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TOWARDS A NATIONAL CONVENTION: THE STATE OF SOUTH AFRICA AND FINDING A NEW COMMON VISION

1. Introduction

It is apparent that although South Africa has many positive characteristics, such as a vibrant democracy governed by a modern constitution (supported by chapter nine institutions), with a bill of rights that guarantees individual and collective freedoms e.g. freedom of speech and association, as well as a robust and resilient legal system, the complexity and extent of our problems are overwhelming.

The downward spiral in which the Country finds itself, increasingly over the past few years, has sparked debate about the need to assess the progress made since the agreement for all South Africans was made in 1993/4. It is not only incumbent on any nation to monitor its performance in terms of the set-out goals, but to also review the relevance of those goals given socio-economic changes and/or challenges. Hindsight gives us the tool to see if the plans we made, at that point in South Africa's time, addressed the Country's inherent deficiencies and/or whether it is time to go back to the drawing board.

Expectations were high once South Africa returned to international arena after the watershed of April 1994. In our euphoria, we anticipated that the companies that disinvested, to punish the Apartheid regime, would come back and show confidence in the new South Africa. That hope was misplaced. Instead we were quick to sign international treaties because of globalisation in an effort to play to the investors' gallery. Government was under pressure from local business to relax foreign exchange policy. As a result, big South African companies chose to list on foreign stock-exchanges without the prospect of those billions of rands ever coming back.

Without projecting the potential negative impacts, Government summarily withdrew State interventions in many manufacturing sectors like agriculture, textile, mining and other labour intensive industries. This decision is blowing up in our faces with countries like India and China, using our shores as a dumping ground for their heavily subsidised manufactured goods.

South Africa used to process its own raw materials in factories that contributed significantly to job opportunities. Instead of manufacturing steel, as we once did, we clap our hands at big export deals only to be forced to import refined metal products made from our own raw materials. The infrastructure built to support the fabrication industries have regressed from being mothballed, to the point where they are defunct and nigh irreparable.

We are constantly embarrassed by the lack of accountability of our leaders, the politics of patronage, corruption, cadre deployment and nepotism. The impact of these issues, and the resulting political instability, came to a head with the recent midnight cabinet reshuffle that led to South Africa's downgrade to economic junk status. We must review our electoral system to enhance the accountability of the Country's public representatives. Party funding should be scrutinised to avoid, what has been coined as, the "state capture" of people with doubtful objectives who have many resources to buy decision-makers and influence government policy.

The effectiveness of Government and the capacity and/or quality of our civil servants are cause for concern. A cumbersome bureaucracy, from municipal and district council level right up to provincial and national levels, sap resources and causes critical jobs to fall in-between the cracks and/or results in work being duplicated. There is lack of administrative uniformity in the management of matters like environmental resources and sustainable development. Existing infrastructure is not maintained and very little new, forward-looking development takes place e.g. the electricity and water supply for a growing populace.

There is no respect for the rule of law - from the highest office of this Country, down to the average citizen. General lawlessness and civil disobedience are at the order of the day, with our people violently expressing their dissatisfaction daily. Fundamental problems such as the lack of meaningful transformation in areas like health, education and land distribution hamstring economic emancipation. With high levels of unemployment and poverty, our people are losing hope.

Over the years, the United Democratic Movement (UDM) has campaigned for the review of our progress; especially on the economic front where we had called for an indaba. Our longstanding consultation process resulted in the views of many concerned political parties, academics and analysts being brought on board.

This paper is the result of the collective inspiration of these stakeholders and contains a concise summary of the Country's political, economic and social status to allow for better understanding of the many dilemmas, and to serve as a point of departure in the quest for sustainable solutions.

We wish to table this input and expect that all stakeholders will express their views on how they see the State of the Nation.

This problem statement therefore seeks to set out an overarching assessment of why South Africa, 23 years after democracy, struggles to realise the vision of the Constitution. It is intended to inform discussion among citizens, leaders and activists on what can be done to arrest our problems and provide solutions.

2. South Africa is facing a cluster of crises

South Africa's post-Apartheid economy does not deliver on the social contract enshrined in the Constitution.

In its current form, our political economy cannot rapidly enough address the discrepancy between the society envisioned by the Constitution and the reality. While South Africa has achieved a remarkable level of stability, compared to our African neighbours, and it is democratically sound from an institutional perspective, the lingering socio-economic malaise has begun to undermine these gains.

There is an undoubted challenge around the validity of the pre-1994 settlement (the so-called sunset clauses) which has not delivered on its initial promises. This is compounded by the crisis of legitimacy around President Jacob Zuma and the self-wrought calamities of his administration.

Another contributing factor is the generalised political strain within the governing party and its tripartite alliance partners. There are added complexities around organised labour and the role of the private sector, and the growing populism in our polity is cause for concern.

The economic challenges are a myriad with rising unemployment, acute inequality and poverty, underdevelopment, deindustrialisation and stagnating social mobility - except for a black elite and middleclass who have joined the pre-existing white elite and middle-class.

This development divorces the black middle and professional classes from the agenda of the black working-class and poor, which is where the majority find themselves. It has created a political leadership vacuum for a large proportion of the electorate.

There is a serious problem with the coordination of all stakeholders for effective and efficient mobilisation of resources to drive economic and social development for the beneficiation of all citizens and in particular those locked in the rural hinterland. Institutions of traditional leadership feel that they have been relegated to the periphery of development and that rural development is a victim of this purge.

We are furthermore faced by a growing population of unskilled youth, as well as low economic growth. There is the lingering lack of social cohesion, increases in crime levels, gender inequality and prevalent abuse of the most vulnerable in our communities i.e. the aged and the young.

There is a deep-rooted, universal problem in education at all levels, where significant Government resources are spent, but the situation for most young people has worsened over time due to structural and systemic exclusion from upward mobility.

The challenge to ensure a healthy South African population that is fit to participate in, and grow the economy for inclusive distribution and diversification, must be addressed.

South Africa's problem is that its Constitution is a perfect brochure of the nation it aspires to be, but the contractors entrusted with its future have an entirely different project in mind i.e. an elitist agenda of narrow and vested interests.

3. The legacies of the past

3.1. Pre-April 1994

None of the challenges we face are fundamentally new and many have their origin in South Africa's Apartheid and colonial past. The challenge facing us now is to find mechanisms on how to integrate the rest of South Africans into the economic mainstream.

To solve Afrikaner poverty, past Governments made unashamed use of state resources to extract the downtrodden from the dust. They had their own way of saying: we won't cry foul and fold our arms in defeat. Every conceivable tool was employed to address the burden of poverty and to create jobs.

The current question is, how do we use this same strategy to empower the majority who have been left behind. We can no longer afford to postpone finding sustainable solutions in this manner.

Another legacy we should deal with is that the deals made at Codesa were primarily a political remedy in a tricky situation and it is now argued that it was not a comprehensive answer for South Africa's challenges in the long run.

3.2. Post-April 1994

Compounding the situation is that, since 1994, several economic policies have been rolled out with great fanfare. We went through the motions with:

- 1) the Reconstruction and Development Programme (RDP), then it was
- 2) the Growth, Employment and Redistribution (GEAR), thereafter
- 3) the Accelerated and Shared Growth Initiative for South Africa (AsgiSA), then
- 4) the New Growth Path (NGP), and then
- 5) the New Development Plan (NDP).

We however never had public admissions of failure and did not have a funeral when each of these policies died quiet deaths. They just disappeared.

We now hear much noise on "radical economic transformation", but the sponsors of this idea are unable to articulate exactly what it means. It seems to be more of a "radical procurement process" for the friends and family of the ruling elite.

These aforementioned legacies have precipitated a mismatch between South Africa's political-economy, the nexus of political and economic power, and the society whose aspirations the system is meant to fulfil.

Democracy unlocked the path to political rights for all South Africans, but socio-economic rights have remained elusive for millions. This is not unlike the situations in various African countries with similar histories.

The reality has been masked, for some time, by the State's progressive fiscal spending. Since 1994, social disbursements have favoured the poor in the form of social welfare programmes. Fiscal spending has also financed the huge growth in black professionals employed by the State and parastatals. The private sector has also absorbed a large number of the new black middle class.

None of this has however translated into long-term economic upliftment of the poor, but has rather led to a massive increase in inequality within South Africa's black population.

The State's approach has meant that dependence on it has ballooned in terms of direct cash transfers, as well as the rapid growth of the government wage bill. Simultaneously, State efficiency has degraded due to cadre deployment, corruption and lack of capacity.

Coupled with other State weaknesses, South Africans have increasingly become frustrated with the slow pace of change. People have expressed their mounting dissatisfaction in the form of increasingly violent protests and in the 2016 municipal elections, many had for the first time withheld their vote from the African National Congress (ANC), or voted for opposition parties, particularly those voters in urban settings and the metropolitan areas.

4. Only a few enjoy economic benefits

At the core of these issues lies the fact that South Africa's highly consolidated economy has increasingly benefited an elite at the express exclusion of the unskilled. Except for a small club of politically connected beneficiaries, most people have looked to the State, rather than to business, for relief.

This has translated into economic growth without expansion of the labour market. Business has predictably only invested in shareholder returns and neglected the broader developmental agenda of the State failing to invest substantively in the fundamentals of the economy.

Given South Africa's low rainfall climate, exasperated by climate change, even the agricultural sector has come under strain because of low investment, low returns and rising concerns over the management of land reform and land restitution.

Poorly performing State Owned Enterprises (SOEs) have compounded the situation. For example, Eskom's spectacular failures have precipitated rising energy costs, while rising demands from labour have put old business models in the industrial sectors under cost pressures. All this has, in turn, contributed to a lack of local investment.

These failures, in socio-economic terms, raises questions about regulation and policy; whether job-creating investment by the private sector would be forthcoming without greater intervention of the State? Corporate social responsibility regulations seem to have achieved little by way of mobilising the might of the private sector for the broader national good.

In addition, the stubborn spatial divides caused by Apartheid policies have meant that millions of the most vulnerable South Africans are excluded from participating in the formal economy. Even if there were jobs to be had, they would come at great personal expense to employees in the form of travel-time and costs.

While the informal economy has grown, the influx of migrants from other countries such as Ethiopia, and even as far as Pakistan, has introduced vigorous competition between traders in the informal sector. South Africa's policy of non-intervention in the domestic affairs of, in particular, our African neighbours has inadvertently exasperated this migrant burden. In addition, growing competition from the likes of Kenya, Rwanda, Nigeria and Ghana has reduced South Africa's claim as the preferred investment destination in Africa.

More recently a destabilising youth bulge, a cohort of South Africans increasingly indifferent to the pre- and post-1994 Rainbow Nation narrative, has come to the fore. This is manifest in the emerging "#Fall culture" on campuses across South Africa calling for change in the form of #RhodesMustFall, #AfrikaansMustFall and #FeesMustFall. This is a ground swell that has only begun and is likely to grow in force.

5. New economic regime needed

There are competing accounts of why the status quo has emerged. The narrative emerging from the ANC and its alliance partners is that corporate South Africa and big business, in particular, have not demonstrated patriotism. If this was in place, they argue, it would translate into investment, higher growth and rapid racial transformation.

In turn, big business argues that the failings of the political establishment, and the grotesque shortcomings of the current executive, are at the root of its reluctance to invest.

Narratives from civil society have included criticism of the middleclass and the previously advantaged communities for refusing to share wealth. Emerging from the left is the view increasingly extended by the youth, that South Africa's negotiated settlement was a victory for white monopoly capital at the expense of the legitimate claims of the black majority.

Naturally, given South Africa's exposure to global market forces, there is the view that South Africa is merely suffering from dampened global demand in a post-global financial crisis, post-commodity boom environment. This does not however account for the gains made by the elite. Private capital has consistently delivered returns to shareholders but not in an inclusive, transformative manner of the broader community.

The hard truth is that South Africa has limited options for developing its economy. This is because of the historical interdependence of the Country's economy, and the labour-absorbing sectors in particular, on its large industrial SOEs for cheap production inputs.

The economy has also depended on the super exploitation of abundant cheap black labour and on our plentiful mineral resources, which are however depleting and it therefore becomes more expensive to excavate riches as mines deepen.

Our economic woes have been aggravated by the more recent openness in terms of foreign investment in securities and the currency, leading to declining international competitiveness.

On the one hand, productive capital is in the hands of a few who do not personally depend on South Africa's long term stability and, on the other, political power that is centralised in an elite who is now interdependent on the holders of capital domestically and abroad. Individuals in this elite rely on their political positions, or connections, to sustain their economic advantage.

This means that the bulk of South African society is excluded, both economically and politically, from the means to address their plight and they often are not exposed to the suitable conditions to take an entrepreneurial route to upward mobility.

South Africa's choices are not between a clear and simple "left" versus "right" economic ideology. Its future rather rests on an intricate set of interdependencies that match opportunities for capital with inefficiencies in the national development system.

We need a new economic regime that, over time, dynamically matches the structure of its labour market as skills are developed. South Africa needs a path of productive, distributive growth and development. This would entail harnessing the strengths of the private sector (in the likes of mining engineering, automotive manufacturing, as well as financial and other services enabled by technology), and leveraging these in favour of a developmental agenda.

It will entail Government realigning with a developmental project by taking on the role of enabler, at industry level, through key infrastructure development, policy and incentives. It will require a paradigm shift from the left, away from a focus on the narrow transformation of ownership patterns, to one of entrepreneurship. It will also require a shift from the right, away from a view of short-termism and rent-seeking exploitation, to a fairer social wage and long-term investment.

Currently neither the social capital, nor the institutional mechanisms, exist to bring this about. In particular, the political milieu and business climate have not been created for this form of a collaborative national project to flourish.

6. The role of civil society in finding solutions

Although South Africa is by no means nearing a failed state, as some commentators believe, the Country is moving in an undesirable direction. The only path out, is for the sleeping giant of civil society to awaken to this reality.

Civil society, as a broad coalition of societal actors such as faith based communities, labour unions, academia, non-profit organisations and others, will have to take up the collective challenge of ensuring accountability of the State, Government and the private sector.

Civil society must take it upon themselves to advance the welfare of the poor, while ensuring an attractive environment for businesses and the economy to thrive.

It may mean nurturing a more competitive political landscape to ensure efficiency and a diversity of solutions to our economic challenges. It might mean holding our national champions in the private sector to a higher standard of social responsibility than they would voluntarily adhere to.

We recently heard that Competition Commission South Africa has punished banks and construction companies, amongst others, for collusion. Incidents of this nature do not help our economic situation, because it is tantamount to sabotage and robbery of the fiscus. The finding of state capture by certain companies, countries, families and individuals compounds an already precarious situation. This kind of behaviour sends the wrong signal to would-be investors.

7. Conclusion

Given that South Africa's socio-economic development will likely be a decades-long challenge, it will require a concerted effort from all to see to it that the required institutional mechanisms for good and effective governance are developed and sustained. Thus, ensuring that the social contract enshrined in the Constitution is materialised.

The growing discontent among our people means that there is a narrow window of opportunity to do so before populism overtakes the political and democratic gains we have made since 1994.

The aim of this exercise therefore is for civil society, individual parties, interest groups and concerned persons to present their policy proposals and solutions at the proposed National Convention. The envisaged roadmap towards this National Convention (has so far and) will likely follow the following steps:

A starter Steering Committee comprised of various political parties (which will in future include civil society partners) was formed on 2 May 2017 to attend to:

1. Crafting a preliminary problem statement/State of the Nation (*currently under way*).
2. The involvement of other sectors of society.
3. The Involvement of Government.
4. Funding and logistics.
5. Media and public engagement.
 - Developing a website.
 - Social media interaction.
 - Possible appointment of spokesperson.
6. Sourcing an institution to manage the project.
7. Time-frames.

The Steering Committee should also prepare for the proposed second phase of this process, which is to host a National *Summit* (a smaller precursor to the National Convention) where the leadership of various stakeholders may present their cases on how they see the Country's problems and suggest their version of possible solutions.

The Steering Committee should then be tasked to identify areas of commonality and difference, and condense those views into a presentation at the bigger forum of the National Convention. The National *Summit* may also institute key sub-committees that could consider different issues/topics, for example, land, education, health, etc.

At the National Convention itself, if there is consensus on any number of issues, some resolutions may require Parliamentary and/or Government intervention and/or implementation. It is therefore important that Government should, if it agrees, be brought on board at the first opportune moment. The precedent has already been created with the Codesa negotiations in the early 90s, where Government facilitated the implementation of its resolutions whilst the Country waited for the 1994 National and Provincial elections.

If Government is in accord, any resolutions to be implemented should be gazetted. This has to happen to guarantee transparency so that public funds could be utilised in this justifiable expense, thus ensuring that the National Convention's programme of action is not jeopardised with accusations of state capture.

If Government refuses to play its role, political parties can further this cause in the form of Private Member's Bills. Once the legislative process is thrown open for public hearings, all interested parties, civil society and individual South Africans may take a second bite.

Given that this exercise is for benefit of the Country, the UDM wishes that *everyone* should be involved and this would in a perfect world include the ruling party.

Ideally, we should emerge from the National Convention with consensus, after having identified common policy pillars and strategies, to form the foundation for a prosperous Nation.

We should always keep our eyes on the goal-post, which is that South Africa and her entire people should be the winners.