

**SOUTH AFRICA'S STATE OF THE NATION ADDRESS OUTLINES
FANTASIES AND IS SKETCHY: RADICAL ECONOMIC
TRANSFORMATION IS BASED ON ALTERNATIVE FACTS AND IS
MERE POPULIST RHETORIC BY THE PRESIDENT OF THE REPUBLIC
AND THE AFRICAN NATIONAL CONGRESS**

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ABSTRACT

The paper attempts to outline the South African Presidents State of the Nation address (Sona) delivered to parliament and the nation in February, 2017. In so doing the author posits that, it was a speech that outlined fantasies and outlined very sketchily, what exactly is meant by radical economic transformation. In other words, it coloured the outline of radical economic transformation. Three years running now, the State of the Nation Address has been marred by a riotous assembly that, tells its own story of the state of the nation. After the thunder, the president's speech was an anti – climax and, brought no hope for a beleaguered economy that is reeling and is on a downward spiral. In other words, radical economic transformation as an economic model for South Africa is so wooly, it will be impossible to implement the author contends. This is exemplified by the all – embracing reality that Sona talk is cheap and indicates in no uncertain terms that, the African National Congress as the ruling party is full of rhetoric and trips over itself to unpack and decode the phrase radical economic transformation. It has to be realized that, the author posits that after the ratcheted up radical economic transformation rhetoric, the president and finance minister may soon stumble on a terrain potholed by 'alternative facts.' The paper therefore looks at the 2017, South African state of the nation address from a critical perspective. At the same time, it looks very briefly at the Finance Minister's subsequent balanced budget and, the praise that was accorded him, in spite of the attack upon him by the president's populist acolytes, who want him to be removed, in spite of his sterling performance in most difficult economic times for South Africa.

Keywords: State of the Nation, Fantasies, Sketchy, Scenario, Radical Economic Transformation, Inclusive Growth

1. INTRODUCTION

President Zuma's state of the nation address (Sona) delivered to parliament and the nation in February, 2017 has been described as a watershed moment by some within the governing party (ANC) who remain loyal to him. Granted, unlike his other Sona speeches, where he just rattled off old statistics about who has access to water and electricity, and repeated old promises, this year's speech had a specific theme of radical economic transformation. The picture he painted of how few black people are involved in controlling the levers of the economy, whether by ownership or management, is staggering. There is no doubt that we have a long way to go and interventions are important. He correctly pointed out, the skewed nature of ownership and leadership patterns must be corrected. There cannot be sustainability in any country and within any economy, if the majority is excluded from participation in the economy.

However, according to the City Press editorial (2017:2) "President Zuma spoke as if he had assumed power only last week and had suddenly unearthed all these anomalies. He has been president for seven years and this unbalanced economic picture has always existed. What has he done all this time? It has to be placed on record and registered that, the president of South Africa is selling the nation a dud in terms of economic policy." He has all the instruments he needs, including BEE laws (Black Economic Empowerment), employment equity laws and business charters, which he could have used to change the situation over the past seven years of his tenure as president. He has no record of being firm on the enforcement of these instruments. Instead, he has spent most of the seven years fighting factional battles in the ANC, getting cosy with a dodgy family, building a safe and secure compound, as a homestead, in the rural village of Nkandla, in his home province of KwaZulu Natal, at a cost of R240 million(s) of tax payers' money. The Constitutional Court, ruled against him because of the Public Protector's 2016 State Capture Report, (in this regard) and, indicated that he had compromised his oath of office. Opposition parties have urged him to resign but the ruling party has unflinchingly supported the president in spite of the fact that, over 700 criminal charges hang over his head and, he has giggled his way through continuous Sona speeches.

With just two years of his presidency left, he seems to have found a new cause that he can make promises about, and then promptly return to ensuring that the next elected ANC leader is not someone who would prosecute him. Almost every year, president Zuma has spoken about the expansion of infrastructure and how that can be used to boost employment, but not much has come of it" (City Press, Editorial, 2017:2). The author recognizes that most big corporations have not embraced the cause of transformation and are content with the bare minimum of compliance. But, it is felt, instead of coming up with a new basket of promises, only to disappear until February next year (2018), when the next Sona speech is delivered. Zuma and the ANC

must govern effectively and enforce existing transformation policies and not each year rehash grandiose plans. If this is done the results will follow.

2. METHODOLOGY

The paper is a critique of South Africa's 2017, state of the nation address. The author limits and positions the paper to an analysis and critique undertaken on his analysis, and also uses articles that appeared in the popular press, including prime time news items that appeared on South Africa's three main television networks, to enhance the narrative. This does not dilute the thrust of the paper and what it sets out to achieve. The classical research method is therefore not used to articulate the content of this paper.

3. AIM OF THE PAPER

The aim of the paper is to look at the concept of the issue of radical economic transformation as outlined by the president in his state of the nation address (2017) and to critique the content from a policy perspective. The subsequent 2017 budget tabled by the Minister of Finance will also be discussed sparingly throughout the discussion in this paper.

4. OBJECTIVES OF THE PAPER

- To understand the concept of radical transformation as a new policy imperative of the South African State.
- To elaborate upon the challenges that confronts the South African State in terms of policy certainty.
- To elaborate upon the issues that was outlined in the state of the nation address as presented by the president.
- To determine whether the policy statements made in the president's speech are feasible and implementable, in terms of the 2017 budget or if they are 'fantasies' that, colour a sketchy radical economic transformation policy, in order that the ANC as the ruling party, is attempting to seek the moral high ground, given its loss of popularity at the local elections in 2016.
- To determine, if the ANC's policy on radical economic transformation enunciated by the president, is too woolly that, it will not be realizable and almost impossible to implement.
- To concientize the serious reader and the population at large that, the economic policy of the current government is out of kilter and that, this radical economic transformation will not work because, it is populist in its formulation and, does not

speak to basic transformation of the economy, in terms of inclusive growth and, that such a policy, will not deal decisively with unemployment, inequality and poverty that has ravaged the country for a protracted period of time and, since the inception of democracy, post 1994.

- It is hoped that other researchers will undertake further research in this regard and look at the Sona speeches of President in depth during his two terms as president of the Republic of South Africa.

5. VALUE OF THE PAPER

The papers value cannot be underestimated because the South African population is being hoodwinked year after year, in terms of policy imperatives announced by the president of South Africa and the ruling government. Their announcements in terms of intervention strategies to stimulate the economy have come to naught for a protracted period of time. The value of this paper is therefore couched in simple terms, in that, it must be readable by any audience and, deals with complex issues that must be clearly understood by South Africans of all walks of life and as citizens within a democracy.

6. ETHICAL CONSIDERATIONS

There are no ethical considerations in respect of this paper. This is because the issues raised in this paper are raised in the popular South African press and is of public knowledge. Further, it is a critique of the state and is not personalized attack on the president or any other politician in the country. Narratives of this nature assist the political discourse within the country and therefore, a paper of this nature is par for the course, and is aimed at enhancing South African democracy.

7. CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations are dispersed throughout the narrative, critique and discussion of the paper. In addition, at the end of the narrative and discussion in this paper succinct conclusions and recommendations are provided in some detail. Papers of this nature lend themselves to this methodological approach and, other research inputs discussed and outlined above.

8. DISCUSSION

a. Riotous Assembly Tells Own Story

It is ironic that in 2017, when South African divisions are more pronounced than at any time since the fall of apartheid, the theme for the Sona address was “The year of Oliver Reginald Tambo (The late president and intellectual of the ANC) unity in action together moving South Africa forward” (Myende, 2017:15). This is misleading on two fronts. First the caliber of leadership personified by Tambo, the humble but resilient servant of the disenfranchised peoples of South Africa, compared with the tainted legacy of President Jacob Zuma. Second, and more imperative than character variances, 2017 sees Zuma at the epicenter of the largest divisions sown by anyone since apartheid within and outside the ANC. The speech took place against the backdrop of 94 mentally ill patients that died under the watch of the Gauteng Provinces Department of Health and by implication under the watch of the National Department of Health and, therefore, under the leadership of President Zuma. The ANC speaker of the house refused a motion put forward by opposition parties that, parliament bow their heads in a minute of silence. The President was in the house and the ANC thus lost and missed the opportunity to unite the nation and opposition parties, but rather sowed further division and lost completely the moral high ground. The Sona speech was delayed by almost one and a half hours as the nation saw a riotous assembly for three years running and, scuffles with parliamentary security on the instruction of the speaker to evict certain opposition parties from the house.

The opposition argued that the President of South Africa cannot address the house and nation because the Constitutional Court had ruled that the President of the Republic had transgressed his oath of office and therefore, should have resigned. Such a motion had previously been brought to the house to pass a vote of no confidence against the president, but lacked support from the majority of ANC Members of Parliament. This is the state of affairs of the body politic of the Republic of South Africa with ruling politicians supporting corruption and anarchy. Technically ANC members of parliament and the sitting cabinet should have resigned en mass, but they chose to stay, nursing their high salaries and the perks that go with the job. In other words these politicians have lost the moral high ground and have eroded the moral compass of sound values, integrity, honesty, and have trampled upon the rule of law and indeed the Constitution of the Republic and, therefore, have no right to be the leaders of the nation. They erode their so – called liberation revolutionary credentials, if they possess any, and have done the country a great disservice and, for all intents and purposes should be charged in a court of law, for transgressing their own oaths of political office.

According to Myende (2017:15) “The president’s address should be understood in the context of the domestic, regional and global political climate. Nationally there are areas of concern, including the sluggish economy which hinders the achievement of the National Development Plan’s (NDP) objectives. The unrest in higher education poses a problem in getting skilled labour efficiently to remedy the high unemployment, the rise in xenophobic violence, endemic

corruption, together with a myriad of other challenges that have not been addressed in nearly 23 years of democracy, post 1994.” On the other hand and particularly at the regional level, the conflict in South Sudan, the Democratic Republic of the Congo, the Gambia and so on, and the worsening crisis in Zimbabwe, Lesotho and Swaziland, all require decisive leadership from Pretoria. Globally, the rise of national protectionism, personified by Brexit and the US presidency of Donald Trump, the onslaught on immigrants and the rise of right wing extremism in so many of the so – called mature democracies in the West. Placed in context in respect of all of the above the president did not present sufficient insight and direction with regard to the state’s approach to these vexing and important issues, including the Palestinian question, the crisis in the Middle East with particular reference to Syria, Yemen, Libya, Iraq and a host of other frightening political scenarios unfolding within the ambit of the geopolitics of the world.

Put plainly, the speech was an anticlimax from the hair raising events that had preceded it (Myende, 2017:15). His speech was dull and detached of emotion and perspective. He presented the same milestones the ANC speaks about in every Sona, namely land distribution, economic transformation by using the new phrase radical economic transformation but, not outlining what this really means, education, housing, health and energy. Land distribution has been argued since 1994 and the government’s role was to facilitate the return of land to the rightful owners after the apartheid legacy of misappropriated land. But most land is still in white hands. The government programmes to solve this problem have been largely unsuccessful. The rhetoric of radical economic transformation is not new either. In this regard, various economic programmes by the government to bridge the gap have largely failed at delivering sustained economic transformation to the people. As Myende (2017: 15) points out that “Planning to drive economic revolution by using small and medium enterprises for government procurement has failed. The 94 deaths resulted from a failure to effectively put this policy into action. This failure is as a result of poor tender processes that enable corruption and funneling off the government funds to official’s pockets through patronage.” The issue of radical economic transformation is a damn squib because it is directed to empower South Africa’s black elite, government officials and politicians. Perhaps, the era of looting will be further enhanced and consolidated.

8.1 The President’s Fantasies

In South Africa it is the question of the warring political blocs within the ANC, patronage versus prudence. The Minister of Finance and the Treasury stand for prudence and austerity in very difficult economic times, but the president and his supporters within the party (ANC Youth League, ANC Women’s League, Ministers beholden to the president and others, by virtue of patronage politics) want the Finance Minister fired because they want to wrest control of the Treasury and the country’s finances, on the basis of doling out patronage. Patrick Bond (2017:9)

in this regard states that “After the radical economic transformation rhetoric was ratcheted up by the president, both the president and the finance minister may stumble on a terrain potholed by what a Donald Trump aide approvingly terms ‘alternative facts.’ Zuma, did at least include a belated definition of what he meant by radical economic transformation. In this regard Bond (2017) states that the president indicated fundamental change in the structure, systems, institutions and patterns of ownership, management and control of the economy in favour of all South Africans, especially the poor; the majority of whom are African and female.” Given President Zuma’s distortions of reality, though, might this simply degenerate into another episode of talk left, walk right. We exemplify this further as follows:

- i. Labour Capital Harmony:** The president’s hope is for a ‘harmony model to emerge. However, “Workers are angry because the World Economic Forum’s 2016 – 2017 global competitiveness survey ranked South Africa’s co – operation in labour – employee relations, worst anywhere in the world for the fourth consecutive year” (WEF, 2016 – 2017); with a rating that continues to sink. This is further exemplified by “The state’s cooperation with big business, characterized by corruption and in this regard, Treasury’s procurement officer Kenneth Brown revealed last November that R233 billion a year out of R600 billion (almost 40 percent) in annual procurement was lost to supplier overcharging. He further stated that a PWC Report ranked South African corporations as the world’s most engaged in “economic crime,” at 69 percent, well ahead of the French and Kenyans.” It is thus obvious that there is no unity with a host of stakeholders particularly the Labour Federation (Cosatu), who oppose the minimum wage formula, the imposition of a ballot prior to strike action and so on. The question arises as to what Zuma might do to reverse the high unemployment (official figures 27 percent, unofficial figures 42 percent). In this regard, (Bond, 2017:9) states that “Government runs effective poverty alleviation programmes such as the Expanded Public Works Programme (EPWP). This work pays just R84 per day and leaves families below the poverty line.”
- ii. Housing and Services:** From the Sona speech it can be gleaned that some of the president’s comments about housing and services were also fantasies. The Sona speech (2017) outlined that “Government provided more than four million houses since 1994. To date nearly seven million households have been connected to the grid and now have electricity.” Africa Check (In Bond, 2017) “Found that three and not four million houses were produced in this period and that, many houses were of the most inferior quality.” As for electricity the president argued that “Eskom’s build and maintenance programmes helped

ensure stability and an end to load shedding” (Sona, 2017). Bond (2017) points out that “The president failed to mention that 14 percent crash in electricity demand led by mining and smelting firms. Power cuts ceased after the mid – 2015 commodity price crash and the massive dumping of Chinese steel shuttered mines and smelters.” It is true that millions of houses were connected to the electricity grid since the early 1990’s, but then how many millions were also disconnected due to inability to pay, especially after the 300 percent price hike since 2008? Examples of this nature are numerous and were not explained in the speech and encompass the supply of water, the provision of sanitation, the lack of payment for services by numerous municipalities, poor school and health infrastructure over decades and, the added scourge of corruption in the provision of these essential services.

- iii. World Economy:** His analysis was shaky in respect to his prediction” “We will continue to partner with the US and work together on issues of mutual interest such as the full renewal of the African Growth and Opportunity Act (AGOA).” Donald Trump will most probably prove to be his nemesis. The president bragged that South Africa “successfully avoided credit ratings downgrades” (Sona, 2017). This is patently false because, there were several downgrades last year (2016). And although last December, Standard and Poor’s did not push the sovereign rating all the way to ‘junk’ status, it came close when lowering the country’s long – term local currency rating on South Africa to BBB. As for the supposed “Decision to establish the Brics rating agency” by the Brazil – Russia – India – China – South Africa leaders in Goa, (India) last September, the commitment was merely to explore the possibility of setting up an independent Brics rating agency based on market – oriented principles.” (Brics Summit, 2016, Goa, India).
- iv. International Criminal Court:** The fact that the Constitutional Court, overturned the decision of the government to leave the ICC because of its irrational decision not to prosecute President Basheer of the Sudan, for crimes of genocide against his people, is a clear indication of a South African government that transgresses international law at its own whims and fancies, transgresses the Rome statutes that it signed and, then justifies its stance to quit the ICC, is a clear indication that South Africa’s human rights credentials are being flouted by government and, it is therefore, at a tangent with international law and the principles of democracy. Technically, its foreign policy is in dire straits.

v. **Alternative Truths about Fiscal Austerity:** It is obvious that a different narrative will enter the equation when the Finance Minister delivers the budget speech for 2017. This will not encompass the president's wish list and the ANC's demands given the dire state of the South African economy. This will be premised on fiscal prudence rather than rhetoric and, the Minister of Finance will not play to the gallery but, will serve the interests of the country rather than appeasing the president, his populist chorus, and politicians. He will stick to the trajectory outlined in his mid – term budget, which he did in his February, 2017 budget, and for this, he will therefore, bear the wrath of populist ANC cadres, who have asked for his dismissal. Given the adverse balance of forces, the Finance Minister is fending off attacks from Zuma's allies, a downgrade by Standard and Poor's looms large, and pressure is rising from diverse leftist groups such as #FeesMustFall, trade unions and service delivery protesters. It is obvious therefore that, Treasury staff is hardly likely to radically transform anything. Bond (2017) points out that "Oliver Tambo, who was president of the ANC from 1967 to 1991, said "It is inconceivable for liberation to have meaning without a return of the wealth of the country to the people as a whole. To allow the existing economic forces to retain their interests intact is to feed the roots of racial supremacy and exploitation, and does not represent even the shadow of liberation." The manner in which the current ANC has usurped economic power in collusion with monopoly capital, and, the consolidation of neoliberal policies speaks to a narrative of an internal hegemony of the elite, at the expense of the poor. This is the reality that South Africa and the masses have to confront and endure.

8.2 Colouring the Sketchy – Radical Economic Transformation Narrative

Generally President Zuma was vague on the content of his numerous glib phrases. Basically, he defines radical economic transformation as racialized regulation by the government in the most lucrative areas of the economy where, the belief is that black people are under – represented. According to Jan Joubert (2017:15) "Justification for the racialized prism through which he views radical transformation, he listed the ways in which apartheid and, before that, colonialism and segregation, had allowed race and class to overlap, to the extent that they had almost become interchangeable, with this largely persisting to this day." Zuma in the Sona speech (2017) noted that "White households earned at least five times more than black ones, according to Statistics South Africa. Only 10 percent of the top 100 companies on the Johannesburg Stock Exchange (JSE) are owned by black South Africans, directly achieved, principally, through the black

empowerment codes” (Sona, 2017). However, according to the Commission for Employment Equity statistics (2016) ‘The representation of whites in top management is 72 percent, with Africans at 10 percent, coloureds at 4.5 percent and Indians at 8.7 percent.’ Zuma held that the “skewed nature of ownership and leadership patterns needed to be corrected. There can be no sustainability in any economy if the majority is excluded in this manner. The business community accepted these imperatives. He stated the dictum of his version of radical economic transformation: the state will play a role in the economy to drive transformation. The government will utilize to the maximum the available strategic levers, including legislation, regulations, licensing, budgeting, procurement and broad – based Black Economic Empowerment (BEE) charters to influence the behaviour of the private sector and drive transformation” (Sona, 2017). All of these were available to him during his tenure as president but, he chose to nothing about it over the last eight years and, it is hardly likely that he will do anything tangible in terms of radical economic transformation in his remaining two years as President of the Republic.

He further stated by instruction that “The state spends R500 billion a year buying goods and services, and R900 billion on infrastructure building and maintenance. These budgets must be used to achieve economic transformation. That new regulations making it compulsory for big contractors with state contracts to subcontract 30 percent of business to black – owned enterprises were gazetted on January 20, 2017” (Sona, 2017). All of this is well and good, but the president made no mention of how the government would combat the twin evils of fronting and fly by – nights lacking the proper skills, capacity and economy of scale to finalize projects. The public will become the ultimate loser. He made many statements but did not outline the government strategies to achieve his imperatives and coloured the reality of a rather sketchy outline of radical economic transformation. The presidents understanding of radical economic transformation is racially motivated and breakdown the imperatives of the much desired social cohesion narrative in a historically divided nation.

8.3 ANC Trips Over Itself

Under the circumstances, it has to be appreciated that radical economic transformation is so woolly that, it is impossible to implement or for that matter to monitor. The phrase radical economic transformation has been doing the rounds in the ANC for some time, but it was only when it emerged from the mouth of the president during his Sona that this new phrase gained prominence in the South African political discourse. Bronwyn Nortje (2017:17) “Contends that as yet, I have yet to figure out if the use of this particular phrase is deliberately vague in that, it provides broad scope for the government to engage in a wide range of potentially damaging economic policies and, without actually stating them, or if it is just useful rhetoric to counter the success of the Economic Freedom Fighters (EFF’s) “populist” messaging. It could also simply be

another example of the ANC falling into the trap that, so many post – liberation governments fall into, in using unintentionally ill – defined terms when they lay out their plans for the future.” Fortunately, many ANC stalwarts have tried to explain as follows: The Chief Whip of the ANC Jackson Mthembu said “Transforming the economy required transfer of ownership of land as well as the support of black entrepreneurs and transformation of the financial sector. You cannot talk about transforming the economy of the country when the very people who are supposed to be an active part of that economy have no land.” Beleaguered Communications Minister Faith Muthambi says “Economic Transformation has become the hallmark of President Zuma’s administration and that racial economic transformation is merely the latest incarnation of that idea. According to her (2017) “The President could not have been more bold and direct in defining radical economic transformation in the structure, systems, institutions and patterns of ownership, management and control of the economy” (In Bronwyn Nortje, 2017:17).

Bronwyn Nortje (2017:17) says that Minister Rob Davis of the Department of Trade and Industry chose to define “Radical Economic Transformation as what it is not. Radical is not calling for bold new ideas and then trotting out tired old clichés.” This is ironic and will make one laugh at the Ministers intellectual ability. This all points to a reality that these definitions fall short of providing clarity on what this phrase actually means. Words such as transformation, inclusive and equitable, which are so popular with post – liberation governments, are also an inherent hindrance to those policy goals being achieved. The problem is that the inability to provide a clear definition makes it difficult to implement and, almost impossible for the government to be held accountable. For example, what does inclusive really mean? When government states or talks about empowerment, what are the nuts and bolts that we need to make this happen? These examples are possibly very simplistic, but they illustrate the many gaps in the Sona, in terms of policy objectives and sound implementable strategies.

9 POOR ECONOMY WILL SCUTTLE ZUMA’S DREAM

In the build – up to President Zuma’s Sona the ANC released a list of twelve tasks for implementing its programme of radical economic transformation. In this regard Andile Khumalo (2017:10) points out that “Included was adhering to the Maputo declaration of 2003 to raise state agriculture spending to 10 percent of the national budget; forcing the government to spend 30 percent of its budget on small enterprises and black business; deracializing and diversifying ownership patterns in financial services and mining; investing in township economies; returning the land to the people; finalizing the minimum wage; and reviewing trade policies to support local businesses.” There is no doubt that given the discussion in this narrative, the state of the economy makes the realization of the twelve tasks rather ambitious and almost impossible to achieve. Achieving the target in accordance with the Maputo declaration of spending 10 percent

of GDP on agriculture would have dented poverty, but unfortunately, South Africa spends less than 1 percent of GDP on this important sector and, further dents and stymies the emergence of black rural areas and, moreover the development of these areas. To make the Maputo declaration a reality in the short term, let alone the long term, there would have to be a massive shift in spending patterns by the state towards agriculture. Faced with competing interests this will not be achieved within the medium – term budgeting cycle.

Financial and operational capacity of black businesses and small enterprises to deliver remains a massive block to implementation. The performance of developmental funding institutions, the government and the private sector needs to improve significantly to provide support. The state of the nation address was delivered just after the Mining Conference, where the gulf in policy direction between the state and the mining companies was yet again the focus. The ANC economic plan according to Andile Khumalo (2017:10) “Calls for deracialization of the ownership patterns in mining. The current battle between the industry and the government over the principle of once empowered, always empowered is the key standoff. It can be argued that the notion of once empowered, always empowered is illogical. This will depend on the ANC in terms of the soon to be debated final Mineral and Petroleum Resources Development Act.” The industry will therefore, have to find ways of initiating new empowerment transactions to remain in compliance with the directive to diversify ownership patterns. How this will affect investment flows remains to be seen. For now, the government holds the cards as it could suspend operating licences of noncompliant mining companies. The other contentious issue in, the industry is the mining charter, which will exercise the right of the state to exercise sovereignty over all mineral resources. This would represent the most radical economic initiative ever undertaken by the democratic government. It could also have very serious economic repercussions and, if implemented haphazardly in a socialist and black empowerment intervention strategy, the mining sector could go for broke and, towards certain collapse, like it happened in Venezuela under Hugo Chavez.

Andile Khumalo (2017:10) points out that “The President did not directly address the issue of ownership patterns in the banking sector, which is a shame. Instead he referred to Employment Equity Commission indicators showing that 23 years into South African democracy 72 percent of top management positions are still held by white people and just 10 percent by blacks.” Amidst these issues, a number of other issues were raised in the Sona and, the discussion in this paper has alluded to these. In terms of land distribution, the big problem is that the state’s only instruments for implementation, expropriation, and restitution legislation, are paralyzed and a non – starter because of judicial and legislative hurdles. In order to action this, the state will have to change the Constitution of the Republic but, as things stand, this would be impossible. The only way to achieve radical economic transformation is by providing the money required for,

intervening decisively, but it just does not have the monetary resources and fiscal capacity at the moment, to undertake this project; it could legislate firmer laws that will drive its policy of economic transformation. There will be much opposition to this, if it is undertaken. The big question is has the government, the will and willingness to undertake this project in no uncertain terms or is just mere rhetoric.

10 RATING AGENCIES HAIL THE BUDGET OF THE FINANCE MINISTER: AND OTHER SALIENT ISSUES

Hillary Joffe (2017:2) states that in spite of the attack on the finance Minister and the Treasury by the supporters of the president year after year, all three ratings agencies hailed the Minister of Finances budget delivered to the nation after the presidents Sona speech, and applauded the evidence of fiscal consolidation but, have warned that political and social pressures could test commitment. The president and the ANC must stand up and take heed of this warning or sooner or later face the reality of a downgrade, which could have devastating effects on an already beleaguered economy.” The rating agencies said that the budget is testimony to a continued strong commitment to fiscal consolidation, as was outlined in the Ministers mid – term budget. Fitch senior director Jan Friederich (2017:2 – In Joffe) said that “That the budget broke the trend of growth forecasts being lowered in successive budget and medium – term budget policy statements, a trend that had been a major reason for the substantial deterioration of fiscal indicators in recent years. The political tensions within the ANC are diverting political energy from economic reform and, may lead to policies that raise fiscal deficits or undermine the stability of state – owned enterprises.” Under these circumstances the populists of the president should take heed of the comments of the ratings agencies and stop the criticism of these agencies and, get on with the job of true transformation of the economy and let the Finance Minister get on with his job.

At another level, government must realize that doubts have been cast on the role of small business in creating jobs and that, the sector’s contribution to job creation in South Africa has been grossly overestimated according to Stephen Timm (2017:5). This is a very serious problem for the country and, is also due to a host of factors that government must deal with but goes beyond the discussion of this paper. While no one can say for sure whether small businesses are shedding jobs on a large scale or not, it has to be conceded that estimates for the employment contribution of small business undermine the veracity of government statistics. This issue requires funds and expertise that has to be provided by government. If this is not done the viability of the creation of the much needed jobs will be put paid to, in terms of the so – called imperative of the radical economic transformation narrative and agenda of the president, the ANC and the president’s supporters.

There is no doubt that Finance Minister Pravin Gordhan, provided South Africa with a credible and good budget, as was possible under difficult circumstances. There is no doubt therefore, according to Gavin Keeton (2017:7) that “The budget must be seen against a decade – long backdrop of increased spending under the Zuma Presidency, outstripping both GDP growth and rises in tax revenue. As a result, government spending jumped from 24.6 percent of GDP in 2007 to 30 percent of GDP today.” Amidst a host of factors including the spat that Minister of Finance is having with the Commissioner of the South African Revenue Services (SARS) for not collecting nearly R30 billion from the tax base, is a case for major concern and adds pressure on the fiscus. Reducing the deficit is also imperative in order to halt the growing burden of interest payments on the government’s mushrooming debt. In this regard Gavin Keeton (2017) points out that “this debt has increased fourfold since 2007 to R2.5 trillion, doubling as a percentage of GDP to more than 50 percent. The minister therefore, has to find R162 billion in the coming year to pay the interest due to those from whom the government borrowed all this money, taken largely from the pension fund of employees within government (A dangerous scenario). If this is placed in perspective, it means 11 cents of every rand the government spends in the coming year has to go on interest on this mammoth debt. And debt will rise to R149 billion in 2017. This is the amount the government must borrow to fund the projected budget deficit. Interest on the additional amount will be a further R12 billion each year. The story of debt is a never ending saga within the Zuma government and has reached very dangerous proportions. The president must take very serious heed of this situation together, with his populist supporters, who have very little understandings of the economy and, the necessity of fiscal consolidation. South Africa sits on the precipice of a most dangerous economic situation and, if this spending is not halted, the economy will be surrendered to ANC populists, which will definitely lead to bankruptcy and to a point of no return economically. We could then, very easily, in South Africa have an economic and financial crisis like Greece, called the ‘Greek Economic Moment.’

The Minister of Finance Pravin Gordhan leans not to the president’s understanding of radical economic transformation because, the president and his praise singers have not understood the basics, in that, you can be as radical and populist as you like, but they still have to pay for it and, at the moment without growth, the country can pay for nothing but, service its debt. On the other hand, the minister leans, rather, towards radical transformation’s more mature cousin, inclusive growth” (Peter Bruce, 2017:16). Inclusive growth, it must be understood by the ANC populists, if only the country and, its population including economists and intellectuals have the space which must be created by the government to engage it constructively. It must therefore, be a stakeholder market economy, with economic rights written into the core and the modalities of how to engage within a capitalist economy, which can secure the socialist distribution desired, coming from the history of apartheid and colonialism, and recently a country under democracy rooted in overt and endemic corruption, which is fundamental to the historic struggle for

economic liberation, not just political liberation that was secured in 1994. It must be aimed at guaranteeing every South African a decent start to life. It is doable in South Africa provided the president wants to bite the bullet and bring his praise singers and his populist chorus to order, in the economic interests of the country. It is hoped that eventually sanity will prevail and that, there will be a calm after the current storm, such that, the country can get on with transformation and, thus secure the developmental state in the interests of the majority deprived and poor citizens of the country.

11. THE ATTACK ON THE FINANCE MINISTER PRAVIN GORDHAN

The African National Congress's Youth League's president Colin Maine, a newcomer to the ANC and the rabid mouthpiece of the supporters of President Zuma, recently at an ANC meeting in the stronghold of president Zuma's constituency KwaZulu Natal Province, in the presence of the president vociferously called for "the removal of the Finance Minister Pravin Gordhan, because it was claimed that, he was tied to monopoly capital and, was not the agent of radical economic transformation and, further accused the Minister of scuppering the transformation of South Africa, in terms of black empowerment. He also stated that the Minister of Finance was an agent of the apartheid regime by being a spy. His vitriolic attack on the Finance Minister was undertaken in the presence of the president, who did not reprimand the rabble rouser and that this fits into the narrative of the great divide between the president and the capable Minister of Finance" (SABC, 2017; ANN7, 2017; ENCA, 2017). The president missed the chance of setting the record straight by indicating that Pravin Gordhan was an outstanding struggle comrade, and that, there was no truth in what the ANCYL president was saying and that the Finance Minister had and has up to today served the country with distinction and passion, is an intellectual, second to none, and was one of the heroes of Operation Vula and, was imprisoned by the apartheid regime. This is the shoddy and low ebb of factional politics in South Africa, where we see an attack upon tried and tested comrades of the revolution, and, an unnecessary attack upon the persona of the Finance Minister and also a sustained attack upon the Treasury of South Africa.

On the other side of the equation, South Africa has witnessed the Minister indicating that the Black Business Council (BBC), a lobby group closely aligned to the imperatives of the president and his supporters of trying to capture the Treasury (Sunita Menon, 2017:1). She further added (2017) that "In a tense meeting at the National Economic Development and Labour Council (Nedlac) Gordhan also accused the council of representing the interests of a single family, believed to be the controversial Gupta's, aligned overtly to the president. Gordhan according to Sunita Menon (2017) "Was supposed to have an audience with the council (BBC) and Business Unity (Busa), as part of post – budget engagements, which is an annual event. But the meeting turned sour when the council tore into the minister, accusing him of tabling a budget that fell

short of President Zuma's promise of radical economic transformation. The Treasury delegation was snubbed and the meeting was cancelled. The council said that the main disagreement was on the position on radical economic transformation. This was the first time in the history of democratic South Africa that business had spoken against the budget. It must be remembered and placed on record that, the BBC is a small business player and does not represent the entire business fraternity of South Africa. The BBC said that over the past two decades, the Treasury has failed to champion the cause of radical economic transformation. It was concerned that there was no mention of practical programmes to implement radical transformation. The Johnny come lately Jimmy Manyi, former president of BBC said that Busa and the council were poles apart." It must be recalled that Jimmy Manyi when he was Director General of the Department of Labour said that, coloureds that make up the largest population in Cape Town, must leave the province because they are over represented in the government of the Western Cape. He is known for his constant racial comments and is the mouthpiece for the ANN7 television channel the propaganda machinery of the Gupta's and is a supporter of the President of the Republic.

In terms of radical economic transformation, the ANC lost the moral high ground reported all South African television stations (ENCA, SABC, ANN7; 2017 February 28 and March 1) in that the president in his Sona speech indicated that land should be expropriated without compensation and handed to the black majority for purposes of economic empowerment, after 23 years of democracy, in order to even the playing fields and, thus give impetus to its new transformation strategy. The EFF tabled a motion in parliament supporting the president's announcement and offered its support without conditions to throw in their lot, in order to give the ANC the majority vote, in order to change the Constitution to undertake this radical economic transformation initiative but, ANC members of parliament voted against the motion and voted to maintain the status quo. The ANC lost the moral high ground to seize the moment and begin the process of land expropriation and distribution of land, with over 70 percent of the land still in the hands of whites. This is a clear indication that the ANC is not serious about its policy positions in respect of radical economic transformation and, has let the majority black population down. The ANC and its president talk to the left of politics but, walk to the right of the political spectrum. There may be plausible reasons for this stance on the part of the ANC but, it dents the debate on radical economic transformation.

It has to be realized by the president and the ANC that any tampering with the budget appropriated by the Minister of Finance of Finance for 2017, in very tough, grim and dire circumstances, including the strong debate within parts of the ANC to sack or remove the minister from his position, will most certainly put paid to the country's ability to create the much needed employment opportunities, lessen poverty and inequality and, most certainly will completely dent the rhetoric of radical economic transformation and, lead the country to an

economic Armageddon, but above all, it will impact negatively on the Rand, will most certainly increase inflation and, will definitely create a scenario for increased accumulation of debt. All of this will most certainly be the first salvo of South Africa becoming a failed state. It is hoped that rationality will eventually prevail.

12. HOW TO GROW AND TRANSFORM

12.1 Some Conclusions

The discussion in this paper attempted to unpack the president's 2017, State of the Nation address to the nation. It attempted to critically analyze some facets of the pronouncements made in his speech. By the same token, the paper situated the confusion surrounding the phrase that underpinned the speech in terms of understanding the meaning of radical economic transformation. The meaning is ambiguous and the author argued that the rhetoric outlined by the president was nothing but mere posturing and, full of innuendos in respect of radical economic transformation, which was a damp squib. It spoke to the speech addressing populists within the ANC and argued that, it went against the grain of the Minister of Finance's take on austerity and prudence. Given the fact that South Africa is in an economic downswing for a protected period and, the fact that economic growth is set at 1.3 percent for 2017, it is unlikely that the Zuma government and his patronage allies within the ANC will be in a position to realize radical economic transformation, in the medium term on a sustained basis. Radical economic transformation is thus a non – starter as things stand in South Africa currently. In order to give impetus to the thought processes captured and discussed in this narrative, some conclusions are highlighted hereunder:

- Growth in South Africa will not be possible if influential elements of society remain openly hostile to business.
- The prudent and astute finance minister has pointed the way. It is now for all - the role players within the economy that need to follow.
- Political rhetoric and populist announcements and the call to fire the Finance Minister is short – sighted and, must be halted, in order to stop the devastating effects of a possible downgrade of the economy by ratings agencies.
- The imperatives in terms of policy coherence, its stability and removing policy uncertainty must become the order of the day, such that the economy can grow, in order to serve the poor, provide much needed service delivery, but above all create employment opportunities, dent poverty and deal with inequality decisively.
- The education and health sectors must be broadened and properly funded in order to create the skills required to run the economy.

- The inefficient public service of South Africa must be streamlined and downsized together with the bloated Cabinet.
- Competent people should be appointed as Ministers and within the public bureaucracy. By the same token the public bureaucracy must be trimmed and retrained to serve the nation in a professional manner in respect of accountability and good governance.
- Applicable laws must be promulgated to deal with the ideas encapsulated in the phrase radical economic transformation.
- There has to be a collaborative effort on the part of government, labour and business because South Africa is stuck in a low – growth trajectory that makes it difficult to deal with the much desired development of the country.
- The transformation agenda must be aimed at deracializing the economy.
- The balanced budget, under very trying economic constraints delivered by the Minister of Finance after the Sona and also delivered in the month of February, 2017, is a clear and uncompromising articulation of inclusive growth and transformation as inseparable and mutually dependent (Jabu Mabuza, 2017:9).
- The Deputy Finance Minister (SABC, 2017 – February) Stated that growth without transformation will exacerbate inequality, leading to increasing social tensions and providing fertile ground for the rise of populism.
- Transformation without growth will be accompanied by disinvestment, rising unemployment, less wealth and fewer assets to redistribute.
- First, debt must be managed and this is currently very high.
- More opportunities have to be created for black entrepreneurs thus, making black economic empowerment more sustainable.
- The national budget alone cannot solve South Africa's problems and challenges.
- Investor certainty must be created, ease the regulatory burden on small businesses, accelerate private investment in the energy sector and introduce bolder plans to improve education and skills development.
- State – owned enterprises should be streamlined, downsized, some privatized and appointments must be made on merit.
- The issue of poor governance in the public bureaucracy and state – owned enterprises must be urgently addressed by the government.
- South Africa requires political stability and a focus on restoring the credibility of state institutions.
- The rule of law must be upheld together with the Constitution.

In other words amidst these conclusions that, have been outlined above, South Africa and South Africans must rededicate their commitment to inclusive growth. There can be no other way 23

years down the road to democracy. This must be undertaken, in order to serve the country, but above all, to serve the interests of the population because, it is looking for sound political leadership, to take the country out of the present impasse and quagmire, in terms of the creation of an economic landscape that will deal with the challenges that confront the nation, in order to place it into a trajectory and path of sustained growth, for purposes of inclusive growth and development.

12.2 Recommendations

The paper having discussed the State of the Nation address (Sona) from a perspective of a critique of the concept of the new initiative of radical economic transformation, as proposed and propounded by the president of South Africa and, a faction of the ruling African National Congress, after nearly 23 years of democracy post 1994, will now posit some recommendations in respect to the critique undertaken in this paper. The author posits therefore, that in order to activate the nuances of radical economic transformation, strong leadership, together with the absence of a narrow and parochial political approach that, has been mired in unnecessary and unreasoned and illogical controversy and, the constant attack on the persona of a capable and respected Finance Minister, in order to protect the President of South Africa, who has not been absolved with regards the numerous controversies and indiscretions that he has been involved in over his two terms in office. Such an intervention strategy can only work, within a completely unnecessary noisy democracy that South Africa is, if new powerful, political players are allowed to emerge and negotiate in a united manner, in order to assist South Africa to tackle the grave challenges that confront the nation, under the present ANC leadership; that has run out of ideas and is steeped and obsessed with the idea to hold onto power at all costs, irrespective of the consequences that might emerge. If this status quo is allowed to manifest and consolidate itself within the body politic of South Africa, then democracy could be doomed. The recommendations are as follows:

- A critical mass in society, emanating from within the state; the higher education sector; the established and new emerging business sector; labour and civil society including the media must be mobilized in a compact, to support, a number of policy choices that, can rapidly and unambiguously bring about a transition of the economy in order to deal with the protracted low growth, high – inequality trajectory that is a feature of the South African economy” (Mondi, 2017:1).
- The litmus test for the government in respect of its programmes must be the creation of jobs, eliminate poverty and drastically narrow the inequality gap.

- Transformation must be mass – based, benefiting the most disadvantaged South Africans, through the creation of new assets, capabilities and opportunities to build livelihoods (Pravin Gordhan, Minister of Finance, 2017:1 – In Mondi, 2017).
- Mobilizing private and public investment in social and economic infrastructure, new technologies and new activities that help build a modern and diversified economy.
- Confronting cartels and collusion robustly and providing new opportunities for access to markets.
- Reshaping and building linkages across the rural and urban landscapes where fragmentation and separation characterized past patterns of development.
- Transformation must achieve a more balanced structure of ownership and control in the economy and not geared to supporting the black ‘predatory’ elite, which has been the feature of the South African economy, post 1994.
- Transformation should build on and strengthen democracy, and entrench open, transparent governance that has not been a feature of the ANC under the Zuma government.
- Transformation must build self – reliance in South Africans, reject the dependence on debt and protect the country’s fiscal sovereignty.
- Transformation must result in an economy that belongs to all, black and white, where the legacy of racial domination is no longer visible.
- Tacit government support in all directions of the desire to reshape an economy that will serve the people of our nation.

13. CONCLUSION

The prerequisite for a new political settlement in the economic interests and for the success of the country, given the protracted quagmire that it is in, in terms of the political, economic and social conditions that permeate the country under the Zuma government and presidency, is a combination of power and institutions that are mutually compatible and sustainable in terms of economic and political viability. This has and will continue to allude the country under the present Zuma government. South Africa is more divided today than it was in 1994. President Zuma has failed to unite the elements of race and class, and worse still, has failed to unite the majority, but divides citizen by ludicrous utterances on so – called white monopoly capital. The current mismanagement within the bureaucracy and some state – owned enterprises continues unabated and, thus the notion of radical economic transformation of the economy is being touted for possible, further looting of the coffers of the Republic by the ruling elite. At the same time South Africa is experiencing the undermining of the rule of law, which could ultimately lead to collective action to remedy this arrogance of the ruling elite. In other words, the economy will not grow at the projected 1.3 percent for 2017 and could be much lower, if the political

shenanigans of the country are not halted with immediate effect, and in the interests of the poor and the nation as a whole. South Africa is a fractured society, it therefore, requires a new economic consensus but, without strong and capable leadership, this will not happen. For now under the Zuma government and the current ANC, the country rides the roller coaster.

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