

If we don't fix SA soon ... Daily Maverick 16 August 2019

We cannot continue to obsess about leaked emails and the endless power struggles of ANC factions while our country is facing its biggest threat since the start of our democracy.

If we ignore lessons from other countries, we are doomed to repeat them ourselves. Just north of our border, 2.5-million Zimbabweans are now food insecure and face an awful and uncertain future. By 2020, 5.5-million people will need food assistance. We must learn from this what happens when you gamble with your country's food security. Elsewhere, Venezuela has become a failed state thanks to a socialist government still clinging to the dream of a system that hasn't worked anywhere else throughout history. We don't seem to be paying too much attention to this either.

But even more pertinent right now is the situation in Argentina, where the largest IMF loan in history has forced spending cuts on to the country that are entirely beyond their control. This is what happens when a popular, supposedly business-friendly president (does this sound familiar?) fails to revive a flagging economy. He ends up with no choice but to go hat in hand to the only source of a bailout and accept whatever conditions they impose. Argentina's currency has been smashed into the ground, and its crippled economy is being managed by remote control.

Will our government learn from these examples? Judging by the issues that occupy the bulk of its time – and therefore most of our daily discourse – I am not convinced it will. Whenever I travel overseas, I'm always amazed to look back at South Africa, with the benefit of distance, and see just how easily we are distracted by relatively inconsequential sideshows at the expense of the critical conversations that should be taking place.

All the things we are so feverishly discussing now – the National Health Insurance (NHI) Bill, Expropriation without Compensation (EWC), the National Minimum Wage (NMW), the mandate of the Reserve Bank along with the endless soap opera of the ANC's internal war – are red herrings when compared to our looming disaster. We are running out of money and we seem to be doing very little to fix this.

If we don't stem the bleeding right away, all those other conversations will simply become irrelevant because our economy will collapse. At the risk of sounding alarmist, I think we have a year to make meaningful reforms or resign ourselves to this looming disaster.

We cannot continue to obsess about leaked emails and the endless power struggles of ANC factions while our country is facing its biggest threat since the start of our democracy. This internal ANC war has put South Africa on hold, and the best thing for both country and the party would be for it to split. We cannot be held to ransom in its factional battle, like children in a messy divorce. I didn't enter politics in order to help rescue one ANC from the other, and this is not the responsibility of millions of voters either.

We're in a crisis, and every willing partner needs to focus only on this and work together to overcome it. The time for pointing out whose side of the boat is leaking more has long come and gone. Our entire boat is sinking. And typically a boat will sink slowly before it suddenly starts sinking fast. We will all go down with it if we don't immediately shift the conversation away from the sideshows and on to the critical reforms needed in our economy.

Key to any economic recovery plan has to be a system of triage, whereby we prioritise our actions based on the severity of the threat. Right now our biggest threat is the perilous situation at Eskom. The hundreds of billions of rand of taxpayer-sponsored bailouts committed to the utility with no real strings attached is like a fatal bullet to our economy.

Unless we fix the underlying problems, those bailouts will not only fail to save Eskom, they will bankrupt our country and plunge our people into despair.

There are four things that need to happen immediately at Eskom:

First, we need to appoint only the best possible people to the board and senior management. Cadre deployment is what got us into this situation in the first place. If the government persists with hand-picking inexperienced party-loyalists to head up the utility, nothing will change.

Second, we have to administer the “bitter pill” of retrenchments and salary cuts at Eskom. This is a tough conversation that needs to happen, and we need a president who is prepared to do this. When overpaid Eskom managers threaten strikes and load-shedding if they don’t get yet another pay hike, as they did earlier in August, the president needs to call their bluff.

Third, we must immediately cancel all corrupt contracts with the power utility. Until this happens, we will not have closed the chapter on the looting that was allowed to take place there over the past decade.

And fourth, Eskom must be split into separate generation and distribution entities, and our grid opened up to more energy suppliers. Again, this means standing up to the blackmail of the unions, but it needs to happen.

If we don’t do all of these things right away, Eskom will drag us down. And then we will look back at all these other distractions and wonder why we couldn’t see the big, urgent picture at the time.

Once we have successfully done this and staved off the immediate fiscal threat, there are several other areas of reform that must also receive our focused attention long before we start dreaming of unaffordable – and often counterproductive – programmes like NHI, EWC and NMW.

We need to reform our labour regime to make us competitive and productive in a global economy. Some of this can be done straight away through changes to regulations around minimum wage exemptions and by abolishing the extension of collective bargaining agreements to entities that weren’t party to the agreement. Some of it will require changes to legislation, such as replacing a national minimum wage with regional and sectoral minimum wages, which will take a little longer. But all of this needs to be done.

We also need to look at ways to reform and revitalise our big job-creating sectors like manufacturing, tourism, mining and financial services. We must not only find ways to incentivise growth and job-creation in these sectors, but also gear them for a fast-changing future in which technology, climate change and the proliferation of disease will play a far bigger role.

Then we need to realign our foreign policy away from this obsession we seem to have with the Chinese Communist Party, and towards one in which trade alliances with many different role-players is the central objective. We need to go beyond just an African free trade area and consider a local SADC version of the ASEAN coalition, so that we can begin to create bigger markets and trade with more countries.

If we want to halt our country’s slide and offer millions of excluded South Africans hope for a better future, it will have to be through bold interventions such as these. It will only happen by freeing up our economy to allow businesses large and small to do the heavy lifting when it comes to creating jobs. It won’t come through tinkering around with populist policies which we can neither afford nor implement, and which will end up doing more harm than good.

South Africa needs a new beginning. We have to stop talking and do the work. If this requires a split in the ANC, then I am all for such a split. In a new, realigned political formation, the DA will work with any party, organisation or person who shares our principles of constitutionalism, non-racialism, a market-based economy, the rule of law and the eradication of corruption. Because South Africa we all want can only be built on these principles. **DM**

