

The "restructuring" of the South African economy

Following the Zoom discussion with, among others, Profs Piet Naudé and André Roux
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COVID-19 has put many things under the magnifying glass. So does inequality and the state of our economy. The emergency budget of 24 June 2020 underscored South Africa's enormous debt burden. Simultaneously, there has been a lot of voices lately, pleading that the time to "fix things and restructure the economy" is now. Three words that are constantly heard are *inclusive*, *sustainable* and *equality*. The question is what it all means in concrete terms.

I would like to pass on some of the key themes that emerged in the conversation:

1. Relevant, appropriate and quality education

- Three factors that determine success in education are: teachers, management and parents' involvement!
- We must seriously consider two fields of education: technical and academic (cf. Germany's example).
- Universities and trade schools.
- Failure rates are alarmingly high. At 26 universities, 51% of students leave after 5 years without a degree.
- The destructive role of trade unions can no longer be overlooked.
- Without the right skills, people will struggle to become part of any economy!
- Lack of mother tongue in foundation phase and children falling behind and falling out early, remains a major problem.

2. A free market system vs. state control

- The former creates wealth but does not divide it well.
- However, a state does not create wealth.
- The government's temptation for complete state control after COVID-19.
- Correction and state control?
- Correction and tax?
- Semi-state institutions?

3. A shift in the economy (restructuring is under our nose)

- For example, the smaller role of agriculture and mining.
- Percentage of financial and services sector (4th Industrial Revolution).
- Growing unemployment within the new economy.

4. Confidence and lack of confidence: R1.5 trillion available but not invested

- Focused tax (Mauritius example).
- The importance of social cohesion - different narratives within the South African context. The higher the confidence, the higher the investment. Low investment is the direct result of low confidence.
- "We are a state and not a nation."
- Different (ideological) interest groups do not listen to each other properly.

5. Unemployment and job creation programs

- Unemployment is a ticking time bomb (50%).
- Hopelessness - lack of skills.
- Small businesses, entrepreneurs - the future. How do we get there?
- Manufacturing sector. How is it stimulated?
- What can and should be manufactured now?
- Coalition between state and private sector.
- Productivity is a problem. Why?
- PWP - not a solution (a band-aid solution).
- The role of grants and SASSA? Essential, but not sustainable. How do we prevent it from increasing dependency?

6. Should we talk about “restructuring”?

- If we do not want to use the term, what terminology should be used instead?

7. The role of civil society – NPOs

- There are things we can control and things we have no control over whatsoever.
- What can we do now?
- Networks, dialogues with local governments?

8. Shifting the church’s theology?

- What kind of mental shifts should church members make?
- How should member be informed? With what?
- Do we really live in unity, justice and reconciliation? Shouldn't Belhar be re-visited? Many of the terms have become hollow and empty.
- Do we understand equilibrium and balance?

9. Topics we have not discussed sufficiently yet

- Economy and ecology.
- *Wellbeing economy* - Lorenzo Fioramonte.
- Circular economy - Stuchy.
- Sustainable growth.

10. A new economy and a new societal order



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