



Response

11th February 2022

The State of the Nation Address

Last night's State of the Nation Address contained one of the longest 'shopping lists' of economic measures that we have heard for some time from a President. In one way this is fitting, since the solutions to so many of the problems that beset our nation – poverty, inequality, unemployment, underdevelopment, and general socio-economic want – depend in large part on a revitalisation of the economy.

On the other hand, it is just too easy to make such announcements, to talk about plans and things that are 'going to be done'. The difficult part is moving from intention to implementation, and then to completion. The following paragraph from our *Response* to the SONA a year ago illustrates the problem:

There seems to be more concerted movement on the energy front, especially in sourcing sustainable electricity and in allowing municipalities more freedom to buy or generate their own supplies. According to the President, it has been made much easier to start a business (though already that claim is being questioned); e-visas will soon be introduced to facilitate incoming travel from 14 countries (a promise first made two years ago); and a new list of critical skills, for which immigration requirements will be waived or relaxed, will soon be published.

On the energy front we are, if anything, in a worse position now than last year, with more load-shedding taking place, and with the responsible minister continuing to talk up fossil fuels and nuclear power, rather than 'especially sourcing sustainable electricity'; municipalities do now indeed have more freedom to buy or generate their own electricity, but it took until October last year for this permission to be gazetted; the 'list of critical skills' that would 'soon be published' was in fact gazetted on 2nd February, nine days short of a full year after the announcement was made; as for making it easier to start a business, the President last night offered no evidence that such steps had had a noticeable effect, but instead announced the appointment of a 'red-tape cutter', drawn from the private sector and to be based in the Presidency. (As the EFF asked after the speech, what then is the point of having a small-business ministry?)

President Ramaphosa increasingly gives the impression of being a competent captain surrounded by a divided and mediocre crew. He clearly knows what needs to be done and he knows how it can be done, but the infighting, factionalism and scheming in the senior ranks of his party and his government mean that relatively little actually gets done. For some years now, for example, he has pledged that government departments will pay suppliers within 30 days, and he repeated that promise last night – just as the Tshwane Municipality was disconnecting water and electricity supplies to offices of the defence force, the departments of infrastructure development, public works, and higher education, and to the Pretoria commercial crimes court.

But among the many verbal commitments there were some potentially significant shifts. Three times in the speech Mr Ramaphosa made the point that job creation depends primarily on the private sector, and that “whether we like it or not” government’s main economic task is to create the conditions for that to happen. The stress he placed on this was clearly intended to demonstrate a move away from the ‘statist’ position adopted up to now, that the state must be the driver of jobs and the guiding hand of the economy. Likewise, when talking about state-owned enterprises, he quietly dropped in a reference to those which might be “disposed of” – since they can only be disposed of to private buyers this amounts to the potential breaking of another taboo, that against privatisation.

In venturing down this road the President was perhaps giving effect to the words of Thabo Mbeki that he quoted at the outset of his speech: “Trying times need courage and resilience.”

There were two time-bound commitments which could be seen as litmus tests for the rest of the promises. Firstly, that the auctioning of the high-frequency spectrum (which has been mentioned in every SONA and Budget speech for the last decade or so) will begin in three weeks’ time; and that private rail operators will be able to use the Durban-Johannesburg freight line from April. If these two things actually happen then maybe we will be justified in feeling some optimism about other plans, such as special court rolls to prosecute state capture offenders and the “decisive steps” intended to be taken against the illegal scrap trade that is quickly destroying the nation’s transport infrastructure.

Mr Ramaphosa ended his speech with a rallying call: “We face steep and daunting challenges. Indeed, we are engaged in a battle for the soul of this country. But there can be no doubt that we will win.” The first two sentences are certainly true; as for the third, would that saying it were enough to make it so...

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