

It's time to move the needle on economic reform

By **Dean Macpherson MP** – DA Shadow Minister of Trade, Industry & Competition

Note to Editors: *The following speech will be delivered today during Parliament's debate on the State of the Nation address and is under embargo until delivery.*

Mr. President, when you stood here last Thursday and gave your SONA speech, out of everything that you said, there were twelve words that marked a dramatic change in Government policy and they were, "We all know that government does not create jobs. Business creates jobs".

While at face value this may seem obvious, for nearly three decades, the ANC and National Government have been in complete denial of this fact.

COSATU and the SACP have been hysterical in their response to this point in your speech, and it's harder to tell what the ANC thinks about it, although I suspect the shock etched on the face of your MP's and their muted applause, suggest they don't quite buy into the idea.

It is concerning that you now appear to be flip-flopping on this if your newsletter is anything to go by.

But it is an important ideological shift for Government. It signals the understanding the government, Ministers and officials need to get out of the way of business doing what it does best, and that is create jobs and grow the economy.

There is more evidence of this in your appointment of a new red-tape reduction czar in the form of respected businessman Siphon Nkosi.

You clearly have run out of patience with Minister Patel, who was supposed to champion red-tape reduction through his own unit. This can only be seen as vote of no confidence in him, because he absolutely loves red tape.

Instead of working around him Mr. President, why can't you just sack him?

Mr. President, you spoke about finding a new consensus amongst social partners within 100 days to reignite your economic recovery plan.

This is where you are wrong Mr. President.

You don't need a consensus to do what is right and you can't run a country by consensus, you just need to get the job done. You will never find consensus amongst the left and within your party because your views on economic reforms is not aligned to their.

It is why our economy is smaller than it was five years ago and has 14 million unemployed people in it.

South Africa urgently needs economic growth and this will only happen if we have well thought out and calibrated policies to do so, of which localisation is neither.

Talking of consensus, there is much agreement amongst academics, economists and the opposition that localisation will cause more harm than good.

It's fundamental flaw is that it simplistically and naively assumes that if you create trade barriers to certain goods and then designate them for local production, that consumer demand will magically be created.

This is not how economics work Mr. President and you know that, which is why I guess you have seemingly toned down your enthusiasm for it in this years SONA.

South Africa needs to be cost competitive when it comes to manufacturing so that we can be an export driven economy and take advantage of the African Continental Free Trade Agreement (AFCTa), but if we are going to be a protectionist economy then we are only going to damage our ability to export into Africa and the world.

But in order to do this, we need functioning ports.

Our ports are so inefficient, that in Durban harbour, they are moving half the number of containers per hour than they did two years ago.

Your plan to bring in a private operator is a good one, because as you said Mr. President, business knows how to create jobs.

However, you did not mention an intervention which is so desperately required in the Cape Town port.

It is literally sinking under mismanagement and incompetence which is leading to massive economic losses for the Western Cape. Your urgent attention is needed here.

Mr. President, if those of us who understand how to get our economy going and growing can all agree that we need to put job creation at the centre of our efforts, and that only businesses can create jobs, then every single thing your government does needs to ensure this happens.

If there is a law that prohibits this, then repeal it.

If there is a regulation that seeks to make it more difficult then bin it.

And if there is a Minister that seeks to frustrate it, then fire them.

You will have our support if you are prepared to follow through with those twelve crucial words.

I thank you.

