A DYSFUNCTIONAL SOUTHERN AFRICAN GOVERNMENT

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Abstract

The paper attempts to look at some of the causes of the dysfunctionality of the South African Government in its current form, under the African National Congress’s President Cyril Ramaphosa and the ruling African National Congress government after nearly 25 years of democracy. The paper will discuss a number of variables that have caused this overt dysfunctionality in the form of policy inconsistency, infighting within the ruling African National Congress, the numerous high profile commissions that have been instituted by the government, in the form of the State Capture Commission that plagued the country under the former Jacob Zuma presidency, the investigation into the South African Revenue Services, the Gupta gate inquiry, into massive corruption that is unfolding within the ambit of the state capture commission of enquiry; rampant corruption coupled with political patronage and, the collapse of good governance, rising unemployment that now stands at 30 percent and likely to increase even further, increasing poverty and, the widening inequality that has become ingrained within a dysfunctional government. South Africa has entered its first recession since 2009 indicating swift market reaction which has slowed down the economy to, all most a point of no return. The constant populist rhetoric that permeates land reform without compensation. The world’s negative reaction led by the US government and Great Britain, to this untimely populist rhetoric given credence by the current government and certain opposition parties that, is affecting the economy drastically. Rampant and unstoppable violent crime of all forms. By the same token, social cohesion has now become the myth of the so – called rainbow nation, and is on the wane because of political ambition that, is poisoning race relations, as whites and other minorities are being marginalized and are being made scapegoats. The issues raised in the abstract are but a few of the variables that has placed South Africa in a quagmire, amidst a number of other variables. All of these variables cannot be discussed in a paper of this nature but, an attempt will be made to crystallize and expand on some of these issues that have led to the dysfunctionality of the South African government post 1994. The paper does not pretend to unpack all the causes of this dysfunctionality.

KEYWORDS: Dysfunctional; Dysfunctionality; Recession; Democracy; State Capture; Economy; Corruption; Government; Governance; Poverty; Inequality; Variables; Policy Inconsistency
1. METHODOLOGY AND OTHER RESEARCH ISSUES

The paper does not follow the classical research approach in its formulation and discussion. It is limited to critical analysis and, the reliance on articles that have appeared in the popular South African press. This in no way dilutes the thrust of the paper but, adds to a topical issue that is affecting South Africa currently. This approach is therefore, par for the course. In a paper of this nature, the aim and objectives of the paper are clear in that, it unpacks the reasons of the dysfunctionality of the South African government. It is obvious that no ethical implications come to the fore because, the discussion is already in the public and international domain and therefore, criticism of any government the world over, is undertaken in the interests of the masses, the populations that these so – called democratic governments are charged to serve without any let or hindrance, and therefore, many governments flout democratic principles that have brought them into power and, in so doing, trample upon the legitimate aspirations of the voting public that brings these governments into power. There are limitations that will be encountered in the articulation of this narrative because, the intricacies of a sensitive topic of this nature, cannot be fully expanded upon for obvious reasons. On the other hand the subjective predilections of the authors may come to the fore in discussions of this nature. This is totally unavoidable.

1. INTRODUCTION

The effect of dysfunctional government in the Republic of South Africa could easily lead to or often leads to, in many dysfunctional and corrupt governments, throughout the world, to increasing instability and deepening financial crisis. Dirk Brand (2018: 6) points out that “Co – Operative Governance and Traditional Affairs Minister Zweli Mkhize recently painted a bleak picture of the state of local government. It should trouble all South Africans – not only those suffering as a consequence of dysfunctional municipalities. In his budget speech in Parliament in May of 2018, Mkhize said that 87 percent of municipalities – about a third of South Africa’s total of 257 – “remain dysfunctional or distressed”. The Minister identified two problems in that, one set is systemic and relates to the size and structure of municipalities. The other is mismanagement due to “political instability or interference, corruption and incompetence.”

It has to be clearly understood and appreciated by the government of South Africa that, whatever the causes of the dire state some municipalities are in, it is evident that this situation has a huge negative impact on society (Karodia, 2016: 12). “South African municipalities form the third sphere of government after the nine provincial governments and, the national or central government. According to the South African Constitution (Promulgated in December, 1996 and came into being on the 4th of February, 1997). “All three spheres of government must be democratic and accountable institutions that must at all times provide a range of basic services to local communities. They are also key institutions for the enhancement and promotion of social and economic development on the basis of their direct link and interface to local communities. It is therefore obvious that, successful municipalities are essential for South Africa’s prosperity.” This facet of governance has failed the population of South Africa and particularly rural, semi – urban, and poverty stricken communities that, have a total reliance on the services provided by these municipalities. In the 2017 / 2018 report of the Auditor General, “only 27 municipalities received clean or unqualified audit reports from the 257 municipalities that comprise this third sphere of government and, the Auditor General sited that municipalities were dysfunctional and, an impediment to the development and prosperity of the country.

He further alluded to the reality of endemic corruption, incompetent functionaries, cronyism, in appointments of staff, unqualified staff due to political patronage, the lack of oversight, coupled with an absence of evaluation and monitoring mechanisms and therefore, the collapse of municipalities that endorse inefficiency, sleaze and, a total lack of accountability and, the collapse of governance mechanisms.” This morass and malaise is also endemic, in many of the provincial government administrations and is exemplified by the collapse of the provincial government of the North West Province that has been put under administration by the central government. The political situation in some of the 8 ANC provinces (controlled by ANC provincial governments) are on the brink of collapse and have no capacity to deliver basic services. This has led to massive protests and the destruction of public infrastructure coupled with other serious social ramifications.”

The education system at basic and tertiary levels are in tatters, with ill - discipline permeating these sectors. The national health service delivery system together with the provincial health departments are plagued with a lack of trained professional staff, the absence of basic medicines, the lack of budgets to meaningfully intervene; hospital infrastructure has collapsed
and, the proposed National Health Insurance Scheme / Plan (NHI) together with the National Development Plan (NDP) seem to be in state of flux without a definite implementation plan and exacerbated and pressured because, there is just no finance to implement, this necessary but rather ambitious plan. In reality all facets of the South African public services administrative systems are in a state of ‘shock’ and incapable of meeting the basic requirements of the country” (Karodia and Soni, 2016). This is an indictment to the basic tenets of democracy twenty five years down the road of South African democracy and freedom, from the yoke of apartheid oppression and its lingering legacy.

African News Agency (ANA) (2018: 5) states that “If the government of South Africa embarked on a plan to expropriate land without compensation, recklessly, and in an arbitrary manner, food prices could double and even worsen because the country has entered a cycle of recession, and warmed Parliament about this real situation that is unfolding in dysfunctional South Africa. The authors of this narrative are fully aware that land must be distributed to the masses of our people who were impoverished by apartheid and its abhorrent legacy but, cautions that the government has to tread and traverse this complex and emotional issue with the greatest interests of the country and not stymie economic development and, economic growth at this particular moment in our democratic history, because the country requires international investment in a period of severe economic strain that is affecting all sectors of society and, this is not the time to intervene with regards the distribution of land. It must wait for the economy to settle under stable conditions and, enter into a compact with land owners in respect of the modalities that will be used to redistribute land.

The starting point will be to redistribute the land held by municipalities, the defense force, the national government and provinces. Millions of acres of unused land is in the hands of government including the large tracks of land ceded prior to and, on the eve of democracy in 1994 to the Ingonyama Trust (Negotiated by the first President Nelson Mandela) in the province of Kwa Zulu Natal, under the Jurisdiction of the Zulu Monarch, King Goodwill Zwelithini, who is the sole trustee of the Ingonyama Trust. It has been stated by many analysts and by parliamentary debate that the agreement reached with the Zulu Monarch was illegal and, used as a sweetener to cajole the Inkatha Freedom Party of Chief Buthelezi, to reenter once again, the stalled negotiation process, to create a democratic South Africa. A purposeful reading of the African National Congress’s Freedom Charter clearly indicates that the ANC reneged on the basic tenets of the Freedom Charter in entering into this “clandestine” agreement. It, rue this decision today in respect of the unfolding land issue in respect of redistribution of land to the impoverished masses. The Ingonyama Trust controls over one third of Kwa Zulu Natal land. The debate and discussion in respect of this land issue has stoked war talk on the part of the Zulu Monarch and is stoking the rise of Zulu nationalism within the province. The ruling ANC government is in a catch 22 situation and panders to the whims and fancies of the Zulu monarch and his subjects. This also proves that the ANC government is in a dysfunctional state, cannot bite the bullet in the interests of democratic South Africa and its people. The issue has to be dealt with decisively, irrespective because, Kwa Zulu Natal cannot hold the process to ransom and is definitely part of a unitary South African state and must not be allowed to go it alone.

Briefing Parliament’s constitutional review committee, which is looking into whether section 25 of the Constitution needs changing to allow for the expropriation of land without compensation, Agribusiness said that “Land expropriation could have unintended economic consequences. It added further that “Agriculture needed financial institutions to fund inputs, but that financing was dependent on farmers who currently owe the banks more than R197 billion, with 75 percent of this collateral, is held through the value of land and, therefore, farmers on their own owe the banks more than R41 billion and therefore, farmers require providing the necessary collateral in order to keep the farming sector alive, in order to stimulate the economy and be involved in exports and food security. The government cannot just pay scant reference to these variables and hope to wish white farmers away.

This will spell economic disaster for South Africa which is currently with and in the cycle of recession; on the brink of economic disaster and this could and, will lead to massive production losses if land was expropriated.” The danger lies within the ambit of farmers struggling to get finance and simultaneously production will go down drastically, to the extent that the country will not produce enough to meet local demands and therefore, the country will have to import food, and then the cost of imported food will be significantly higher and more than what the country can produce locally and, food prices will rise. This will lead to further poverty, greater unemployment and farming in South Africa will be destroyed. In a worst case scenario food prices according to Agribusiness could soar by 100 percent. This could lead to grave consequences and add to the dysfunctionality of the country even further” (African News Agency, 2018: 5). The above reality and painted scenario shows clearly that South Africa is currently dysfunctional and it does not have as things stand.
Currently, the capability of coming out of this scenario and bleak morass, to engineer a plausible turnaround strategy to fulfill the aspirations of the masses and, its reputation is sinking internationally and foreign nations are now paying scant reference to it as an investment destination, in spite of its wealth. This introduction sets the pace and framework of the article to now discuss a set of dysfunctional issues.

2. ECONOMISTS CRITICIZE GOVERNMENT ACTION ON FUEL

Economists have warned within the ambit and reality of a failed and dysfunctional government of South Africa that “By intervening and, curbing the September petrol price increase, the government has created unreasonable expectations. The government has merely rescheduled the increases. It only increased the petrol price by a mere five cents per litre to avert the agreed 25 to 28 cents per litre increase (2018: 3). Bhekis Mbanjwa (The Mercury, 2018: 3) states that “The Department of Energy stated that it was a temporary measure or intervention to provide some relief to motorists and consumers. This comes in the wake of growing calls and protests from opposition parties and civil society for lower fuel prices.” Dawie Roodt The Efficient Group chief economist said that “The governments intervention was irresponsible and had created expectations that the government has this magic wand to control petrol price” (In Mbanjwa, 2018: 3). He further added that “I do not know exactly how this intervention is structured but, I suspect they are depleting the reserve or the state account.” Professor Bonke Dumisa (In Mbanjwa, 2018: 3) said that “The government’s intervention sent the wrong message that the government will give in to protests. If the rand continues to weaken, will they continue doing the same thing and this clearly smacks of a dysfunctional state using band aid solutions, to plug a very serious problem that will come back to bite the government and the consumers.” Mbanjwa states that “We can expect, a massive increase in October 2018 because petrol prices are determined only on international fluctuation.

The government is ignorant of the negative impact high fuel prices have on the majority of South Africans. The high prices he said was due to incompetent politicians elected into power.” This is a rear guard action that has no merit and is a reflection of the huge problems that confront the government in its ineptitude, poor policy making that characterizes a dysfunctional failed state and corrupt government. This dysfunctionality is now the order of the day and, the government is courting bankruptcy in respect of many of its policies and in many sectoral fronts of the economy and, has no real answers to reconstructing the economy and placing the country into a trajectory of growth and development. This is due to endemic corruption, the desire to redistribute the state’s resources without creating the wealth that is necessary to turn the country into a complete welfare state that it is in pursuit of, by trumpeting its socialist agenda, appeasing the labour unions and its inability to curb state expenditure and, its failure to trim the cabinet, downsize its top heavy public service wage bill and therefore, captures the masses with its populist slogans and the question of land distribution, not understanding that free quality education which, has now become the new mantra is not deliverable in the absence of resources at both the basic and tertiary levels. The government with this dysfunctionality is in a quagmire to deliver basic services and anger is now spilling into the streets.

3. WHAT DYSFUNCTIONALITY LOOKS LIKE?

According to Brand (2018: 6) “A number of characteristics are evident in dysfunctional municipalities and provincial governments. Firstly, there is very poor or no service delivery – in other words, rubbish is not collected and basic services such as water supplies are partially or non-existent. Another feature is that they suffer from serious financial problems, such as low debt collection and huge over – due creditors’ payments. Infrastructure is deteriorating at a very fast pace and maintenance generally is non-existent. In reality, communities in these areas often experience a range of problems that reflect this state of dysfunctionality which is exacerbated by the endemic problem of potholes, huge water losses because of the absence of maintenance of infrastructure and the increasing backlogs in new infrastructure, financial mismanagement as well as fraud and corruption. A second important impact is that service providers are affected. If a municipality does not collect all the revenue due, it is incapable of paying creditors or takes a long time to do so. This leads to the reality that service providers do not want to deal with or provide services to many of the municipalities and provincial governments and, this leads to the vicious cycle of non-delivery of essential services. This in turn leads to violent protests, strikes and destruction of state property. This is the road that South Africa is currently traversing and the situation is worsening as each day passes.” Brand (2018) points out further that “an example is the R16 billion owed by municipalities at the end of 2017 to Eskom (Electricity Supply Commission), the country’s power utility.” From this bleak picture, it is more than obvious
that smaller service providers – some of which are small and medium enterprises, could face serious liquidity problems, if they are not paid and, at worse they could go under threatening retrenchment and adding to higher unemployment rates in a completely sinking and depraved South African economy that, is now in dire straits and in complete tatters. The effect of all this is civil unrest.

In the longer term, consequences will be increasing uncertainty or even instability in affected communities and a spiraling financial crisis and, this will have a snowball effect. This will lead to the real scenario whereby investors will disinvest and, will show a reduced appetite for investment and business might decide to move elsewhere and, into safer and more stable economic environments and, to countries that will provide security on investments. This will mean that local economic development and the much needed job creation will not get off the ground. This is a major issue and problem for the dysfunctional South African government.

4. POLITICAL AMBITION IS POISONING RACE RELATIONS AS WHITES AND SO - CALLED MINORITIES ARE MADE SCAPEGOATS

The government of South Africa, Non – Governmental Agencies and a host of Institutions’ within the country have poured millions of rands into the project called social cohesion, in order to reflect the so – called rainbow nation, in the pursuit of uniting all South Africans in a common goal of consolidating democracy and celebrating the idea of a single united South African people and nation post democracy in 1994. It was aimed in the right direction. However, after 25 years of democracy, this has not worked. In reality unity has alluded the nation. This is exemplified by the rise of different ethnic nationalisms and the marginalization of South Africa’s minorities be they White, Coloured or Indian. This is a dangerous phenomenon and puts the country backwards and makes the different race groups separate from each other. This has given rise to racial nationalism within the country dominated by the majority black population.

As passionate and sincere are many South Africans about this important and necessary project about, improving race relations in a social cohesion effort but, none of the remedies are viable on account of historic, demographic and political realities. The project on social cohesion is taken backwards by populists such as Julius Malema of the Economic Freedom Fighters, other political formations, the President Cyril Ramaphosa himself, in terms of his views on the land question implying that land will be expropriated from whites without compensation. This has caused domestic and international condemnation of South Africa, the African National Congress as the ruling party and respected so – called ideologues of struggle politics like retired Constitutional Judge Zac Yakoob and, a host of others, across the political spectrum, and middle – class ideologues, stoking – up the poor and allowing and fanning populist racist rhetoric against all minorities, rather than consolidating true social cohesion initiatives to consolidate democracy, usher in a true South African patriotism, in order to make the country a winning nation and deal with this dream. It is a dream deferred and the situation does not seem to improve in the near future.

It must be remembered that as South Africans we are interdependent. So at which level does the rainbow relationship come adrift? The answer is obvious according to Duncan Du Bois (2018: 6) “It has always been on the political front. In the past politicians stoked the fears of the swart gevaar. Now it is about white monopoly capitalism and white theft of land.” Certainly there needs to be land reform and as it stands the Constitution makes provision for that. But because of the allure of power, past white exploitation, is being mined to sustain political ascendency. Race relations are being exploited and sacrificed so as to aggrandize political power. It brings to the fore the dysfunctional South African government playing to the gallery because of its failures to govern and, plays upon the emotions of the vulnerable to the detriment of the country. Unfortunately the hand of history weighs heavily. Post -colonial, Africa has been dominated by forces that have always represented the political extremes. The political landscape in South Africa is no different. Faced with a challenge to its left from the EFF, the ruling ANC has opted to attempt to neutralize that threat by adopting its opponents, policy of expropriation of land without compensation.

Political ambition is poisoning race relations. Attempts to undo the legacy of the past are proving more divisive and rancorous than apartheid itself. To expect race relations to improve and to prosper is naïve when minorities, find themselves politically demonized, marginalized and vulnerable because they are White, Coloured or Indian and are all made scapegoats of the failings of those in power.
Although non-racialism is constitutionally and officially pronounced as policy, minorities are acutely aware that demographic representivity is pursued, despite the fact that it is unconstitutional. Healing the racial divide is never going to happen as long as this situation prevails; where eligibility for employment and promotion is determined by racial ratios – 9 percent in the case of whites and lower for other minorities, and merit counts for nothing.

Further aggravating and alienating minority sentiment is the flagrant, unpunished, racist rhetoric of Julius Malema and his exhortation to slaughter whites at some future point and branding most South Africans of Indian descent as racist without any empirical evidence. Thus for all of their sincerity in seeking to promote a harmonious racial dispensation, such outlandish statements couched in racial terms fails to appreciate the psychological conditions under which whites, Coloured and Indians live. Many of these minorities have contributed more than handsomely and outstandingly in respect to the liberation of South Africa and in all facets of public life, and are fourth and fifth generation settlers and, it is thus very sad to bear witness to the progressive decline of every aspect of this country. There is not a single factor or element that has improved since 1994 under the dysfunctional government of the Republic of South Africa. And the greatest barometer of that reality according to Duncan Du Bois “is the value of the rand. At worst, before 1994 it traded at R2.25 to the US dollar. Now we are told when the rand trades at under R15 to the dollar that it has strengthened. The ANC must call its own bluff. The value of the rand reflects the banana republic status to which this country has been reduced.” Put bluntly, prospects are far from encouraging in an almost dysfunctional South African government as minorities are besieged on multiple fronts. It is therefore not surprising that many young people from the ranks of the minorities are emigrating at an increasing rate because of the failures of a dysfunctional government under the African National Congress.

5. WHAT NEEDS TO BE DONE?

In addressing systemic issues, there needs to be a thorough investigation into the structure, size and types of municipality and their governance structures. This should not be done by the South African local and provincial governments for obvious reasons and, be undertaken by independent experts on behalf of the government. In this regard Brand (2018: 6) states that “This should be directed to the overall improvement of the design of local government and should take into account the fast – changing, technology - driven environment in which we live.” In reflecting on the current state of affairs Brand indicates that two potential scenarios. The first is the low road scenario and is called “Crying, Waiting, and Hoping. The other is the high – road scenario which is We Can Work It Out.” In the first scenario, bad governance continues. On the financial side this involves financial mismanagement, tender fraud, corruption, low debt collection and very slow payment of creditors. In this scenario, services will deteriorate. Refuse will be collected less frequently and there will be more water losses due to old infrastructure not being maintained (Has already begun). In addition, more potholes will lead to more claims due to accidents (The situation is deteriorating with each passing day). And, finally increasing dissatisfaction among the citizens which lead to more civil unrest. If this went on for a prolonged period of time, it could lead to the total collapse of a municipality (Many have already collapsed). This, in turn, would require a long time and significant funding to get into an acceptable functional state again (A difficult task as things stand in South Africa at the moment).

The “We Can Work it Out” scenario envisages the successful prosecution of corrupt officials and councilors, cooperation across the political spectrum to create a stable organizational basis and, a serious attempt by communities to help solve municipalities’ problems (South African democracy and its politicians within the ruling African National Congress Government, does not display the political willingness and political will to intervene decisively). They can do this by providing expertise and participating constructively in the rebuilding of their society. In this scenario all available resources, from all three spheres of government, the business community, academia and citizens, would be used in a spirit of cooperation to work out solutions that can benefit society.

6. FROM ZUPTOCRACY TO RAMAGEDDON - THE LOCAL ECONOMIC MELTDOWN IN THREE ACTS

In elaborating on this crucial and vexing issue the authors find it necessary and expedient to outline the economic meltdown as captured by Richard Poplak (Daily Maverick, 2018: 4) as follows:
A.) MEZZE SPLATTER

“The world hit a grim little milestone last month: On the 20th of August, Greece finally graduated from its third and final bailout programme. More than eight years ago, on the 23rd of April 2010, former Prime Minister George Papandreou announced that the inventors of both democracy and grilled calamari no longer had access to capital markets, and that the country would require many billions of euros in order to stave off complete collapse.

Advertising: The euro klatch shuddered, and pointed up – they’ve been ponying up ever since. Greece made much of its own mess, of course, but the mess was compounded by its being lashed to the euro zone. Down came the shackles of austerity, imposed from beyond Greece’s borders by Bavarian technocrats. 289 billion euro later, Greece is not so much informed as transformed, and not by those that inhabit it. Austerity has done very little to improve the country’s economic circumstances: its GDP is still 25 percent lower than it was pre – crash. In other words. A generation of Greeks did the time for their leaders economic crimes. They know what it’s like having to live in a country colonized by an actuary’s spreadsheet. Despite the leftist rhetoric and the short  lived revolutionary frisson generated by the Syriza movement, Gexit or a true default was never a real option. But as bad as 2010 may have been, it belongs to a different, quaint historical approach: No Brexit, no Trump, and no neo – Nazis marching on the streets of American cities. What’s become clear is that the world has changed viciously following the crash of 2008 and its attendant crises. Leaving aside some tighter banking regulations and several new iPhone models, it has not changed for the better.

What is there for South Africa to learn from Greece’s experiences? We can console ourselves with the fact that everything ends, even bailout programmes. The Greek meltdown seemed very far away here at the bottom of Africa. That it was actually not, the euro zone is, after all, our largest trading partner, is neither here nor there. But former President Jacob Zuma had other obsessions. His state Capture project, which focused on the near – total strip – mining of Eskom, Transnet and the rest of the state – owned enterprise complex, was a remarkably successful endeavor: he managed to enrich a small cabal of cronies while almost destroying every single working institution of governance, including SARS and the Treasury. Only 179 “votes” during last year’s electoral conference separated the continuance of the Zuma – led State Capture initiative from the Ramaphosa – led other type of thing. But the damage was done, and very few observers and commentators have been honest as to the extent of the fallout. Now the hangover begins. And it’s going to be so brutal that it will change the historical trajectory of this country – South Africa.

B.) TURKISH LEERY

We cannot properly blame the Zuptas for the cratering of the rand, but economists have been warning of the dip in emerging market currencies for at least a year now. This grim little sequence of economic horror began not at home, but with the implosion of the fake Turkish economy. (That said, do not let anyone from the ANC blame “outside factors.” “There are always outside factors.”). Recep Erdogan is a hard - man nationalist populist of the 21st century staple, who fueled Turkish growth by borrowing in American dollars. As the lira dropped in value, investors became nervous because he would not be able to pay them back. Meanwhile, interest rates have been rising in the United States, and so emerging market currencies no longer provide attractive yields. Hence, the rand fell 3.34 percent against the dollar three weeks ago and is trading on the world market at R15 42 currently and, is expected to further dip drastically because of the South African government’s populist rhetoric that is further hampered by its consistent and haphazard policy shifts that has ushered in an era of policy inconsistency, which markets do not take kindly to.

This has damaged the country’s economy and is driving away investors and it is now looking to China to boost the economy. It is fair to say that the economic relationship with China will be one – sided and to the advantage of China. This relationship will be a burden to South Africa in the long run. China is no philanthropist and always will work to its advantage as is seen in many parts of Africa. Analysts were predicting that South Africa would dodge a technical recession. It was clear that the currency had become Fat Boy atom bomb, in the middle of an economy that had grown fatally addicted to an unsustainably strong rand. Several weeks ago, Goldman Sachs South Africa’s Colin Coleman, who serves a shill for the corporatist wing of the ANC, insisted on CNN that despite the currency dip, South Africa’s “fundamentals” remain sound. The question to be posed to Coleman is which fundamentals would those be? The part where the economy shrank by 2.2 percent in the first quarter of 2018, the biggest drop since 2009. The part where June’s public sector wage settlement blew past budgeted estimates by R30 billion the government does not have? The part where the government has R50. 8 billion tax collection shortfall problems because SARS was used as the deadliest weapon in the gangster state’s arsenal. The part
about a 52.5 percent youth unemployment rate, which rises to over 65 percent, if discouraged job seekers are included? Coleman’s bafflegab was likely an attempt to mute the impact of a report released by Moody’s ratings agency around the same time. It contends that that the most recent budget’s “fiscal consolidation targets” – read “austerity regime,” will be botched. This is despite the fact that in April VAT (Value Added Tax) was raised to 15 percent, effectively imposing a corruption tax on every single South African. Fuel levies were raised 52 cents per litre. And the poor were whacked even further by the sugar tax, initially termed “a health promotion levy,” even though state hospitals have been reduced to charnel house, (The supposedly commensurate rise in social grants is little more than a sick joke).

C). RECESSION SESSIONS

The ANC’s response to the floundering economy has been typically incoherent. In the mode of a banana republic either anticipating or experiencing a structural adjustment package. President Ramaphosa has promised to shave down the public sector by 30,000 employees. Shortly before this, he gave a speech in his capacity as president of the country. He laid out the ANC’s policies on land expropriation without compensation – it’s a go, folks! – and on jump staring the failed economy – a massive stimulus package focused on women and “the youth”! How does the government engineer a stimulus initiative in the middle of an austerity regime? No idea. But that’s the ANC for you. The stimulus package would according to Finance Minister Nhlanhla Nene, cost around R48 billion. Compounding this mess, South Africa in general and President Ramaphosa in particular, still thinks of the nation as a mining mecca. It is not. Mining corporations have killed 51 people so far this year in on – site fatalities, 17 more were murdered in the Marikana massacre. South Africa recorded 490,000 mining jobs in 2005. There were 190,000 at the beginning of this year. There is still no mining charter, and thus no agreement between the government and corporations on what transformation actually means. The platinum belt, due to diving process and horrendously operated companies, is presently being transformed, into a desert. And while the standard line is that government and mining corporations can’t agree on anything, corporate / government collusion has robbed billions from communities across the country.

Meanwhile. Mining Minister Gwede Mantashe, a politician so past his prime, he might well be serving in a Paleolithic era century, makes absurd pronouncements on job figures, and even had the temerity to invent his own land policy: he promised that farms over 120,000 hectares would be subject to expropriation, this at a time when the government does not know how many farms there are in the country, how big those farms are, nor how to define the term “farm.”. It must be remembered that in the second quarter of this year, mining was one of the only sectors of the economy that posted positive growth. And while we are on the subject of the private sector, the white men in suits are sitting on record cash deposits of R810 billion. Despite the fact that South Africa boasts one of the worst rates of corporate corruption in the world, these upstanding citizens are afraid of investing in South Africa because of all the corruption. KPMG, McKinsey, Multichoice, Steinhoff, SAP; and many more. The self-servicing self-righteous short-termism is staggering: not only did the economy fail to transform following apartheid, it calcified into an actively anti-poor regime of monopolization. You cannot blame these people because they do it and they get away with it.

On one element of South Africa’s fundamentals, Coleman was correct, even Moody’s was bullish on our ability to meet the budget deficit target by 2020 / 2021, and for debt to stabilize at 56 percent of GDP. But it’s difficult to justify this outlook when staggering 11 percent of debt to GDP ratio is devoted to State Owned Enterprises (SOE’s), 6.5 percent of those 11 belonging to the exploding dwarf star Eskom. As Moody’s noted, guarantees to these Zuma – gutted relics could reach R795 billion this year. There is a big argument to be made for bigger debt – to GDP ratios. In other words, borrowing in order to create stimulus, but not in South Africa, which has borrowed around R1 trillion in the past eight years in order to prop up the likes of SAA, which simply does not make any business sense. Even the Maoists in Ethiopia are partly privatizing their national carrier, which is far better run than SAA could ever hope to be.

The one upside is that there are real opportunities for economic growth in judicial commissions of inquiry, at which we excel. The Judge Zondo commission, currently underway, will cost the fiscus R230 million, cash that would have been better spent, frankly, on furnishing Nkandla with a few more bay windows and a home theatre for the chickens. And while the commission is showing us just how revolting it was to make the Zupta sausage, South Africans prefer prosecutions over testimony, however shocking. The other upside, which might be the single largest opportunity South Africa has ever encountered, is land reform. But even here the ANC can’t get its message straight. It fell for the Economic Freedom Fighters’ tactic of demanding a constitutional amendment for Section 25, which will explicitly allow for expropriation without
compensation, effectively chasing away the kind of policy certainty that outside investors require. Team Ramaphosa has been swanning around, showing off fake investment cheques from China and Britain, of all people. But the deals come with murky terms, and the truth is that, the South African economy faces the real possibility of a ratings downgrade. Any money that comes our way will be enormously, catastrophically expensive. In fact, we may soon call the International Monetary Fund (IMF) our bankers of choice, which is another way of saying that, much like the Greeks, our sovereignty and our agency will have been outsourced to our creditors. It’s impossible to quantify what that means over the long term to national dignity.

The blame game has begun: It’s all because of neoliberalism, or socialism, or socio – neoliberalism, or white people, or black people, or Indian people, or colonialism. Or neo – mercantilism, or Trumpism, or the national democratic revolution, or the failure to understand millennials in the workplace. And while several of these factors certainly apply, the economic mess is a direct result of a failure to govern by the ruling African National Congress. Cyril Ramaphosa deflects responsibility for the cratering economy, but he and the rest of the governing class protected and enabled Jacob Zuma’s plundering project for over a decade. They allowed him to get away with it, they allowed his cronies to get away with it, and they never allowed themselves to understand the existential threats that State Capture posed to the lives of every South African who has to earn a crust in the sandblasted hell-scape of late – stage capitalism.

In a globally connected mega – economy, outside factors always count. But South Africa threw away the possibilities offered by a decade of rampant global growth, and now South Africa sits at the bottom of a curve that actually has no bottom. The rich, of course, will be fine. But South Africa does not have a wide – enough taxpayer base to weather successive downturns. And average South Africans, most of whom are poor and black and were “screwed” over the previous dispensation, deserve something better” (Emphasis added by the authors).

7. THE DREAM OF GROWTH IN TATTERS – RECESSION NOW THE GAME: SOUTH AFRICA FACES MOODY’S DOWNGRADE AS RECESSIONARY CLIMATE LOOMS

Menon, Mittner and Mokane (2018: 1) report that “South Africa will struggle to register barely positive growth for 2018. This is the reality facing President Cyril Ramaphosa, six months after he was swept to power on a wave of optimism that he would reverse the decay of the Zuma years. His dream of boosting growth to 3 percent this fiscal year is in tatters, and leaves him vulnerable to opponents both inside and outside the ANC as he prepares to fight an election in 2019, hobbled by a near 30 percent unemployment rate, which is set to rise further and some analysts, state that it actually stands over 42 percent at the moment.”

Shock data from Stats SA on Tuesday the 4th of September 2018 showed that the economy contracted 0.7 percent in the second quarter, adding to a 2.6 percent decline in the previous three months (Initially reported as a 2.2 percent decline). It is the first recession since 2009, when the economy was caught up in the midst of the world global financial crisis since the Great Depression. Menon et al (2018: 1) indicate that “The reaction from the market was swift and brutal with the rand weakening to R19.75 against the pound, its weakest level since June 2016 – one of the most chaotic periods of Jacob Zuma’s presidency, marked by credit downgrades and midnight cabinet reshuffles. All of this will attract downgrades from credit rating agencies as stocks and bonds were sold off reflecting concern that a shrinking economy will further damage SA’s fiscal position. This is further exacerbated by revenue collection falling behind drastically.

The numbers show a contraction in household consumption, with the Finance Minister indicating that VAT and petrol price increases have hurt consumers. To this end Goldman Sachs downgraded its growth forecast for SA from 2 percent to 0.8 percent, while Nedbank indicated that it expected the economy to expand only 0.5 percent in 2018. Fixed investment has also declined exacerbated by governments desire to change the Constitution in order to usher in an era of expropriation of land without compensation. It must be registered that as things stand economists are skeptical about the government’s stimulus plans. Menon et al (2018: 2) states that “Government does not have the fiscal headroom to add any impetus to growth, particularly as current spending continues to crowd out infrastructure investment.” In reality there is no budgetary room for a big fiscal stimulus package with the credit ratings agencies watching SA’s precarious fiscal debt dynamics very
carefully. All three major credit ratings agencies have warned that SA’s ratings are constrained by the slow pace of growth. Further credit rating downgrades would mean SA’s cost of borrowing would increase.

According to Sunita Menon (2018: 1) “Moody’s halved the growth forecast for the country and says that economic contraction is a credit negative. The first recession in almost a decade could cost SA its remaining investment – grade rating with disastrous consequences for the country and consumers who are already under strain from tax increases and near – record petrol prices. Moody’s Investor Service halved its 2018 growth forecast and said that, economic contraction in the first six months of the year was a credit negative. A Moody’s decision to push the country’s debt into junk would see SA fall out of the key gauges such as Citigroup’s World Government Bond index, which may prompt investors to dump as much as R100 billion, of SA assets.

The recession has heightened the country’s risk of suffering yet another credit downgrade in the second half of the year. Menon (2018: 1) points out that that “GDP numbers showed the economy shrank 0.7 percent in the second quarter adding to a drop of 2.6 percent in the first three months of the year.” This situation undermines President Cyril Ramaphosa’s effort to revive the economy and attract investment and leaves him politically vulnerable. The President indicated without substance that the issues are transitional. This is a figment of his imagination were, we see that he himself and, his government ministers do not have the capacity to intervene decisively and bite the bullet. It is now obvious that if the cards are not reshuffled, definitely there will be a downgrade at the beginning of 2019. This will mean that the government will need to revise its budget deficit higher, at a time when it is under pressure to unveil a stimulus package. It is not clear how such a pan will be funded. Naturally, it is not about it, it’s about when. Menon (2018: 2) states that “Moody’s decision hinged on Ramaphosa’s ability to swiftly implement policy changes and reignite the economy. Jeff Shultz (2018, In Menon) indicates and states that “After the February budget, if we do not see a significant improvement in policy and growth and investment, then Moody’s will have no choice but to downgrade. Sand P Global Ratings and Fitch both downgraded SA to junk status in 2017.

South Africa’s decent into a technical recession has come as a blow to the African National Congress in respect of its economic hopes, given the limited fiscal space, heavily indebted parastatals and a nervous private sector. In this regard Cyril Ramaphosa will have to make good on his promises with regard foreign direct investment (FDI). Butler states that “He initially claimed the tidy sum of about $100 billion in new investment over five years. The investment drive has become the signature theme of Ramaphosa’s tenure in the Union Buildings. These are difficult times indeed. Pride, anticolonial sentiment, an economy in tatters, inefficiencies in government and, land expropriation and moral, and scruples will have to wait for better days.” South Africa is in economic trouble because of the mismanagement of its economy. The pressure is on the Finance Minister to deliver a medium – term Budget policy statement that will ward off further credit downgrades in the face of recession. There must be no renewed lapses in fiscal consolidation. Growth and fiscal developments must be critically monitored.

Some important issues that need to be understood and taken into consideration as to why South Africa has entered into a recession. The agricultural sector recorded a large contraction of 29.2 percent. The agricultural sector clearly has had a negative influence on the recent GDP outcomes, contracting by -33.6 percent in quarter one. In the second quarter of this year, many field crops were harvested late due to weather conditions and this led to the poor performance, but these same crops will be reflected in quarter three GDP figures, likely causing the reading of the economy to rebound. This has to be seen in the medium and long term basis. A number of other sectors have performed badly and this seems to continue. Another area that exerted downward pressure on the CDP print was the contraction in general government services (0.5 percent), with a key weighting of 15 percent” (Annabel Bishop, Business Review 2018: 16). However, a contraction in general government services is to be welcomed given the need for lower expenditure levels to counteract the country’s growing deficit and debt bill. On the other hand from the expenditure side household consumption expenditure contracted by – 1.3 percent.

While little can be done to change the past, much can be done to rectify mistakes and improve the outlook. South Africa has seen its competitiveness and institutional strengths deteriorate substantially in the past few years, as have its credit ratings. The governance of many State Owned Enterprises and state institutions has also deteriorated, as has the health of government finances, depressing business confidence over virtually a decade. Real household income growth and the efficacy of corporate boards also deteriorated and corruption proliferated. South Africa urgently needs to turn this around,
rapidly repairing institutions, bolstering competitiveness by focusing firmly on improving the environment. There is a good correlation between the performance of the economy and that of government finances. Repairing the latter as occurred during the Mandela presidency from 1994 to 1999 is now urgently needed to restore the former” (2018: 16).

8. RAMAPHOSA NEEDS TO GET HIS HEAD OUT OF THE POPULIST POLITICAL CLOUDS

The Business Day Editorial (2018: 6) states that “You should never yell “fire” in a crowded theatre, but there is time and place for a well - considered, panic. That time is right now, when it comes to the parlous state of SA’s economy. What is particularly alarming is that there is no sign that the third quarter, which is already in its final month has been any better. Even as the rand weakened, the oil price strengthened to about $79, a rise of about $8 in a few weeks. This suggests that the market is not convinced that the promise to increase production to bring the price under control has been effective. It would be some consolation if the weaker rand had led to an improvement in exports, boosting the manufacturing sector. Manufacturing is on the decline.”

South Africa is entering a destructive cycle of currency weakness and lower economic output that threatens to gather steam, churning up the country’s future economic prospects. The problems are amplified by the ascension of Cyril Ramaphosa to the presidency. While few in the global investor community or in local business expected his predecessor to fashion effective policies to stimulate growth, expectations of Ramaphosa were high. According to the Business Day Editorial (2018: 6) “Instead of playing to his strengths and fashioning a new economic accord that brings business, labour and government together, he has chosen to be divisive and pursue the short – term aim of convincing sceptics in his party, and an imagined pool of radical voters, that he has solid left – wing credentials.”

His decision to follow the Economic Freedom Fighters (EFF) down the rabbit hole of amending the constitution to effect land expropriation without compensation when, even his own party has concluded that such an amendment is unnecessary, has cast doubt on his bona fides. Even the Human Rights Commission of South Africa has stated to the Parliamentary Committee on the 6th of August 2018 that, it was not necessary to amend the constitution and that, sections within the constitution deals with expropriation in terms of section 25 and that, this must not be tampered with” (SABC August 6, Land Expropriation, Prime Time News). In other words his decisions and announcements are based on the risk of political populist rhetoric rather than the priority of rescuing the tattered and ruined economy. Donald trump seizing the so – called moral high ground and the populist utterings of Ramaphosa handed Trump the opportunity to display his prejudices to the world. Like it or not, this has damaged South Africa in the eyes of the global investor community.

Ramaphosa needs to get his head out of the populist political clouds and start attending to the repair of the economy with urgency. He needs to do what he does best and build a consensus on how to kick start the country’s economy. And he needs to start implementing the regulations and policies that will achieve this, seeing off his critics with a show of leadership. There is no time to waste and certainly no time to spare.

9. RAMAPHOSA CAUGHT BETWEEN THE GLOBAL ECONOMIC REALITIES AND LEADING A CORRUPT AND DEPPLY DIVIDED PARTY

In November 2017 Cyril Ramaphosa then Deputy President borrowed the evocative language of Franklin D Roosevelt in calling for a New Deal for South Africa. His 10 - point plan focused on rolling back corruption and state capture, the creation of policy certainty and building investor confidence in the service of jobs and growth. He saw inclusion and transformation for workers, communities and entrepreneurs as central to the new approach and called for macroeconomic policy that secures the country’s economic sovereignty through growth. In reference to the challenge of improving education, he said “unions must refuse to defend those who stand in the way of the education of the children of the working class.” Land reform was not one of his 10 points; it was mentioned only as a key part of the objective to pursue meaningful economic participation for the poor and marginalized. His approach to the private sector departed from the ANC’s previous attacks on “white monopoly capital.” He suggested private sector expertise and resources would complement state capacity in infrastructure, and suggested the private sector as a possible strategic partner strengthening the balance sheets of some state – owned enterprises. To Ramaphosa, business was also seen as a social partner that would create jobs and support black – owned small and medium enterprises in achieving high growth and sustainable returns” (Ann Bernstein, 2018: 7). These welcome emphasis and reversals of Zupta – era aberrations were, however, paced within a firm commitment to the
existing policies of the ANC and included a number of statements and proposals that indicated a continued statist approach to development. This struck a warning note, which would be greatly amplified by the ANC conference and its aftermath, about how new the New Deal would really be. Elected president of the ANC in December by a thin margin, Ramaphosa’s supporters lost on key policy questions debated at the ANC conference. Since becoming president of the country he has been embroiled in the realities of leading a corrupt and deeply divided party. In actual fact he is condemned to live in the parallel universe of ANC populism and economic reality. The former is marked by fiscal incontinence – public sector wages, endless bailouts for SOE’s, free tertiary education, an uncosted National Health Insurance plan, and an attitude to property rights that at best is cavalier and at worst predatory.

He has failed to bite the bullet and has played into the hands of his opponents because his priorities should have been fiscal discipline, growth friendly policy certainty and the implementation of confidence – building reforms that would have enabled the private sector to do more of what the private sector does, increase economic activity, employ more people and pay more taxes, but more importantly release, the Zuma acolytes within his cabinet. He has failed to do this to his own peril and with disastrous consequences to the country. In this regard Ann Bernstein (2018: 7) pints out that “Caught between these two alternate universes, the president has so far chosen continuity with ANC policies of the past two decades, spiced up with increased populism and next to no progress in curbing public spending or adopting new policies to enable economic growth. Under his tenure thus far public policy has done little to extend employment and inclusion to millions of people whose life chances have been compromised by our failing education system.

“ The president needs to lead the country, not just the ANC. A new approach is needed. South Africa needs a new attitude to the role of business in national development. When the president tells the nation that “The country is imperiled because of Ramaphosa’s failure to deliver clarity over licensing regimes and property rights, and make solid progress on structural reforms. As a result, business confidence has dipped and investors remain unconvinced about the strength of South Africa’s business case (Bisseker, 2018: 7). She says (2018), “It is worth comparing the progress made in the past six months against the benchmark set out in the February budget. At the time, the Treasury said “Translating the cyclical upturn and improved investor sentiment into more rapid economic growth requires government to finalize many outstanding policy and administrative reforms.” These included “Mining sector policies and support investment and transformation; telcom reforms. Including the release of additional broadband spectrum; lowering barriers to business entry by addressing anti – competitive practices, and supporting labour intensive sectors such as agriculture and tourism.” However, for a few improvements in policy regimens, there has been almost no improvement in the policy environment. Rehabilitating the tax authority and state – owned enterprises remains essential, but the latter will not translate into faster growth. Eskom continues to seek higher tariffs; and investment in agriculture will remain elusive as long as confusion reigns over land reform.

Part of the problem is that SA has been unable to unite around a set of economic priorities, a short list of reforms that are deemed essential to get growth going. This work seems to have been relegated to back – room committees and summits. On jobs and investment, about which the details are sketchy. What South Africa needs is strategic focus and coordination, not the interminable dialogue of summits. Most people would be hard pressed to name Ramaphosa’s top priority. Is it growth? Jobs? Transformation? Ending corruption? Rehabilitating the state? Education or land reform? That we have to guess is an indictment of his leadership. If his top priority is growth, then surely the time has come to shelve the search for consensus and do what must be done – clear away the regulatory hurdles, improve the national logistics system and cut red tape. Dealing with these binding constraints is the fastest way to kick – start growth. Until South Africa does, growth will slide further and remain disappointing.
11. JACOB ZUMA WAS NO AUTOCRAT: THE ANC AS A PARTY WENT ALONG WITH HIM ON HIS LOOTING SPREE INCLUDING RAMAPHOSA

Barney Mtombothi (2018: 21) states that “South Africa right now, apart from the brawling and the burning that continue unabated, seems and feels like a huge talking shop. We are probably the best exponents of the Churchillian aphorism that to jaw – jaw is better than to war – war. Except that we do fight as well. We are a truly loquacious lot. If some smart Alec in search of a quick buck were to come up with a world talking context, we would walk it with ease. We’re that good at it. Instead of work we talk.” South Africa is emerging from a new nightmare after Zuma’s presidency, and, and it is again in need of purgation. Not that Zuma’s wrongdoings, serious as they are, come anywhere close to the evils of apartheid. The advent of democracy, attained after years of struggle, had left us on such a high that Zuma’s infractions became a huge let down. The ANC tried to heap all blame for the recession and everything else on Zuma. But it must be remembered that Cyril Ramaphosa cannot have a holier than thou attitude because, he was the Deputy President of the country under Zuma and he did nothing to home in the former president and, in actual fact, was very much part of the corruption and shenanigans of Zuma. He was simply put, complicit and should be held responsible by the people of South Africa for aiding and abetting massive corruption and patronage under Zuma and, for bringing the African National Congress into disrepute and, for aiding and abetting massive corruption and thus placing the economy of the country in ruin, chaos and tatters. It therefore, has to be stated that for all of “former President Zuma’s sins, he was in reality no autocrat. He did not seize power by force. He was elected and chained to power by the ANC. They were inside the tent with him cheering him on as he plundered and looted with gay abandon. So they are not simply complicit; they are responsible for the awful mess the country’s in” (Barney Mtombothi, 2018: 21).

The Zondo commission on State Capture that is underway, gives Ramaphosa an opportunity to level with the public. As Zuma’s deputy, there is very little that could have escaped his attention. What did he know, and why didn’t he do anything about it? He should therefore, be leading all ministers who served under Zuma to give evidence, mea culpas included, to the commission. These things and the massive corruption and patronage took place under their noses. They must tell the nation what happened. If they do not tell the masses and the sum – total of the South African population and the entire world, the ANC’s reputation as a revolutionary movement will be in tatters and, it would be very difficult to rebuild its credibility and reputation. The ANC will have trampled upon the basic tenets of South African democracy and, will play directly, into the hands of the opposition parties and for all intents and purposes will give credibility to corruption and political patronage, paying scant reference to the masses that have put it into power for nearly 25 years and, the South African dream of creating a proud nation with revolutionary credentials, will most probably be a dream deferred permanently and for the wrong reasons. As things stand currently the South African state and government is rendered dysfunctional and it will be a difficult task to come out of this sleaze agenda and complete morass that is, holding the nation to ransom, under the African National Congress. This is the reality and something has to be done to reverse the tide of dysfunctionality that the country is in, under its watch.

12. FISCAL CONSOLIDATION IS THE ONLY WAY OUT

The world has changed in just 8 months and during this period South Africa is in a recession, unemployment is at record highs and political rhetoric has scared off foreign investors and the Mining Charter is nowhere. There is also the prospects of a credit ratings cut by Moody’s, which will push government debt into junk territory, which is likely to lead to about R180 billion flowing out of bond markets, triggering higher inflation, an even weaker rand and interest rate increases. Most worrying is the news that the South African Revenue Service has inflated the revenue collection figures and the tax compliance levels have dropped dramatically. This raises the questions about how much revenue the National Treasury has at its disposal” (Magda Wierzycka, 2018: 7). But domestic factors are only partly responsible. Much of the blame can be attributed to the US economy, chaos in emerging markets such as Turkey, Argentina and Venezuela, and de – risking by global investors. There is not much that SA can do about it. The sell – off of emerging markets is unlikely to reverse in the short to medium term. Given where SA is, fiscal consolidation, whether self – imposed or IMF bail – out enforced, is coming. There is no money to stimulate the economy or bail out state – owned enterprises.

Fiscal consolidation according to Magda Wierzycka (2018: 7) “Means that the sale of state assets is on the table, as are job cuts, low and volatile investment returns, lower wage increases and generally negative sentiment.” In this regard what
is needed is a credible medium – term budget policy statement and clarity on economic stimulus measures. What is actually needed is a plan. The effects of what has happened to the rand are yet to work their way into prices. Once they do, the real impact will hit home.

13. PUT POPULISM ON HOLD IN DIRE ECONOMIC TIMES AND MAKE THE HARD CHOICES

To think that Just, getting rid of Zuma would be the panacea was pure folly. It goes much deeper than getting rid of him because his cronies are still in power and within the Ramaphosa cabinet and are not allowing the current president to maneuver and steer the country into safe waters. As things stand, Cyril Ramaphosa is a lame duck president. The Sunday Times (2018: 1) broke the sensational story of how Jacob Zuma, the ousted and discredited premier of the North West Province Supra Mahamapelo, the current African National Congress Secretary General Ace Magashule and others held a clandestine meeting at a Durban Hotel to oust President Cyril Ramaphosa from office.

These are the shenanigans that former, President Zuma is involved in with his discredited supporters, who have been accused of massive corruption. This is a divided African National Congress without a semblance of law and order and smooths of an organization and party that is in a state of dysfunctionality and, therefore, unable to lead the people of South Africa. It is embroiled in unnecessary power play and yet, purports to be a united party that has the interests of the country at heart but in reality, it is in shambles aiding plots and counterplots and is self – defeating and makes a mockery of so – called democracy. We’ve been in living through recessionary times for many years, not just the first half of this year, when the economy officially met the textbook definition of a recession, two consecutive quarters of contraction. It could be argued that South Africa’s economic slide began in earnest in August 2012 when police opened fire on mineworkers protesting for a higher wage. Our growth rates are certainly the country’s confidence levels and have been depressed ever since, exacerbated by flagrant corruption on the part of the ruling elite within the African National Congress and, faltering economies elsewhere in the world. The ANC does not in its current history have the capacity to reorder, the economy and, set the country into a path of employment creation, as poverty increases and inequality widens without a framework and trajectory to deal with the soft and hard issues that encompass sound development and, does not have the wherewithal to provide the much needed leadership to provide the requirements for sustained service delivery. This situation speaks to the very dysfunctionality of the South African government as strikes, protests, violence and anarchy reign supreme in the country.

The Sunday Times Editorial (2018: 20) points out that “The tenure of former President Zuma made an already untenable situation even worse. It has been a confidence – sapping 10 years, and no amount of Ramaphoria could undo the damage. To think that just getting rid of Zuma would be the panacea for the country’s growth woes were pure folly. This is especially true in the light of the continued strengthening of the dollar due to rising interest rates in the United States.” The rand which at the beginning of the year was relatively healthy, has been on the back foot since the first rate hikes in the US in March. Commodity prices have remained depressed, particularly for our biggest foreign – exchange earners, platinum and gold. At the same time oil prices rose more than 20 percent in the first half of the year, pushing up local petrol prices to record levels. The fuel price feeds into all spheres of the South African economy, so confidence levels are down.”

The state owned enterprises are in the main like albatrosses around the state’s neck. Given the dysfunctionality of the state, it is not exactly the right climate to stage an economic recovery. When Zuma walked into the Union Buildings in 2009, he had a budget surplus at his disposal, an energy crisis that required substantial state spending on new power stations, and the prospect of hosting the Fifa World Cup in 2010. During his first term SA strode the globe in the same club as Brazil, Russia, India and China. Apart from spending on energy generation, the government splashed out on public service job creation to help offset cuts in the private sector. The binge continued into his second term and a blind eye was turned to the tightening fiscal conditions. Anyone who stood in the way was simply cast aside.

Now the South African story has been caught up in the global aversion to risk. Even though South Africa may be better off than some other emerging markets because, we are not exposed to dollar debt, our story is not a palpable, and in a time when all bets are off. In spite of this situation the reality now beckons in a doomsday scenario in that, it is most possible that the South African government sooner or later because, of its own making and, exacerbated by its very dysfunctionality will have no option but to approach the IMF for a bailout, thus setting the pace for borrowing. The IMF will have no alternative like it has done in many country’s to set the development agenda for South Africa, by setting and placing
In respect to crime statistics News 24 (2018) reported on Tuesday the 11th of September that violent crime in South Africa has progressively increased over the years and that, the murder rate has increased by 6.9 percent. In real numbers, this means that 320 more people have been murdered in the country in the past year. On average, 57 people are killed in South Africa each day. Gang crimes are very high. Taxi related murders and crime is on the increase and so is housebreaking crimes with lethal consequences. Farm murders are also on the increase. Police killings have increased. Cash in transit heists are almost unstoppable. Robbery at non-residential premises stands at 20,470 while at residential premises it stands at 22,261 for 2017/2018. Bank robberies reflected a sizeable increase. Firearms are used in almost half of all murders followed by knives, sharp instruments, stones or bricks and extreme violent crimes are now the order of the day.” This only touches the surface of the crime statistics in South Africa, which many say are under estimated and, exemplifies the dysfunctionality of the government and, the police force, in real terms is incompetent and, in many cases have no desire to deal with criminals. The, narrative does not deal in any detail with all of the crime statistics. A government that cannot protect its citizens has no right to govern because, it cannot provide the protection that citizens require from an elected government. This is the state of affairs in violent South Africa and alludes to the dysfunctionality of the government of the day.

The crime scenario painted above is aptly put by the Minister of Police Bheki Cele, addressing the South African Parliament on the 11th of September 2018, he said that South Africa is “Close to a War Zone and has placed the blame on previous police leaders for the escalating violent crime. He further added that leadership laxity was the fact that, the security cluster, in which the police services played a key part had not met in two years when he took over the portfolio” (Business Day, 2018: 3). According to Phakathi (2018: 3) “The 2017 – 2018 crime statistics were largely seen as a reflection that South Africa recorded an increase in the number of reported serious crimes. (One can comfortably state that although government denies that there is an extreme shortage of police in the system which stands at 62,000 and that South Africa has reached a state of lawlessness. More than 50, 100 sexual offences were reported and there were 238 cash – in transit heists in the current financial year. “KwaZulu Natal Province has been declared South Africa’s murder capital on the basis of violent crime with 12 people killed a day, mainly women and children (Pillay and Presence, 2018: 1).

The crime situation is grave and drives investors away with the population having no confidence in government intervention strategies to curb crime. Drastic measures have to be taken to lessen and eradicate crime in the country. Among these measures the government could do the following:

- Declare a state of crime emergency.
- The government has to deal ruthlessly with criminals and make bail a difficult exercise.
- Deploying the army that is underutilized to assist the police in the streets, the central business districts, residential areas and throughout the country because the military is under utilized and costs the country large sums of money to maintain without any tangible benefits to South African society.
- Shorten cases and declare certain criminal acts as unpardonable and limit light sentences by working very closely with the judicial system.
- Have special courts to deal with incidents of crime and provide long sentences to criminals as a deterrent.
- Consider very seriously invoking the death penalty after thorough consultation with the people of South Africa and to consider a referendum in this regard.
There should be no reprieve for child kidnapping, child trafficking, child prostitution and crimes committed when children are involved, irrespective.

- Training in all aspects of preventing crime which must be relentlessly pursued.
- Dealing with gangs involved in crime and decisively intervene with regards high jacking and murder and a host of other coordinated measures must be invoked to stop crime.
- Two dimensions must be examined by the government – the problem with policing and the problem with society.
- Deal decisively with taxi violence.
- Deal with social crimes and place stringent curbs on the use of alcohol and drugs.
- Deal with the high unemployment in order to curb crime.
- The issues of dysfunctional schools, rapid urbanization, rapid immigration and violent crime must be dealt with spontaneously.
- Mob justice must be fully curbed by invoking ruthless penalties and long term jail sentences.
- Government must deal decisively with mobs that burn trains and public infrastructure. No mercy must be shown to these people.

14. SOME CONCLUSIONS AS A GESTALT

It is not possible for the authors to discuss all the areas and variables of dysfunctionality of the South African state and government, because of obvious reasons and that, there are a number of areas that straddle this dysfunctionality and, therefore, only some of the important variables were discussed in this paper. On this basis some finite conclusions are made hereunder as follows:

1. “How did we get to back to a R20 pound sterling with a solid finance minister and how did we get to the point where there is no money to fixing anything that’s wrong?

2. At the moment populist politics reign supreme. We cannot get past race. Land, which a few years ago, would have ranked quite low on the expectations of the poor, is the new answer to everything. The ANC cannot answer these questions and issues with one voice. Its common ground is to change the constitution so that it can do what it likes. This is typical. The ANC has always been ineffective, always playing the victim and refuses to adapt to changing precarious times and masks itself and hides behind its past revolutionary credentials and fails to consolidate democracy in the true sense that can serve all citizens.

3. Poverty, inequality and unemployment has deepened under the ANC government and corruption and patronage reigns supreme within the party.

4. It has (ANC) at home entrenched the colonial and apartheid yokes of “traditional” leadership, because it requires control in parts of society it cannot reach, just as the British and Afrikaner nationalists did. It imprisons the poor in rural areas and neglects them in cities and towns. People are living in abject poverty. It does not deal decisively with the rising ethnic nationalism because it has no answer and goes against the grain of the Freedom Charter, to suit itself and appease traditionalism and does not have the capability of dealing with the issues that confront “minorities.”

5. It has made a mess of the economy.

6. The psychological injury under the ANC is real and palpable – rampant corruption and devastating patronage is the order of the day. State capture and a host of other issues that paralyze the country to a point of no return is the hallmark of the current government.

7. Nothing that the ANC touches works properly; not the hospitals, not the schools, not the trains and a number of variables including water that are the essential ingredients to a working democracy.

8. The party does not have the will nor the willingness to manage the vast social and mechanical complexity on the ground.

9. It tampers with sport which has created the scenario of talented South African sportsmen and women emigrating to ply their trade in greener pastures were talent is recognized without let or hindrance and selection to national teams is based on merit.

10. Islands of excellence like the National Treasury and the Reserve (Central Bank) are under constant threat from the party itself.
11. We can no longer refit the frigates the navy bought in the later 1990’s. There is no money for spare parts. The ships will slowly decay.
12. The land issue will take years to resolve and, we could court a Zimbabwean situation, lack of food and no food security in the long run.
13. The ANC will have to take on traditional leadership and not pander to the whims and fancies of the Amakhosi (Traditional leaders) in respect of the land issue.
14. Increasing crime and a dysfunctional police force” (Peter Bruce, 2018: 20 – Emphasis added by the authors)
15. A host of other vexing and problematic issues within a dysfunctional government and state, including the failure of social cohesion which has come to a virtual stop because of rising ethnic nationalisms.

SA has reached a truth or consequences juncture where improving economic outcomes requires the country’s economic dialogue be upgraded to grasp the big picture. It should guard against the possibility of IMF austerity measures that could become a reality. These austerity measures are usually which would mean job losses. South Africa’s policies have resisted remedies embraced by wealthier economies. Economic policy making is a specialized field and permeates issues such as justice debates, and the growth – limiting policies they provoke. That workers demand above - inflation wage settlements is largely explained by their being addicted to debt. “Through good times and bad times, SA’s policies have favoured redistribution ahead of competitiveness and middle – class growth. As a consequence, what is now required is a fundamental reassessment of the political economy” (Hagedorn, 2018: 7).

The only salvation is economic growth. The country is promised a stimulus package but hardly anyone believes it. The best stimulus will be to cut taxes and put criminals in jail, with no mercy shown to criminal and corrupt politicians, including personnel from the police force of the country and, barring them from public life as politicians or for that matter entering the public service. If there is hope for the country, it is in the private sector and civil society. We desperately need civil society on the streets again with business at its back. The hard part is recasting our politics into something that represents the structure of the economy in a dysfunctional government and state. There is no doubt that in South Africa, as things stand, is dysfunctional under an ANC government. This is the reality and very essence that the ruling party has to understand before it is too late to reconstruct, a possible winning democracy that, so many lost their lives for in gaining and attaining freedom and democracy after years of apartheid and colonial rule. The ANC must digest the words of Shakespeare who said:

“Out, out brief Candle. Life is a walking shadow, a poor player that struts and frets his hour upon the stage and then is heard no more. It’s a tale told by an idiot, full of sound and fury, signifying nothing.” (Reference to the dysfunctional South African government – The description is fitting and apt).

In reality and as a truism, the present government signifies nothing tangible in terms of the aspirations of the masses whose morale was dented by both colonial and apartheid policies of the past. They deserve better under democracy and therefore, a change in government might now be necessary for creating a better future for all. Perhaps the time has arrived to vote in numbers in the 2019 elections and, without emotion and, not to rely upon the ANC narrative that, it brought about revolution together with other revolutionary movements and, for the electorate to very seriously consider ousting and removing the ruling party from power in the 2019 elections, in a concerted effort to hold new politicians and a ruling party, that is voted into power, accountable in the quest of consolidating and nurturing true democracy through the principles of sound governance and restoring the economy in the interests of the nation as a whole, in order to deal decisively and cogently, with endemic corruption and political patronage, in the hope of restoring the image and reputation of South Africa domestically and internationally, by dealing with the facets of a dysfunctional state and government that, over the 25 years of freedom and democracy has brought the country to its knees, increased the plight of the people and has consolidated, ruined and bankrupted the country.

16. CONCLUSIONS

It will take more than a recession to get the mainstream to talk about how to make the economy work for South Africans. There seems to be no real discussion within the South African dysfunctional government and within the ruling ANC as to how, to begin fixing the economy that has underperformed for two decades under its watch. The government has said that that nothing was really wrong with the economy that could not be fixed by a stimulus package. These responses assume that only the economic actors who matter are insiders, who do business in glass and concrete buildings. And so they ignore the
economy’s core problem, of not using the abilities of many of its people and changes will be needed to fix that. Why does the left, right and centre not see this? Because the one issue on which they agree is that the goal is to create an economy post - apartheid to include all in an open economy.

When democracy arrived, the economy was divided sharply between insiders and outsiders. Instead of negotiating ways of opening it to the outsiders, the old economic elite and the new political leadership assumed that what was needed was to make sure that everyone was included in an economy built to serve only insiders. This explains why not even a recession gets the mainstream talking about how to include the outsiders. Until that changes, growth will remain limited and will allude the country and many will see the economy as the cause of poverty and not plenty. This is the reality of the current dysfunctional state that South Africa is under the ruling government of the day.

17. REFERENCES


