

Slowly improving co-ordination

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An acquaintance in the Union Buildings once had this profound observation of leaders since the advent of democracy: “Mandela gave us freedom, Mbeki gave us discipline, Zuma gave us chaos”. After working through the recent Job Summit agreement, one could add: “....Ramaphosa is giving us co-ordination”.

The central theme that runs through the 84-page agreement of the Job Summit is bringing diverse stakeholders together to jointly work on problems and projects. From fixing problems at SARS to helping to establish 2 400 ECD (Early Childhood Development) centres where (women) entrepreneurs can run the centre for profit and help to bring early childhood development to small kids, the emphasis is on connecting people so that results are achieved. The word “partnerships” appear 41 times in the 84 pages, “collaboration” 27 times. There is a full realisation that jobs are an outcome or a derivative of something else. That something else is for people to co-ordinate with one another to lift the level of activity and ensure more output.

Dani Rodrik from Harvard and others have written a lot about co-ordination failure, poverty and government policies. It is not just him, there is a whole literature in economics about co-ordination problems. In that sense the Job Summit agreement finds itself in good company.

No easy fixes then of just lower interest rates or bigger deficit or cutting taxes. Just a slog of tackling problems one-by-one and trying to solve them through better co-operation. It is all about making the cake bigger by focusing on doing things better, as opposed to take and redistribute as envisaged in for example ex-minister Zwane’s now jettisoned mining charter.

A full agenda

It is an extensive agreement, covering more than 50 areas of activity; from helping more than 15 sectors in the mainstream economy to stimulating small businesses; from education and skills training to equity schemes for workers and their representation on boards; from cutting the time to issue water permits to mobilising retired people to help in municipalities. The detail is simply too much to summarise here.

In his closing address President Ramaphosa said that there are 70 projects that will flow from this summit. Suffice to say it is pretty comprehensive and wide ranging. If half gets implemented, SA would be a better place.

What is different this time?

The previous job summit twenty years ago in 1998 did not render the jobs results everybody was hoping for. What is different this time? One difference is measurement and corrective action.

A Presidential Jobs Committee will be formed which will receive quarterly progress reports and take remedial action where required. In the private sector a monthly or quarterly financial report is the big driver of remedial action. In the public sector it is the intense interest of the minister and president that drives remedial action.

Part of the agreement is that a monitoring and evaluation framework will be developed to measure the outcomes envisaged in the summit agreement and progress reports will be made available on the NEDLAC website. These measures were not in place 20 years ago.

Some things will fail

It is a given that some of the 50 areas will not show improvement either through poor collaboration or because it was a bad idea from the start.

An 80 years plus friend who in his earlier life organised business people to go and help in some rural municipalities in Mpumalanga (an action agreed on page 38 of the summit agreement), can relate many stories on how the inability of two individuals to get on torpedoed attempts to fix a municipality. (It was normally the arrogance of the one and the lack of self-confidence of the other.) No collaboration, no improvement. We are in the hands of human beings.

Some ideas may also just be poorly conceived. For example, the agreement refers to apple juice concentrate. Distell is the country’s biggest buyer of apple juice concentrate for cider production; they take everything that is available

and then still need to import a lot. The summit agreement states that “...considerable opportunity exists to substitute these imports with incremental apple juice concentrate by developing local apple farming ...”. A friend who is a big apple farmer points out that concentrate is made from apples not fit for the retail market (they have sunspots, are not the right size, got damaged in the harvesting and so on), about 25% of a normal harvest. The price for such apples is obviously much lower, in SA far less than the cost of production. No farmer plant trees to sell apples for concentrate. How the agreement then is going to give expression to the goal to substitute concentrate imports is unclear.

Some undertakings are also vague and without clear commitments, actions and timetables. But there is also a lot which is not.

So between the agreement and actual implementation, many things can go wrong. Nevertheless, if 50% of the agreement’s goals can be achieved, it would make for positive change.

How many jobs?

The president claimed that 275 000 jobs per annum can be created by the agreements of the Job Summit. No detail was given on how that number was calculated.

But for a reference point, in the last 12 months the economy created 188 000 jobs. Over the last ten years, the number was nearly 2,6 million or 256 000 per year average. So, if the 275 000 p.a. is **on top** on the ten-year average, it would really be a game changer. However, if it is merely the total number of jobs to be created, it would be a marginal improvement on the ten-year average. In reality it would probably be somewhere between the two. We will see.

Fitting into the bigger picture

One should also view see the Job Summit in its bigger context. The National Development Plan calls for a compact or social accord for “growth, employment and equity”. During the Zuma years nothing was done to realise this goal of the NDP; in fact, it was radically obstructed.

The Job Summit is an important step towards such a grand social compact. The Investment Summit at the end of October will be another such a step. It also looks like a social compact is being forged around land reform. (The Job Summit also touched on land with some concrete proposals.) A fourth process is the on-going discussions between business leaders from 13 sectors of the economy and the minister in the Presidency, Mrs Nkosazana Dlamini-Zuma. They meet again in November to discuss concrete plans on more expansions and growth. So there is a lot of compacting going on.

The Job Summit is the furthest advanced of all these, but it is not the only kid on the block. Put it all together and it looks as if that huge chasm and mistrust that developed during the Zuma years are slowly being rolled back and new trust being built.

So What?

- Economic growth requires much more than sound fiscal and monetary policies. It also requires doing a host of things which lead to better co-ordination and through that economic growth. The Job Summit agreement is in that spirit.
- The emphasis is clearly on having more growth, including more people in that growth and doing the things that will help roll back inequality.
- If half of the summit agreements can be realised, it will make for a better SA.
- The summit is part of a bigger project of confidence and trust building between sectors in SA, something that was thoroughly rubbished in the Zuma years. It is trite to say that much more must be done, but a start was made.
- Now for the mini-budget on 24 Oct and the Investment Summit on 26 October. That will tell us whether this wagon can be creaked into momentum.