that does not acknowledge the salience of human capital for rational and efficient economic development is a theory that is misguided and dangerous.

A realistic look at the social process of humanity will disclose that human beings are energized to interact with each other in pursuit of desired needs and values. In this enterprise virtually every human being is a repository of energized enterprise. This energy is the generator of fundamental value important to the self and important to non-self-others. For economic theory to ignore or avoid the human energized potentials as economically meaningless is extremely myopic. Consider the following:

*“Society is a teeming ocean of human energies and capacities, unorganized but latent with unlimited productive potential. The organization of social energies and capacities converts social potential into Social Capital. Each member of society is a microcosm of human potential—an unorganized reservoir of energies, aspirations, and capacities. The organization of the energies and capacities of each member of society converts human potential into Human Capital. The formed Individual is the summit of social evolution where Human Capital and Social Capital intersect and become infinitely productive. The Individual is a product of the past evolution of society who internalizes its accumulated knowledge and capacities, attunes himself to the emerging aspirations and potentials of society, and applies his energies at critical points for personal accomplishment and collective progress. Thus, we find repeatedly in history that one individual can change the world.”[[2]](#endnote-2)*

 Economic neoliberalism has important socio-economic consequences: it is the expansion of radical economic inequality as well as the extension of sustained levels of unemployment. At the same time neoliberalism has generated unprecedented levels of economic growth but the benefits have been concentrated on the upper one percent of the population. Although optimistic neoliberal theoreticians maintain that the vast wealth at the top will result in a trickle down of benefits to those at the bottom there is still no evidence to support this form of optimism. According to Stiglitz, the following is the evidence of neoliberalism’s legacy of radical inequality and unemployment in the United States. He tells us that one percent of the American population takes one quarter of the United States’ income. One percent of the American population controls forty percent of the nation’s wealth. One percent of the American population has seen their incomes rise by over eighteen percent. The central political question is whether this kind of outcome is desirable and in the national interest of the United States. If this is desirable, is there a sound reason to justify it? There have been marginal economic theories, which suggest that the one percent who have benefited so mightily are simply better than the rest of the nation. Many people whom we consider talented and who have made enormous contributions and inventions to modern society have not necessarily benefited from this. The financial wizards who almost destroyed the United States’ economy were in fact rewarded with performance bonuses. Although to their credit, they saw the irony in this and changed the label to retention bonuses. Meanwhile, those at the bottom of the economic ladder were not candidates for any form of retention. They were candidates for pink slips. One of the assumptions of neoliberal economists is that if there exists a bigger economic pie there will be more to go around. Unfortunately, the arithmetic is the other way around. The bigger the pie, the less the American citizens share in its bounty. It would seem that American economic growth is essentially a growth that is downwards in the direction of inequality. This means there exists an exponential growth in lost opportunity for the American people. The extinction of opportunity for the people is a major social and economic loss because the success and the genius of American civilization has been its belief in human capacity and the critical importance of human resources for national prosperity. This means that when we depreciate human resources we are attacking the recipe, which was at the heart of American genius. There is of course enough blame here for everyone.

The recent election in the United States indicates a radical alienation of the working and lower classes who receive only economic deficits. It has been argued that the Brexit vote reflected a similar level of alienation from the British working class who had not experienced any trickle down benefits.

**2. Neo-liberalism and the political economy of the United States: a summary of its principle deficits**

 The most notorious fact about the American economy as indicated, is that for decades we have experienced an inexorable drive to move the overwhelming majority of American citizens to the bottom of the economic system. In short, the expansion of inequality has been an extraordinary fact of the politically inspired economic policies of the republican right wing.

One of the assumptions of right wing republicans is that if we have a bigger economic pie there will be more to go around. Unfortunately, the arithmetic is the other way around. The bigger the pie, the less the American citizens share in its bounty. It would seem that our economic growth is essentially a growth that is downwards in the direction of inequality. This means we have an exponential growth in lost opportunity for the American people.

The extinction of opportunity for our people is a major social and economic loss because the success and the genius of American civilization has been its belief in human capacity and the critical importance of human resources for national prosperity. This means that when we depreciate human resources we are attacking the recipe which was at the heart of American genius. There is of course enough blame here for everyone. However, I think most of the blame must lie with the republocrats. They have historically been the most frenetic defenders of economic monopoly. Additionally, they have been successful in hijacking rational tax policy debate. No new taxes means that the weaker members of the body politic still pay while the special interests which fund the plutocrats, the well-healed financial oligarchs prevail with outrageous tax holidays. Indeed, a recent survey about the fairness of the tax system showed only twelve percent believing it was fair and eighty eight percent believing it was unfair.

The consequence of these outrageous benefits to those who already have an excess of resources is that they also promote the idea that national investment in education and human resources, investment in technical innovation and sound infrastructure are a waste of “scarce” resources. Their version of appropriate national incentives is driven by an intense desire to gut investment in the future based on basic research and the central importance of our transportation and infrastructure system. Essentially, plutocratic policies have hugely empowered the financial oligarchs while undermining the participation of the overwhelming majority of citizen stakeholders in the process. They promote no version of a national common interest and see only the vista of narrow special plutocratic interests.

For the plutocrats, greed is king. They attack labor unions, promote the replacement of labor with technology and export jobs abroad because foreign labor is cheap.[[3]](#endnote-3)[[4]](#footnote-1) American labor is a liability. It is too expensive for the oligarchs. Hence, their mantra about jobs is "send jobs abroad." The rule of government in seeking to moderate the concentration of wealth and power in the few was well expressed by the political genius of the last century, Ronald Reagan. The government is the problem, is the enemy because it is the critical restraint on the unfettered power of economic oligarchs. Now at present the agenda appears to be clearer: do what we need to do to keep our wealth and get more of it. Demonize the government as a moderator between extremism and the people; extinguish the opposition such as the labor unions and the independent media and most critical of all, no taxes on the rich.

Probably the most impressive victory of the financial oligarchs was their promotion of the economic theories of neo-liberalism. The center point of this approach was to oppose any and all government regulation. The great success was the deregulation of the financial sector. With the financial benefits which they acquired through a non-regulatory state, they could use their bounty of wealth as a base of power to control a good deal of law making, and they did. Their successes have permitted a huge scale of financial manipulation in a no-financial rules context, which context they in effect purchased. This was a good financial investment.

After the Citizens United case, a major Supreme Court blunder, the corporate sector could now begin the process of purchasing the government without spending limits. In short, the Supreme Court solidified the nexus between wealth concentration and its capacity to control the government in an almost complete form. One illustration of many will suffice. Big Pharma was able to squeeze a trillion dollar boondoggle out of the government by the Republican drive to block the government from bargaining with Pharma about the price of drugs. The plutocrats have their eyes on other temptations such as Medicare, Medicaid and Social Security. What is it that drives the plutocrats to destroy highly popular social safety nets?

The answer to the above question is to be found in the longstanding plutocratic nightmare called the New Deal. The New Deal produced popular policies and its political success was reflected in Roosevelt being elected four times. After his death, Republicans considered that the New Deal was popular and an important base of power for the Democrats. The problem they confronted was that the New Deal programs were popular and could not be directly attacked. Their agenda focused on foreign fears and anti-communism. However, the lingering fear of New Deal institutions was finally frontally assaulted by the brilliant Ronald Reagan. Reagan had the insight that the New Deal worked only so long as the government could pay for it. The critical plutocratic strategy would now be to run up huge deficits so that there would be no funds to pay for New Deal programs.

Moreover, if the Democrats came back to power, they would find that there is no money in the state bank to fund their programs. So fiscal conservatives like Reagan and Bush ran up huge deficits, and borrowed billions which they could now distribute as governmental socialism to plutocratic business and defense interests. This left us with a deficit nightmare and a great recession.

With a great deal of political amnesia plutocrats now proclaim the morality of living within our economic means. You cannot spend funds if your bank account has no funds in it. They are the architects of this approach and the creators of the monumental deficit. Few heard from the deficit hawks during the Bush spending spree, fueled with money borrowed from China. We still do not hear the plutocrat leadership willing to acknowledge their budgetary scam. In the meanwhile, the nation is in a spiral towards radical inequality and a diminishing of the national values. Perhaps the economic oligarchs should be reminded of the wisdom of Alexis de Tocqueville who saw the key idea behind the American genius as "self-interest properly understood." By this he meant that by taking care of your own self-interests you simultaneously express a concern for the other person's self-interest as well.

**2.1 How the South African negotiations shaped the inevitability of neoliberalism**

The ANC fought a major war of national liberation to free the South African people from the tyranny of apartheid. Essentially, there were two major forms of apartheid, political and legal apartheid, and the political economy of apartheid. When Nelson Mandela negotiated with Mr. De Kleck on the transformation of South Africa, the ANC side stepped its agenda for socialising major industries and moved in the direction of a full embrace of the political economy of neoliberalism. Like United States the benefits of neoliberalism in South Africa flow in the direction of the conspicuous classes however notwithstanding some efforts of poverty alleviation the economics numbers indicate strong evidence of radical inequality and unemployment.

Negotiating the transformation of South Africa from an apartheid state to a rule of law governed state was one of the most significant achievements of Mandela and the ANC. However, the economic foundations of the new rule of law defined state were still a matter that was left unresolved. In negotiating the economic transformation of South Africa, Mandela made a number of neoliberal compromises on the grounds that the new government was constrained by the concerns of economic stability. With the hindsight of history, critics now are concerned that it was the neoliberal deals made by Mandela and the ANC that was the real cause of economic instability that South Africa experienced. We list below some of the factors which dramatically impacted upon the stability of the South African economy:

* The repayment of a $25 billion dollar apartheid era foreign debt- This payment denied the government the funds needed to meet the basic needs of apartheid’s victims. The repayment was required by the law of state succession. However, it is by no means settled that the extension of credit for the purpose of advancing and defending apartheid, deemed to be a crime against humanity, should not fall with those who made such investments.[[5]](#endnote-4) [[6]](#endnote-5)
* Allocating to the South African Reserve Bank formal independence- This resulted in the insulation of the bank’s officials from democratic responsibility. It also led to high interest rates and the deregulation of exchange controls.[[7]](#endnote-6)
* In 1993 South Africa borrowed $850 million dollars from the IMF- This loan imposed persistent tough conditions, including scrapping of import surcharges, which protected local industry, state spending cuts, lower public sector salaries, and a decrease in wages across the board.[[8]](#endnote-7)
* The reappointment of Derek Keys, apartheid’s banker, to the reserve bank[[9]](#endnote-8)
* Joining the WTO on adverse terms[[10]](#endnote-9)
* Loss of labor intensive jobs[[11]](#endnote-10)
* Lowering corporate taxes from 48 percent to 29 percent[[12]](#endnote-11)
* Maintaining racial and corporate privileges
* Privatizing parts of the state, for example, Telkom[[13]](#endnote-12)
* Backing policy which led to sustained outflows of the rich to overseas accounts- This led to a persistent current account deficit.[[14]](#endnote-13)
* The failure of the neoliberal macroeconomic policy, “Gear”[[15]](#endnote-14)
* Elevating the right to property over other constitutional prescriptions[[16]](#endnote-15)
* Permitting South Africa’s ten largest companies to move their headquarters and listings abroad- This results in a permanent balance of payments deficits.[[17]](#endnote-16)
* The neoliberal financialization of the South African economy- The financialization led to the fastest rising speculative real-estate bubble on earth (1997-2008). This has earned the ANC the label of talking left and walking right[[18]](#endnote-17)
* Unemployment spikes from 16 percent in 1994 to 26 percent in 1998- Radical inequality has also been accelerated.[[19]](#endnote-18)

Political economist and Professor Patrick Bond suggests the following short-term anti-neoliberal measures to improve the economic scene: According to Bond the talking left and walking right policy of the ANC is an economic mess.

*“Forced corporate repatriation is one issue. Others include lowering interest rates and, to stop capital flight, re-imposing tougher exchange controls (as the Chinese did last week to slow outflows).*

*Then a genuine industrial policy could substitute for imports, rebalance the economy and prioritise labour-intensive ecological sustainability. Lower interest rates would also increase policy space to raise state social spending and reorient infrastructure to meet unmet basic needs.*

*But to adopt such obvious reforms would require radical economic transformation led by an honest government, not just rhetoric from a duplicitous, exhausted-nationalist regime. And most important, it would require a powerful democratic movement from below.”[[20]](#endnote-19)*

**3. Empirical indicators in the South African economic landscape**

*Figure 3.1 South African inequality in comparative perspective[[21]](#endnote-20)*



*Figure 3.2a The changing structure of the South African economy by sectors[[22]](#endnote-21)*



*Figure 3.2 b The breakdown of the South African economy (1994-2006)[[23]](#endnote-22)*



*Figure 3.3 South Africa’s household debt and savings rates[[24]](#endnote-23)*



*Table 3.1 Unemployment levels.[[25]](#endnote-24)*

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**3.1 The triple challenge of South Africa: poverty, inequality and unemployment**

Despite the ‘good news’ rhetoric of the ANC, that deviously emphasises that South Africa is better country than it was many years ago, the triple challenge casts doubt on this good news. It was going to be easy if the empirics were in support but the body of evidence is contrary. Poverty, inequality and unemployment has persisted in the face of the neoliberal economic transformation. For instance, figures 3.2a and 3.2b shows the shift of the South African economy towards an economy driven by the services sector. The bulk of the transformation was in the finance sector which grew from 16 percent to 22.2 percent of the GDP and in general this proves that the South African economy embraced the strong drive towards internationalisation which gave capital many exit options. The shrinking of the primary and secondary sectors is evident in the downward trends in figure 3.2a and this had negative consequences of the much feared reality of aborted or premature deindustrialisation. With declining agricultural, mining and other primary activities, the prospects of low skilled and semi-skilled mass employment, the hope for the neoliberal ideas, became less promising

Table 3.1 compares the unemployment rate in 1994, when apartheid ended and in 2014, twenty years after apartheid. The narrow unemployment measurement, the one that only includes those who have actively looked for a job recently, worsened from 22 percent to 25 percent meaning that it has become more difficult recently to find a job than in 1994. The broad unemployment measure, that which include those who no longer look for jobs, has remained unchanged for the twenty years, resiliently remaining at 35 percent. While these are national measures, it is intuitive in South Africa that the story is sadder if we consider these figures by racial distribution. The implications of more and more unemployed people is that the poverty increases and becomes a trap for many South Africans, especially blacks. Debt has plagued many households because of inadequacy incomes. Figure 3.3 shows a sharp rise in household debt from 2002 onwards and this directly affected the savings rate which shows a significant decline over the same period. With high levels of debt and no significant savings, the prospects of escaping poverty are very high.

With no employment and increasing poverty, South Africa has remained one of the most unequal states in the world. This is true even when compared to other developing countries such as the ones featured in figure 3.1. The proponents of a neoliberal approach often emphasise that there has been an increase in black business owners, partly causing within black group inequality, through the affirmative action policies of the ANC. This however has failed to take away the fact that the wealth and income distribution have remained strongly biased in favour of the white majority. It is also becoming clear that without radical policies, the inequality will not be reduced in the face of the current slow economic growth.

The current vision of the ANC government, the national development plan, is still cast in a very neoliberal sense with a very minimal role of the state. The problem is that the markets are given the task, despite having failed miserably, to solve the triple challenge of poverty, unemployment and inequality. Thus despite the left rhetoric from the ANC the vision 2030, the national development plan, continues to reassert the continuation of the neoliberal approach which will further entrench the current problems faced by those in lower income deciles.

**3.2 The adequacy of economic measurements that reinforce neoliberalism and reinforce economic deprivation**

The concept of GDP has monopolised the economic field and among the practitioners it is the single most powerful number that can tell almost everything one needs to know about a nation. It has been widely considered that GDP neglects many important factors such as human wellbeing, social relations and natural resources[[26]](#endnote-25). In its essence the GDP is misleading because it assumes that anything that does not involve a formal transaction based on money is not important. The convergence on the universal acceptance of GDP as a key measure has persisted and entrenched the role of economists as arbiters of what countries should do to achieve a growth in GDP. Yet it is not the GDP alone. Other measures such as poverty line are derived from such mechanistic and deterministic evaluations in the economic field. Once one nations change the way it calculates the GDP or poverty measures, it is possible that they can become suddenly rich in a “look, we no longer poor” fashion. Poverty lines have been rightly criticized as well for assuming that once one’s income become more that than a predetermined amount, the person is no longer poor.

Hezel Henderson[[27]](#endnote-26) argued, based on global polls across 12 countries, that more than two-thirds of the people interviewed regard economic measurements such as GDP to be inadequate for measuring national progress. This is in line with recent developments in Europe, the OECD and the EU where the ‘beyond GDP’ movements have begun to gain importance as other measures such as happiness and subjective wellbeing are considered to compliment the GDP[[28]](#endnote-27). This move is important because it limits the hegemony of GDP and also limit the power of credit rating agencies who have in past considered few metric measures such as GDP and its prospect to plunge the whole country into junk status. The limitation of this kind of ‘technocratic capture’, immunised from democratic processes, is important because human life is not centred merely on few economic indicators and people should be given a right to choose what they want to trade off. An interesting case is the recent death of the Cuban president Fidel Castro who has generated critical sentiments and praises. The truth is that while the technocrats such as the credit rating agencies might have regarded Cuba as a ‘terrible communist one-part state’ deserving junk status, life expectancy of Cuba tells a different story given the relative success of Cuban health care system. The current life expectancy in Cuba is at 78.55 compared to the United States’ 79, an interesting comparison between a high income world leader and a ‘damned communist country’[[29]](#endnote-28).

The problem of the economic measurements is that they push ideological currents beneath most of the economic debates. The idea of growth first and distribution later is a case in point that has perpetuated the trickle down neoliberal systems. In the face of poverty and low economic growth, the inescapable route is to push for economic growth first while those in poverty continue in misery. The problem is that the so called ‘economic growth’ has been very rare that while the few rich people are enriching themselves behind ‘growing the economy’ mantra, there seems to be no hope what so ever for the poor.

**4. Neoliberalism and state capture in South Africa: The Guptas and Zuma**

According to the Executive Members Ethics Act of 1988[[30]](#endnote-29), all executive members, including the president, must according to section 2 a) i) at all times act in good faith and in the best interest of good governance and ii) meet all obligations imposed on them by law that prohibit members from:

* *Undertaking any other paid work*
* *Acting in a way that is inconsistent with their office*
* *Expose themselves to any situation involving the risk of a conflict between their official responsibilities and their private interest*
* *Use their position or any information entrusted to them, to enrich themselves or improperly benefit any other person*
* *Act in a way that may compromise the credibility or integrity of their office or of the government.*

President Zuma, amidst many reports about his relationship to the Gupta family, had to be investigated by the public protector, Thuli Madonsela. The state capture report highlights the complicated and degree of the neoliberal system in South Africa. Capitalists have a strong grip on the state and this is complicity or directly as the Gupta case demonstrated. Complicity, business have a control on media and repudiate anything that seems to go against the status neoliberalism system. The case of the Guptas only became more ‘dirty’ than the usual South African case where the state is held at ransom by capital if it dares challenge the current state of affairs. This does not exonerate the president for allowing one family to be strictly interwoven with his son’s and his own private interest. The extent it developed to was worrisome because the Gupters had a stronger hand in the appointment of key ministers and head of parastatals such as Eskom’s Brien Molefe. Amongst many complaints, the opposition was very strong in implicating the president with the state capture.

**5. South African Airways, Zuma, and the Gupta plutocrats**

On the apparent suggestion of the Guptas, Zuma appointed his girlfriend to head South African Airways. She was apparently given instructions to run the airline down. At a point just before extinction, the airline would be sold to the Guptas for a pittance. They would remake the airline and position it at its highest commercial point of value. Then they would sell it. These points come from the South African press recently.

**6. The Nkandla Scandal**

It was determined in the executive office that Zuma’s home in Nkandla was to be provided with significant security upgrades. These upgrades turned out to be a kind of Mercedes Benz of presidential luxury home life. Zuma claimed that he did not order the luxuries. The courts ruled that he should nevertheless reimburse the government. So far he has refused to do so. Under South African law, a well-established doctrine, is the principle “Unjust Enrichment”. The person who is unjustly enriched must disgorge the measure of his unjust enrichment. South African law does not favour Zuma, he has chosen to ignore the law.

The Democratic Alliance (DA)[[31]](#endnote-30), as a key political party driving the state capture allegations, went an extra mile in going through the state capture report and summarised the key facts implicating the president. The major ones are:

* *President Zuma improperly and in violation of the Executive Ethics Code, allowed members of the Gupta family and his son, Duduzane Zuma, to be involved in the process of removal and appointment of the Minister of Finance in December 2015;*
* *Deputy Minister Jonas was offered a job by the Gupta family in exchange for extending favours to their family business;*
* *That between the period 2 August 2015 and 22 March 2016, Eskom CEO Brain Molefe has called Mr. Ajay Gupta a total of 44 times and Mr Ajay Gupta has called Mr Molefe a total of 14 times;*
* *President Zuma improperly and in violation of the Executive Ethics Code used his position or information entrusted to him to enrich himself and businesses owned by the Gupta family and his son to be given preferential treatment in the award of state contracts, business financing and trading licences;*

The State Capture Law of South Africa is a law that could benefit the United States since Donald Trump, the president elect, has appointed a team of plutocrats bent on capturing the political economy of the United States.

**7. Unemployment, radical inequality and human rights**

The central issue for conventional neoliberalism appears to be that unemployment is a necessary byproduct of generating higher profits in the commercial sector; it is natural and inevitable. What is ignored is that unemployment radically undermines the capacity of human beings to be energized and contribute to economic prosperity. What unemployment does is that it extinguishes opportunity freedoms and without opportunity freedoms, no capability freedoms can be exercised, thus guaranteeing a wastage of human energy. There are innumerable theories that show that unemployment can be eliminated by wise judicious policymaking with a concern for the full utilization of human capital. Unemployment is neither inevitable nor necessary.

If we conceptualize the right to employment and labor as encapsulated in the value of skill, it is possible to briefly map the way in which skill is a base of power for securing other articulate human rights values. For example, skill in terms of access to power is a base that is critical to the shaping and sharing of power. In this sense, skill is a critical value for protecting human rights interests tied up with the exercise of political power. Similarly, skill is an important base to acquire wealth and related economic values and is therefore critical for economic justice. Skill is also a base for access to education and enlightenment which is central to human development. Skill is also a base for access to health and wellbeing as well as to the institutions of social rectitude. Thus, employment rights including access and performance influence every other human rights value. Similarly, every other human rights value will influence the shaping and the sharing of labor and skill values. With this in mind, we examine the problem of full employment as a human right. It may be at the outset, better to see this in terms of the political will and articulate ideology of the state and state responsibility. From this perspective it is selfevident that governments routinely intervene in matters that directly affect the economic status of the individual. Such interventions may well influence both quantity of employment opportunities available as well as the nature of these opportunities. Some obvious examples of governmental policy influencing these issues are its role in setting interest rates, its approach to budget deficits, the expansive or restrictive nature of its import and export policy, its tax policies, its military expenditure, its immigration policies, its approach to industrial development, its investment in the society, its licensing policies, its environmental regulations, and a good deal more. One illustration of the way in which an ostensibly neutral tax policy could influence employment patterns is the regulation that provides incentives for capital investment in the form of depreciation while providing disincentives to employment in the payroll tax. This suggests a partiality to investing in technology rather than labor. To the extent that employment is one of the most important mechanisms for the allocation of purchasing power to the individual, the right to employment may be seen as the critical foundation of economic democracy. If society cannot assure the survival of all citizens through employment access, it may be that the state has a special obligation to provide employment opportunities for all. In short, the right to employment is not a privilege, it is a right. To the extent that economic survival is critically sustained by employment it could be argued that the right to employment has the character of a fundamental human right. The critical question then is: How strategically should the state act to secure this fundamental right to economic survival? The International Commission on Peace and Food provided a report to the UN on this matter in 1994. Its principal point was that there had to be a universal affirmation of and commitment to, the delivery of fundamental economic rights to all. According to the International Commission there should be an approach which recognizes:

*“.. [t]he right of every citizen to employment is the essential basis and the most effective strategy for generating the necessary political will to provide jobs for all. What is needed is not another job generation program, but a change in social values that will accelerate the natural and inevitable evolution of society, from one in which labor is regarded as a dispensable resource to one based on full human rights and the enormous productive potential of the human being. The type and magnitude of change needed today is comparable to that embodied in President Roosevelt’s New Deal for the American people during the Great Depression at a time when 25 percent of the work force was unemployed, to the Indian Government’s decision to launch the Green Revolution in the mid-1960s to achieve self-sufficiency in food grains at a time when the country was highly dependent on imported food to stave off famine, and to Mikhail Gorbachev’s initiatives late in the 1980s to end the Cold War and transform Soviet society.”[[32]](#endnote-31)*

There are many skeptics in political circles as well as academic and scientific circles who genuinely believe that full employment is simply an unfeasible policy. It is very possible that this outlook has a corrosive effect which initiates this discourse with an assumption of futility. Thus, a critical part of initiating this dialogue is the assumption that a full employment society is a realistic prediction if there is a plausible and wide-spread acceptance of the necessity of this in economic terms as well as the importance of this commitment in juridical and moral terms. In this sense, more may be required to fully explore all the ramifications of the notion of employment itself. This could include not simply the market value of labor but other components of labor that deal with the very nature of human development. An approach is suggested in the Human Development Report of 1990 which stresses that a significant element of the dynamic of employment is embedded in the “capability approach.” This approach suggests that economic measures of labor value are insufficient. For example, a measure like the GDP may unintentionally distort our view of the critical value of employment to individual and social well-being. It may be that the notion of employment seen through the lens of capability would emphasize the production and distribution of freedom as a better indication of human value. According to the Human Development Report, “the basic objective of development is to create an enabling environment for people to enjoy long healthy and creative lives. This may appear to be simple truth but it is often forgotten in the immediate concern with accumulation of commodities and financial wealth.” Central to the capability approach is the insight that social and economic arrangements should have as a key objective the expansion of human capability. This includes the freedom to defend and enhance valuable activity. Central therefore to the stress on capability is the expansion of human freedom in the aggregate in the economic sector. It also permits a clearer link to the fundamental human rights standards which are now the foundation of modern social organization. In short, what is central then to human rights approach to employment is the recognition of “opportunity freedom” (capability) and “process freedom.” These freedoms are then cornerstones of the dynamic of employment both in terms of the conditions of access and performance. The challenge that a focused human rights approach generates is that it compels a discourse about the values which implicate human rights and are part of the culture of labor, skill and employment. This carries a further implication that these values must in turn provide compelling normative guidance for a newer approach to the problem of a commitment to full employment. It may be assumed that the current flavor of dominant economic policy is one that either tolerates or may even tacitly encourage unemployment as an economically efficient mechanism for stabilizing the market, and the dominant business values of self-interest behind it. This means that we must generate a change in the discourse of our values and then look toward a process of those changes being reflected in a wide framework of decision making at all levels for the promotion of full employment. This view is also taken by the International Commission as follows:

*“We must recognize that the present status and functioning of our economies is the result of specific choices that have been made in the past, based on priorities and values that were relevant or dominant at the time, but which we certainly are not obliged to live with indefinitely, and, in fact, are continuously in the process of discarding in favor of new values and priorities. The rapid adoption of environmentally-friendly policies around the world is positive proof of how quickly the rules, even economic rules, can change when there is a concerted will for a breakthrough.”[[33]](#endnote-32)*

**8. Conclusion**

The most notorious fact about the South African and American economy is that for decades we have experienced an inexorable drive to move the overwhelming majority of South African and American citizens to the bottom of the economic system. In short, the expansion of inequality has been an extraordinary fact of the politically inspired economic policies of the neoliberal economists. Radical inequality has the consequence of diminishing opportunity freedoms, thus undermining human capital. By undermining opportunity freedoms, we correspondingly undermine capability freedoms, which further diminish the value of human capital economy.

*“The success and the genius of American civilization has been its belief in human capacity and the critical importance of human resources for national prosperity.”[[34]](#endnote-33)*

President Roosevelt commissioned a draft of fundamental economic rights. This was precocious and came long before we had the foundations of an economic bill of rights at the global level. Certainly, the rights indicated in this draft are rights that could be adopted and amplified to meet the current needs for fully utilizing human capital on a global basis:

• The right to work, usefully and creatively through the productive years;

• The right to fair play, adequate to command the necessities and amenities of life in exchange for work, ideas, thrift and other socially valuable services;

• The right to adequate food, clothing, shelter and medical care;

• The right to security, with freedom from fear of old age, want, dependency, sickness, unemployment and accident;

• The right to live in a system of free enterprise, free from compulsory labor, irresponsible state power, arbitrary public authority and unregulated monopolies;

• The right to come and go, to speak or to be silent, free from the spying of secret political police;

• The right to equality before the law, with equal access to justice in fact;

• The right to education, for work, for citizenship and for personal growth and happiness; and

• The right to rest, recreation and adventure, the opportunity to enjoy life and take part in advancing civilization

Recently, the South African Economic and Social Upliftment Institute developed some proposals to radically infuse human capital with economic dynamism. They believe this is one strategy that will radically reduce poverty and generate great economic equality. The theme of their innovations is based on Nelson Mandela’s Trafalgar’s Square speech in 2005 reading for a campaign to end poverty in the developing world. The institute calls for the creation of a national community economic empowerment cooperative (CEEC). The CEEC will have the following shareholders or beneficiaries:[[35]](#endnote-34)

1. Every citizen of South Africa will be allocated 25 CEEC shares simply by virtue of being a citizen
2. Every very poor citizen shall be entitled to an additional 25 or more CEEC shares based on the degree of their poverty
3. Every person with a disability shall be entitled to 25 additional CEEC shares or more, depending on the scope of the disability
4. Every citizen, who by service is a role model for social improvement, will receive additional CEEC shares according to the scope of contribution
5. Citizens who suffered seriously from apartheid will receive shares as reparations

The report also indicates how the CEEC process will work and how it will be funded. It gives a prognosis on the accretion of values of CEEC shares from five to thirty years. This approach will make ordinary citizens stockholders with interests in major corporate enterprises and will facilitate management and related economic skills for self-improvement.

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