



Economic Digest 31

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Social Compacting for Economic Development and Growth

This idea of a social compact between government, business and civil society as a basis for long-term economic development and growth is nothing new. These kinds of ‘working relationships’ underpin the economic models in many industrialised countries. President Cyril Ramaphosa promised in his state-of-the-nation address in February that a social compact would be achieved within 100 days to forge a path forward for economic growth. That deadline was missed as agreements between the main actors could not be reached, but in July the President said that a “framework for a social compact has been developed”, which was then circulated to all the role-players.

Work to develop social compact framework underway

“To reduce the impact of the triple challenges of unemployment, poverty and inequality, President Cyril Ramaphosa says the country needs a number of impactful interventions, including attracting more investment and enhancing the capability of the state.” <https://tinyurl.com/4edv52xx>

Presidential summit leaves out major civil society players

The social sector summit that took place at the beginning of August should have been an “opportunity for a robust and meaningful engagement between activists and the government on how to work together to address poverty and inequality”. However, many organisations were not invited.

<https://tinyurl.com/4rv6kwyt>

Social compact criticized by business and labour

“The Congress of South African Trade Unions said it won’t accept the weakening of workers’ rights and the head of Business Unity South Africa, or BUSA, said the organization was dismayed by how long it had taken the government to put together the plan.” <https://tinyurl.com/3n7xewp8>

A flawed grand compact

Business Day columnist, Hillary Joffe, argues that the President’s social compact plans are fundamentally flawed for three reasons. Firstly, not all social compact partners are equal; secondly, the plan seems to cover everything, which puts it at the risk of achieving nothing; and thirdly, all the partners need to gain a mandate from their broad, and often fragmented, constituencies. (This article is behind a paywall and requires a subscription.) <https://tinyurl.com/379uf2uy>

Social Compact or no Social Compact: that is the question

“The point of a social compact is to build a system that operates efficiently and effectively to the overall benefit of all. To do this, there is a process of compromise where each party would sacrifice something in order (hopefully) to gain some advantage more important.” <https://tinyurl.com/32a3nw8x>

The President can only set the tone on social compacting – all of us have a role to play

“South Africans will have to come together in a local, social compacting movement to find each other and find common ground. There are experiments under way where this is being tried. Imagine the tragedy if we criticised the President, only to discover too late that the compacting we needed was between us, for us and by us.” <https://tinyurl.com/mrxarbxy>

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