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OPINION PIECE

What can be done to revive South Africa's economy?

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For a significant period, the real growth rate in South Africa has been lower than the population growth rate, which means that the quantity of goods and services produced per person is decreasing. The average person in the country is becoming poorer and poorer – this is not what President Mandela intended when he came to power in 1994. We are celebrating his birthday this week, and it is time to ask what we need to do to get South Africa back on the track that was intended in 1994 – the track that we successfully followed for a decade or so at the time.

We should compare ourselves with a person or family who are neck deep in debt: how does someone like that get out of trouble? The solution is not to borrow more money, because that will only make the problem worse. The person/family should tighten their belt and spend less than what they earn until the situation improves enough. South Africa has become used to an annual fiscal deficit: we spend more money than what we earn, and the trend is not changing.

A few weeks ago, Tito Mboweni said that just the interest on our debt is already 21% of the annual budget. For each R100 that we as taxpayers contribute towards the state coffers, they pay R21 over to the moneylenders. This trend should be reversed immediately.

The obvious question is “how?” There are two sides to this coin: we should produce more and therefore earn more so that we can increase government revenue, or we should spend less, or both.

Producing more is the ideal solution, because it would also mean that we employ more people who could contribute towards the country's revenue in two ways: they buy goods and services and help to stimulate the economy; they also become less dependent on state grants. This is a double whammy: revenue increases and at the same time expenditures decrease.

So, who should produce more? Producing more does not mean employing more government officials. Although they also spend their salaries and stimulate total demand in the economy, the trouble is that the only source of funding available to pay their salaries would be to borrow more and put South Africa into deeper debt trouble and increase the amount of interest to be paid.

It is not government's job to create jobs – their job is to make sure that the playing field is level, so that the private sector can create the jobs. Government's job is to make sure the lights are on and that factories and mines have electricity 24/7. It is their job to make sure our road and railway network is fully operational so that people and goods can be transported swiftly, and the economy can operate as productively as possible. It is their job to catch criminals and corrupt officials, because every rand that is stolen is even worse than paying a rand of interest on debt.

How long does it take to start a business in South Africa and how do we compare with other countries? We are not high on this list. So, rather than taking the task of job creation on their shoulders, government should make it easy for the private sector to do that.

The next major task is education. The private sector needs labourers that are well trained to operate machines and computers, and to support firms as office workers that can do accounting and perform managerial and administrative functions. Education in South Africa is notoriously bad, and if we do not produce a workforce capable of contributing towards the GDP, the best plans in the world would not help us get out of trouble.

It will take time to fix the education system; in the meantime, we should do with our unskilled workforce what we can. The industry that employs many unskilled workers, and also contributes significantly towards producing goods and services, is construction. This industry is well established in the formal economy, and is the second largest employer of workers in micro, small and medium-sized enterprises in South Africa.

If we focus on three things: decrease debt levels, utilise the construction industry in the short and medium term, while building the education system, we can get the economy back on Mandela's track.

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ABOUT THE UNIVERSITY OF PRETORIA

The University of Pretoria (UP) is one of the largest contact and residential universities in South Africa, with its administration offices located on the Hatfield Campus, Pretoria. This 112-year-old institution is also the largest producer of research in South Africa.

Spread over seven campuses, it has nine faculties and a business school, the Gordon Institute of Business Science (GIBS). It is the only university in the country that has a Faculty of Veterinary Science which is ranked top in Africa, and overall has 120 academic departments, as well as 92 centres and institutes, accommodating more than 55 000 students and offering about 1 100 study programmes.

UP is one of the top five universities in South Africa, according to the 2019-2020 rankings by the Center for World University Rankings. It is also ranked among the top 100 universities worldwide in three fields of study (veterinary science, theology and law), and among the top 1% in eight fields of study (agricultural sciences, clinical medicine, engineering, environment/ecology, immunology, microbiology, plant and animal sciences and social sciences).

In June 2019, the annual UK Financial Times Executive Education Rankings once again ranked GIBS as the top South African and African business school. The University also has an extensive community engagement programme with approximately 33 000 students involved in community upliftment. Furthermore, UP is building considerable capacities and strengths for the Fourth Industrial Revolution by preparing students for the world beyond university and offering work-readiness and entrepreneurship training to its students.

As one of South Africa's research-intensive universities, UP launched the Future Africa Campus in March 2019 as a hub for inter- and transdisciplinary research networks within UP and the global research

community to maximise 4IR innovation and address the challenges and stresses our continent and world is facing. In addition, UP also launched the Javett Art Centre in September 2019 as a driver of transdisciplinary research development between the Humanities and other faculties. In 2020 UP will launch Engineering 4.0. as a hub not only for Smart Cities and Transport, but also to link the vast resources in technology and data sciences to other faculties via Future Africa. These initiatives are stimulating new thinking at the frontier of 'science for transformation'.

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