

Bigger Ambition

Putting it on the table

In the space of one recent week, I experienced the most remarkable coincidence of inputs. Over dinner on a Thursday night in Cape Town a loyal and well-informed reader of this Newsletter asked me to consider the question of how SA becomes a “21st century member” of the BRIC grouping – not just a member, which we are, but a “21st century member”: a modern, well-developed, high-performing country.

The following Monday evening at Free State University in Bloemfontein a (Black) student got up in the back row of a 300-student accounting class (3rd year and Honours students only, 50% of them female and two-thirds Black) and asked one of those questions that make teaching so worthwhile: “How do we (as a country) develop a bigger ambition?” A question I could not really answer.

In the same period, another regular reader of the Newsletter sent me emails addressing the same issue – how to enhance SA’s performance.

The synchronicity enticed me to spend some time on the question. Is it possible to accelerate our performance?

First getting to the launch pad

It is important to distinguish between what we would *like* and what is *likely*. We would all like 7% growth, creating millions of jobs and eliminating unemployment. But what is likely?

In the middle nineties I was part of a study visit to South America. Brazil was seen as the “country of the future”, the potential giant of South America. But it certainly had not arrived at that future yet. It was still seen as a slumbering giant, at best. In Chile, for example, a 65-year-old chairman of a company remarked with a sneer, “Since I was a child, Brazil has always been the country of the future”. Well now, almost 20 years later, Brazil has certainly arrived on the global scene as a very credible player.

I foresee an equally slow growth path for SA – hence our roadshow concept of November 2010, which we developed further on this year’s roadshow, of the “muddle-through economy”.

Why such a slow growth path? Like Brazil, SA is well endowed with natural resources. But the country is held back by its *social deficit* (e.g. skills, health), its *inclusion deficit* (the past exclusion of many people from economic activity), its *social capital deficit* (discussed on roadshows) and its *human capital deficit*. To clear these deficits require growth, but growth in its turn requires the deficits to be cleared. A classic chicken-and-egg paradox.

Clearing the deficits is a pre-condition for sustained take-off, but it will take time.

If, for example, education is miraculously fixed and put on a whole new footing complete with new teachers and school principals in January 2012 (itself wishful thinking!), the results will only be available to the economy by 2025 at the earliest.

Accepting it is neither “Vision nor Vacuum”

The most likely way out of this paradox remains “muddle-through growth”, i.e. growth of 3% to 3,25% over the next few years, exceeding population growth of 1%. That is enough to generate resources for social spending, and enough to add a few million jobs to the economy over the next decade, but not enough to dent the 4 million unemployed in the country.

As we illustrated on the road show, muddle-through does not mean no progress or being stuck. It means exactly what it says: wading through slowly to success.

It is striking how small increments of progress add up to significant progress over a decade. Very few people would like to see SA back in 1999 or 1994, not even to talk about 1984 (there are a few who would, but they are really a minority). Baby footsteps count.

Stirrings of something?

Can the muddle through vision be replaced by that “Bigger Vision” the Free State student asked about? And can the “Bigger Vision” bring about a step-change in development?

Towards the end of **2009**, in an address to the annual meeting of Nedlac, Pres Zuma posed the question to the congregated business, trade unions and community leaders: how can SA become a developed country? That prompted Bobby Godsell, as chairman of Business Leadership SA (BLSA) – some 70 of SA’s largest companies – to canvass those companies on what needs to happen to double the size of their businesses. That is an input towards doubling the size of the economy and employment. This work is ongoing.

The mining and agricultural industries have also launched exercises with government on how to grow these sectors.

In the course of **2010** Government released the New Growth Path document. That has become the leitmotif of all government action. Reams have been written about the NGP, and an assessment is not needed here. Suffice it to say that it contains some good ideas, some bad ideas and some inherent contradictions. But leaving aside its content and focusing on **process**, the NGP envisages interaction and consensus-building between business, government and labour on the economy. Could a bigger vision emerge from such a scrum?

2010 also saw the establishment of the National Planning Commission. So far low profile, the Commission is hard at work and will release a Draft Vision for the country by November 2011. This is potentially very significant, but will of course depend on the content; the endorsement it gets from cabinet; and the extent to which its building blocks are implemented.

2011 also saw the establishment of Mistra – the Mapungubwe Institute for Strategic Reflection. This is a non-government think-tank, brainchild of Joel Netshitenze, NEC member of the ANC and former senior civil servant in the Presidency. It is endorsed by Pres Zuma; Deputy President Motlanthe addressed the launch function; and business, particularly Black business, has donated a lot of money to it. Mistra's mission is to "advance South Africa's development by addressing the complex challenges that straddle issues of nation-formation, economic growth, social equity, science and technology and positioning in a globalised world". Its first 8 research projects range from economic issues like savings and leveraging SA platinum endowment, to nation building and capacity of the state.

As far as think-tanks and the influence they have on ideas are concerned, I would rank this as potentially the most significant development since 1994.

These initiatives take place against the backdrop of general unhappiness with unemployment and poverty. The events in North Africa add to the pressure. What futurists like Philip Spies call the "current future" is causing discomfort in many circles.

So What?

- SA's current growth path is one of muddling through whilst its various deficits are slowly cleared.
- That the deficits are being worked away is clear when one compares the country to 20 years ago.
- More and more people are actively deliberating in **a structured way** about the future of the country.
- Can a Bigger Vision emerge from this process and replace a muddle through scenario with a quicker development path? We will measure this more closely in future.