

How can we fix the South African economy and create jobs?

By  Nicci Botha

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President Cyril Ramaphosa's post-election State of the Nation Address was criticised as being heavy on dreams and light on the practicalities of delivering on his rallying cry of economic rejuvenation and jobs for the millions of South Africans who are unemployed. So just what should he be doing to get South Africa back on a growth trajectory?



Philippe Burger, Annabel Bishop, Prince Mashele, Dawie Roodt and Max du Preez

The University of Free State (UFS) recently hosted its second Thought Leader Series facilitated by *Vrye Weekblad* editor, Max du Preez. In the first session, three economic analysts and one truth-telling political scientist teased out what should be done to put the country to rights.

We've been Trumpled

There are two types of growth – export driven and investment driven, said Professor Philippe Burger, vice dean, strategic projects, Faculty of Economic and Management Sciences, UFS.

Looking at an export-driven economic growth, in the current trade wars scenario, South Africa is the little mouse that is being “Trumpled” underfoot, he said.

The other option is overland business, but the African Continental Free Trade Area is still a good 10 years on the horizon. While the Southern African Development Community (SADC) is currently the most successful economic zone on the continent, a lot still needs to be done to facilitate regional trade, such as reducing transport costs.

An investment-driven economy through public-private growth is a better proposition, Burger said. “The core of the call is that government must change its attitude to corporates. The government must make deals with big players in each industry. What’s holding this back is legislation. Corporates also need to open up to partnering with small businesses. State-owned enterprises should also be privatising as much as possible to bring in private equity.”

Blochchain and title deeds

Annabel Bishop, chief economist at Investec, echoed much of what Burger said, adding that “there is a massive deindustrialisation trend”.

While expropriation without compensation is a firecracker debate, she said, the government should rather focus on delivering the title deeds to individuals to whom it returned property, so that they can borrow against their homes to finance the education that will give them the necessary skills to start small businesses. Bishop added that technology such as blockchain could be used to help facilitate the transfer of property, she said.

Build a black industrial class

Prince Mashele, executive director of the Centre for Politics and Research, does not pull any punches about the state of unemployment in the country and who is responsible. He asks three questions:

1. Who are these people who are unemployed?
2. Why are they are unemployed?
3. What must be done to employ them.

“Less than 5% of the people who are unemployed are white. Why? Because they have the skills. We have an education crisis which keeps poor black people from getting the skills they need. We need to set up factories and produce things,” he said.

“The black government has not produced a black industrial class in the last 25 years. South Africa needs to make stuff,” Mashele said.

If you remove mining and manufacturing from the current economy, there would be nothing left, and while there is activity in the construction industry, they are building gated residential estates, offices and malls, and not factories. “And the stuff in the malls is not even made in South Africa,” he said.

He places blame of the current state of affairs firmly at the feet of the African National Congress (ANC). “They have not run a proper modern state in the past 10 years. This was a bunch of fellows who shouldn’t be anywhere near a government office. They haven’t created a legacy.”

Fresh outlook

Dawie Roodt, director and chief economist at the Efficient Group, believes the term “job creation” is a misnomer. “How do you create jobs? Fix the economy and jobs will follow.”

Cutting state spending and reducing the bloated civil service needs to be addressed as do the problems with the “parasitals”, he said. “There are two obvious conflicts that are standing in the way. The internal ideological conflict within the ANC and the clash between the ANC and its partners, Cosatu, especially where adjustments will hurt its members.

We need a fresh outlook. Unemployment is not the problem. The problem is that there are not enough people employed. Similarly poverty is not the problem, but there are not enough rich people, and inequality can be addressed by ensuring the poor are better off.



How can we establish a pro-youth and entrepreneurship strategy for South Africa?

Nicci Botha 10 Jul 2019



ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

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