



RESPONSE

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The MTBPS in Context

Imagine a small group of people straining to pull a cart up a hill. The road seems to get steeper all the time, and the cart heavier, but they bend their backs and pull all the harder. We will call the leader of this group the Finance Minister; he regularly encourages and admonishes his team-mates to work in unison, and many of them do. The Ministers of National Planning, of Health, of Macroeconomic Development, of Home Affairs, and quite a few others, are all trying hard to pull in – more or less – the same direction.

Yesterday's Medium Term Budget Policy Statement (MTBPS) was precisely the kind of performance that we have come to expect from Pravin Gordhan, just as we expected it from his predecessor, Trevor Manuel. It was delivered with a trademark blend of solemnity and humour; it candidly acknowledged the difficulties we face, and set a determined, Churchillian countenance against them. We will meet the challenges, said the Minister, and overcome them.

All sorts of boxes were ticked: unemployment must be tackled; infrastructure-spending will spur the economy and create jobs; corruption will be rooted out; small business will be supported; inequalities will be narrowed; exports will be increased; the parlous state of the education system will be tackled. (We can forgive the reference to the 780 000 jobs that will apparently be created in the next three years – it has become traditional to 'name a figure' in these speeches; by now, so many figures have been named that no-one actually knows if any of them have been achieved.)

There was a clear rebuke to the international agencies that have recently downgraded South Africa's credit rating – this was 'inappropriate', said the Minister. And, indeed, he could back up this criticism by referring to our continued fiscal discipline, our success in keeping inflation within the target range, the solidity of our banking system. In addition, he announced that there will be no overall increase in state expenditure for the next two years: no 'upward adjustments' of the spending levels set out in the 2012 budget. This amounts to significant belt-tightening, if not austerity at the same levels as some European countries are experiencing.

So far, so very good indeed. At this rate the team might well succeed in getting the cart – called South Africa – to the top of the hill, even though the hill has the daunting name of 'global economic crisis'. What the minister is telling us and his team-mates in this speech, is that we have what it takes to beat the crisis; we have the discipline, the vision, the structures, the sheer ability to pull together. If we want to.

Unfortunately, it seems that we don't all want to.

One week before delivering the MTBPS, Minister Gordhan upbraided the SABC for floating the idea of a 24-hour news channel. “This is not the time for vanity projects. Not when this country faces fiscal constraints,” said he. The SABC should “take credible measures to stop wasteful and ill-considered projects and expenditure.” Of course.

The biggest vanity project that this country has ever seen – if we measure vanity in terms of the stroking of an ego – is the expenditure of around R250 million rands of public money on the upgrading of President Zuma’s private residence at Nkandla. This is not state expenditure – future presidents are not going to live at Nkandla – it is the ultimate in wasteful self-aggrandisement.

Nkandla puts the MTBPS statement into context. The one is the reality; the other is the dream. The Special Investigating Unit estimates that as much as R30 billion of government’s procurement budget is misappropriated each year. The MTBPS is full of prudent, well-considered, and responsible positions; it reflects one trend within government. Unfortunately, there is another trend, characterised by corruption, bad planning and mismanagement. These two trends cannot co-exist indefinitely.

The MTBPS points us to the top of the hill, and tells us how to get there; it is a sincere and well-crafted plan. Minister Gordhan and the other servant-leaders in government will continue pulling for all they are worth. They will not be beaten by the steepness of the hill or the weight of the cart. But they may well be beaten by the team of people trying to pull the cart in the opposite direction. All this team wants is to enjoy the ride as it careers down the hill; only the short term thrill interests them.

The destination of our cart, our country, depends simply on which team is the stronger.

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