

Business needs to step up - urgently

By [Terence Corrigan](#)

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Addressing South Africa's socio-economic failings - inadequate growth, unemployment, poverty and so on - has been the central preoccupation of government since 1994. At least in theory. In reality, counterproductive policy and poor administration have done no small amount to damage the country's efforts to deal with it.



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Business has a great deal to lose in this – it has already, and South Africa's indifferent GDP growth and fixed investment statistics testify to this. But its voice has tended to be muted, its stance accommodating. And therefore, its impact on policy limited.

This may be understandable. Business people are engaged in providing goods and services for a return; they are not policy makers. Besides, relations between business and government have never been easy or cooperative, occasional professions to the contrary notwithstanding. But in a fraught and politicised environment, it is something that imposes stiff costs on the business community – whether individually or in their organisations.

Indeed, as far back as 2009, former finance minister and at that time head of the National Planning Commission, Trevor Manuel, criticised business for failing to stand up for its interests. Trade unions by contrast, he said, were vocal and demanding in pushing theirs.

"There's no counterweight in society and if there's no counterweight you can't have outcomes that actually advance and progress," he said. "If we're going to have cowards in business, we're not going to get very far either. You must have that counterweight if you want that progress."

Edge of the precipice

The past few years have seen the threats that the country faces escalate. Fortunately, there has been some straight talk from some in the business community. Busi Mavuso, CEO of Business Leadership South Africa, memorably, commented a year ago: "I am worried that the ANC doesn't get that we are on the edge of a precipice, they don't get that we have just this chance to get things right, if we don't we will be another failed African state."

Strong words indeed. It's been rare for someone occupying the sort of position that she does to speak in these terms. Not just mildly "disagreeing", or "being fully in favour of the goals but questioning the approach", but suggesting that something is fundamentally amiss. All credit to her.

Indeed, even at that point it was distressingly clear a reform-oriented trajectory was not in the offing. The push for Expropriation without Compensation (EWC) signified this then, and continues to do so now.

Recently, Mavuso returned to this: "Despite the debate over land reform being much needed, we have undermined confidence in property rights.

Nobody makes investments in assets they can't trust will still be theirs in future. We need to conclude that debate and recommit to protect property rights so that investors have confidence that they can put their capital at risk."

This is correct. But it is important to understand correctly what is afoot. EWC is not land reform, and it offers nothing to deal with the failures of land policy – which have little to do with the quantum of compensation paid, and a great deal to do with poor and sometimes corrupt administration, poor project design and an overall lack of real official interest – but holds political appeals.

For some, it offers ideological gratification, addressing historical grievances and dispossessing commercial farmers and widening the state's latitude as the country is driven to a socialist dispensation. For others, it offers potential pickings and enrichment. These two impulses – driving 'leftists' and 'looters' – have together left an imprint on the country over the past decade. Business should not forget this.

In this respect, it was interesting to see that Cas Coovadia, Mavuso's counterpart at Business Unity South Africa, commented that the ANC's draft policy document on post-pandemic economic policy "re-surfaces old ideology and dogma of a significantly increased role in the economy".

Discipline the private sector

Ideology cannot be ignored. There is little to suggest that even the trauma of the pandemic and the lockdown has shifted the approach of the ruling party and its partners significantly. On the contrary, it seems to have emboldened some who see this crisis as an opportunity to "discipline" the private sector. (President Ramaphosa himself has taken to using the language of "radical economic transformation", which cannot be reassuring to business.)

And even as the pandemic continues to wreak havoc on the economy, the National Assembly is reconvening the committee to amend the property clause in the Constitution – and to strip people and companies of a significant element of their property protections.

Business must decide how to meet this. If it hopes for an environment of prudent policy and rising prosperity, it will need to fight for it. This means more than media statements and discrete meetings with politicians. It means being vocal, audible and persuasive about what it offers to South Africa, and what the country needs in order to find the future that it deserves. This means appealing not just to policy makers – although that is important – but to the people of the country at large.

Contesting the drive for EWC would be an excellent place to do this.

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