

Turning political economy crises into opportunities

Agbiz Congress 2018

Mpumelelo Mkhabela

Background

The **Mandela Era**

- Nation building – formation of a unitary state & single citizenship
- Truth and Reconciliation Commission
- Constitution making process
- Reconstruction & Development Programme, Rainbow Nation
- Entrenchment of human rights
- Land reform – legislation on restitution, institution building

Background

The **Mbeki Era**, overlapping with **Mandela Era**

- Implementation of Gear – trade and investment implications
- Technical state building
- PFMA & MFMA
- Preventing and Combating of Corrupt Activities Act
- Ambitious foreign policy

Background

Mbeki Era

- TRC outcome – wealth tax?
- On WMC – enemy?
- Private Sector/apartheid lawsuit
- Land reform: restitution and redistribution
- Land Bank crisis

Background...

The tragic Zuma Error

- The great regression
- Investor confidence nosedive
- Stereotypical African state failure in the making
- State capture
- Capital flight, stagnant growth
- Land reform: Zuma gets cattle from North West BEE scheme
- Free State Estina dairy failure

Background...

The People's Error

- SA a country of big men and their politics
- Citizens take time to respond, but erosion of state capacity affects all
- Response to state capture too late
- Corruption too deep and institutionalised in party politics
- Business response: timid, withdrawal, justify lack of transformation
- Belief that someone, somewhere will fix it
- Individual power of doing right lost

State of affairs...

Ramaphosa: New or False Dawn of New Era?

- Personal wealth as national insurance cover
- Understanding of business environment
- National Development Plan
- Experience: trade union, party politics & business
- Correct priorities
- Receptive of good ideas
- Investment diplomacy
- Problem: flying against headwinds of corruption & incompetence

State of affairs

Lessons from the past...

- Don't be excited that the Zuma **error** has terminated
- Change can be intoxicating; invest in confidence building
- Don't sit back and relax under 'Ramaphoria'; he's crying out for help!
- Don't outsource leadership on the economy
- Political power without economic wisdom = Zimbabwe
- Economic power without political wisdom = Donald Trump's America

What SA needs

A national competitive strategy with the following pillars...

- National competitive ethos – from Bafana Bafana to our agri products
Our national diversity as strength rather than a weakness
- All sectors, including Agribusiness, need competitive strategies
- Our companies must be measured against the best in the world
- Education, health, R&D– measure ourselves against the top
- National culture of competitiveness (successful countries have such cultures to suit their circumstances, e.g. Japan, China)
- Government performance – measure against the performing nations

What SA needs

National competitive strategy...

- Greater cooperation between business and government in Agri-business
- Cooperation among partners domestically paves way for cooperation at external level – e.g. trade/investment agreements and tariffs
- Business must accept imperative to transformation as part of a national competitive strategy, not only because the law says so
- Government must appreciate the importance of the business sector by:
- Using corporate taxes responsibly, not loot & stop casting doubt on the bona fides of SA business people because they are white
- Private companies & SOEs with unused land must give to black people who need it for productive purposes – and give them title on the land
- Land reform: move blacks from status of subjects to full citizenship