

## **Debate by Hon PDN Maloyi: Defining the strategy that will give necessary impetus for tangible economic growth**

ANC's Comprehensive Economic Strategy

National Assembly

22 August 2017

Historical Perspective of South African Economy

The point of departure in this debate, is to reflect on where we come from, where are we and where are we going as country.

The democratic South Africa has inherited an economy which has been premised on colonialism and racial exclusion. This racialised economy has direct bearing on the challenges we face today that is the challenges of unemployment, inequality and poverty.

Our economy, which is largely dependent on export of commodities, that is the mines and agriculture, still reflect the colonial design. It reflects the colonial design of extractive economy. That is the extraction of our minerals and agricultural raw materials to the West. Our commodities are exported, cheaply, to the West and return to our shores as finished, high value added product.

The Freedom Charter provides that the people shall share in the wealth of the country and that South Africa belongs to all who live in it, black and white!

This was a statement of intend, to ensure that the South Africa of the future should create an inclusive economic participation, regardless of race, class, gender and creed.

To add to this, the Ready to Govern document of the ANC correctly outlined 'the need for the restructuring of the South African economy on the basis of new, comprehensive and sustainable growth and development strategies in all sectors of the economy. The document also identified 'that racism and sexism are present in all areas of economic activity in South Africa. The ANC will ensure that all aspects of economic policy address this situation and transform it in accordance with democratic principles of non-racialism, non-sexism and the equality of all South African citizens'.

We are at the point in history where certain difficult choices has to be made to reverse the legacy of colonialism and apartheid.

A historical moment which Karl Marx correctly captured in the following words 'men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly found; given and transmitted from the past. The tradition of all dead generations weighs like a nightmare on the brains of the living!' .

As a Movement and a leading party in government since 1994, we have and continue to implement policies which are geared towards responding to these circumstances, circumstances not of our own making. The disparities, unemployment, poverty and inequalities, which has a bearing on our racial past, still weigh like a nightmare on us. So we indeed had to make difficult choices to address the past legacy of exclusion and deprivation of the majority of our people.

We are in a phase in the second phase of transition. This phase underscore the successes our government has registered in the past 23 years, and challenges of the past legacy of apartheid, and new challenges that continue to face us.

#### South African Economy in Context

Our economy has registered unprecedented growth from early 2000 towards the end of the decade. Statistics South Africa's labour force survey between 1994 and 2014 shows that in 1994 the number of skilled, semi-skilled and low-skilled labour force was at 8.9 million, while in 2014 the number was at 15 million. This is almost an increase of over 60 % from the one in 1994. The highest growth in labour force between 1994 and 2014 was experienced in black African employment .

The reality of the global economic recession of mid 2009 has had a serious knock on our economy. There were signs of economic recovery from 2010 until around 2014 . As a country, we are now facing a technical recession. We therefore, have to act in a radical way to get ourselves out of this technical recession.

The recent World Economic Outlook published by the IMF, projected that economic activity will pick-up in 2017, especially from emerging markets and developing economies. Notable negative risks to activity includes a possible shift towards inward-looking policy platform and protectionism. The world has witnessed the growing sentiments from the West regarding inward-looking and protectionism. The increase in oil price has not assisted the situation .

The projections indicate that economic activity in emerging markets will be 4.5 % of the total world output. South African GDP is projected to be around 0.8 %. Added to this is the uncertainties regarding Brexit. We have been assured that Brexit will not be 'chaotic' to world economy, we shall observe developments from UK on its exit from the EU with great interests.

On the African continent, Nigeria and South Africa, two of the biggest economy on the continent are facing technical recession. This will require an urgent response to get these economic powerhouse of the continent out of recession.

The Quarterly Labour Survey of 2017 shows that unemployment rate is at 27.7 %. This is worrying, and it requires that we act speedily and radically to transform and stimulate our economic growth so that the economy can preserve and create new jobs. However, there is noticeable increase in employment in the manufacturing sector, finance and other business service .

The mining sector has experienced growth in employment in the first quarter of 2017. However, the recent negative developments reported in the mining sector, in particular the issue of Bokoni Platinum mine in Sekhukhune, Limpopo, which will possibly be closed down and be put under maintenance, is a cause for concern. Thousands of workers are facing a possibility of losing their jobs. These developments require our urgent attention to alleviate job losses.

Some of the concerns raised during the financial sector transformation hearings by Parliament, were about the slow pace at which private sector, in particular the banking sector, adhere to BEE codes for transformation. The concern is that the sector is not transforming, and that it plays a minimal role in the broader transformation agenda, in particular, to assist SMMEs with financing. In this context, the potential for economic growth through SMMEs is hampered.

These developments calls on all of us to aggressively, advance radical economic transformation. Our people can no longer wait any further!

### Policy Initiatives for Economic Growth

The ANC 2014 Manifesto outline the pivotal role which the State should play in economic growth and development. The Manifesto emphasise on the capacity of the State to drive consolidated industrialisation and infrastructure development programme for inclusive growth. The need for the promotion of local procurement to increase domestic production and creation of decent jobs. To put the provisions of the Manifesto into practice, government through the department of Trade and Industry, will develop more competitive and diversified economy with a higher global share of product as outlined in the Industrial Policy Action Plan.

IPAP seek to ensure that the ownership, management and control of the economy is increasingly in the hands of black people . This will be done through the Black Industrialist Programme.

We have developed the New Growth Path whose object is to create decent jobs, reducing inequality and defeating poverty. The New Growth Path has identified among others, infrastructure, mining, manufacturing, agriculture and tourism as growth drivers.

The Minister of Finance has developed a 14 Point Plan to get our economy out of the technical recession. The 14 Point Plan are in line with the Nine Point Plan outlined by our President, consistent with the vision of the National Development Plan. The 14 Point Plan has identified, among other things, the need to leverage public procurement with the objective of finalising complementary fund aimed at financing SMMEs in start-up phase. Another plan is to engage with civil society, labour and industry on the Broad-based Socio-economic empowerment charter for the South African Mining and Mineral industry.

### Conclusion

There is evidence of progress made in our country since 1994. Our economy

is fairly inclusive, black Africans have experienced increase in employment, and they are climbing the skills ladder. Our infrastructure is way different and better than the one of 1994. We have experienced an unprecedented economic growth in the 2000s.

However, the global economic recession of late 2000s has affected our economic growth. Our government has correctly taken measures to transform and stimulate economic growth.

The National Policy Conference of the ANC has recommended that we should look into the issues of further advancing infrastructure development, agrarian reform, skills development, diversification and beneficiation of the mining, agriculture and energy value chain. The NPC further emphasised that state owned enterprises should be capitalised and capacitated to perform well and advance the developmental agenda. It is also important that government and public sector in general, procure locally to advance radical economic transformation .

These policy proposals are within the context of advancing the immediate tasks of the Movement in the economy. These tasks relates to reigniting economic growth, creating decent employment, to fundamentally change the racialised structure of the South African economy through broad based and wide-ranging black economic empowerment.

Our people are poor!

They cannot wait any longer!

We must act now and act decisively!

To change their lives for the better!

I thank you madam Speaker