

## **New complex policies are not what SA needs.** – Daily Maverick 4

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In mid-2019 South Africa finds itself in a situation reminiscent of 13 years ago when, in largely similar conditions, the Nelson Mandela/Thabo Mbeki administration was forced to abandon the Reconstruction and Development Programme (RDP). The RDP was the basis for the 1994 election partnership between the African National Congress and labour.

Instead, the party embarked on the Growth, Employment and Redistribution (GEAR) strategy. The policies associated with GEAR remain controversial. But the reason it worked and the RDP didn't was that it had a specific, limited focus.

Rather than complex co-ordination across numerous government departments, GEAR focused on a few macroeconomic interventions that could be implemented by a small team in the Reserve Bank and the Treasury. The result was unprecedented economic and employment growth until party politics and Mbeki's denialism on HIV/Aids caught up with him.

Elaborate inter-departmental cooperation again lies at the heart of two crucial pieces of proposed government legislation – that on land (reflected in the Final Report of the Presidential Advisory Panel on Land Reform and Agriculture) and health (the proposed National Health Insurance [NHI] scheme).

While the land report is an impressive document, government hasn't yet released an equivalent analysis on the NHI. The land report presents, in clear and unambiguous language, why restitution, redistribution and land tenure is needed. It sets out a "comprehensive approach to land reform that emphasises rural-urban linkages", and the need for "an integrated urban development framework, spatial transformation and a system based on a unitary, equitable tenure system".

Recommendations will be implemented by "critical levers such as coherent, co-ordinated good governance, and capable and well-resourced institutions supported by skilled and capable officials who are focused and determined to implement policies for the benefit of the people".

Like the National Development Plan and the proposed NHI, the problem is not their policy recommendations and compelling vision. It is that in the implementation of these ambitions South Africa is again trying to achieve complex impact that is beyond its capacity.

Few can argue that South Africa's property inequality doesn't need to change, or with the need for a national health scheme that improves health outcomes. But a reading of the land report's recommendations and a review of the centralised implementation modalities of the NHI show that we are again scouring the world for "best practices" and applying them to South Africa as if we had a strong, capable government and a sophisticated, well-educated consumer base. South Africa has none of these.

In an era of the Zondo Commission and revelations about state capture, we tend to overestimate corruption and underestimate the state's lack of capacity and policy overreach. Much of that is due to excessive cadre deployment by the ruling party and rapid efforts at black economic empowerment without an education and skills pipeline to match.

Since the introduction of outcomes-based education in South Africa in the 1990s, government has been adept at seizing and rapidly pursuing policies that other countries with much more capacity have adopted very cautiously, or not at all. Instead of a developmental, capable state, we have a dysfunctional, incapable state at many levels, although there are important islands of competence and even excellence emerging in health, home affairs and elsewhere.

Eventually though no amount of sophisticated policy analysis and innovative packaging can compensate for a situation where burdensome legislation, administration and government interference in state-owned enterprises make it impossible to grow the economy or effectively manage it. Instead of constantly expanding the ambition of government intervention on every level of the economy and society, South Africa must prioritise.

Except for GEAR, the focus of government policy since 1994 has been on redistribution and rolling out services to needy communities. The results are [impressive](#) and often not acknowledged enough. But the country must focus on economic growth.

A recent [report](#) by the Centre for Development and Enterprise (CDE) shows the extent to which a focus on redistribution rather than growth has brought us back to the edge of a fiscal cliff. With debt and public sector payrolls expanding and an economy that consistently grows below government expectations, our options are limited.

Had growth been one percentage point higher over the past decade, CDE finds, government debt would be 44% and falling rather than 63% and rising. Investment would have flowed into the country and not outward, and our tax base would be increasing and not shrinking.

Growth provides options. Without growth or with slow growth (South Africa's current outlook), our future is bleak. In the short term redistribution reduces poverty and improves many human development outcomes, but in the long term growth, if not inordinately skewed, lifts all boats. A growing economy eventually increases employment in the formal sector and the size of the economy.

There are of course few matters that are as controversial as the trade-off between growth and redistribution, with opposing sides well entrenched in their ideological and blinkered fortresses. Hans Rosling in [Factfulness](#) reminds us about 'that irresistible temptation we have to divide all kinds of things into two distinct and often conflicting groups, with an imagined gap – a huge chasm of injustice – in between'. South Africa needs both to grow the economy *and* build an equitable society.

South Africa suffers from extreme levels of inequality and has been caught in a middle-income (or low-growth) trap for several decades. But eventually only robust and sustained growth over several decades will allow more of its citizens to participate in that economy. And only the move towards a class-based instead of a race-based analysis of its society will allow it to shift towards the social compact that is a prerequisite for such growth.

It isn't too late. The recent discussion [document](#) released by National Treasury on economic transformation, inclusive growth and competitiveness goes some way to orientate the debate – to get South Africans to decide on the priorities for the country's future. These are growth with the option of distribution, or distribution and the inevitability of a nation that will become poorer and even more divided.

Instead of the introduction of new, complex policies and arrangements, South Africa needs to prioritise and first fix its existing systems. **DM**

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