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Comrades and Friends,*

It is proper and fitting that this economic colloquium is being held here in Soweto, because it is here, in places like Soweto – which were neglected during apartheid – where the future of the South African economy lies.

It is in places like Soweto that the radical economic transformation of our country will take place and where its effects will most keenly be felt.

It is the people living in townships, informal settlements and rural towns and villages who will occupy the new jobs that growth and transformation will bring, and whose families will benefit from rising standards of living.

It is in these areas that young and black entrepreneurs will emerge, new businesses will be established, new factories must be opened, new social infrastructure developed and where new technological innovations will emerge.

If this is not the face and the future of our economy, then our economy has no future.

Sandton may be the place where shares are traded, deals are signed and new corporate headquarters established, but it is in places like Soweto and in the villages of our country, where our people live, that the ANC's programme of social and economic transformation must be implemented.

Last month, we celebrated the centenary of the birth of one of the most outstanding leaders our country has known, Cde Oliver Reginald Tambo. After nearly three decades in exile, OR Tambo returned to South Africa.

In a message to the re-launch rally of the ANC Youth League in 1990, he said:

“Our victories have opened up a new terrain of struggle; a front as full of possibilities for swift and decisive advances as it is laden with the chances of reversals.”

Now, nearly three decades later, we are engaged in yet another terrain of struggle – the struggle for the economic emancipation of our people. This struggle lies at the heart of the Freedom Charter. It is over six decades since the representatives of our people gathered not far from here, in Kliptown, to declare that:

“The national wealth of our country, the heritage of South Africans, shall be restored to the people.”

The true objective of the Freedom Charter – which remains our policy lodestar – is to free our people from the bondage of economic oppression and exploitation.

Twenty-three years after we realised the demand of the Freedom Charter that the people shall govern, we must acknowledge that our people have not yet reaped the economic dividend of their hard fought and won democracy.

Poverty, unemployment and inequality continue as defining features of our society. In the face of poverty, unemployment and inequality continues to be black.

The struggle to ensure that all South Africans share in the country’s wealth must therefore stand at the centre of our national agenda.

This is why we need to do something new, something bold, to strike a “new deal” among all stakeholders that are committed to accelerating radical economic transformation.

This should be a new deal that has a clear action plan with defined timeframes and a clear set of enabling conditions.

Before I outline what I think must be done to transform our economy and society, let us for a moment, understand what we inherited from the inhuman and callous system of apartheid.

In addition to the human cost of the deliberate disempowerment of black South Africans, the apartheid economy had severe structural flaws.

There are many structural features of our economy that we need to radically transform.

It is a fact that the democratic state inherited a broken, deformed, unequal and unjust economy. The economy we inherited was in crisis and near collapse.

It was an economy that was designed under colonialism and apartheid to serve the needs of the white minority, and to deliberately exclude over 80 percent of the population.

Apartheid denied the majority of South Africans participate in the economy of their own country and specifically denied our people the right to own land, to run businesses, to acquire skills or to even permanently reside in economic centres.

A central element of apartheid policy was the dispossession of our people of their land and assets.

Our land was stolen from our forebears leading to the destruction of the asset base of the African people resulting in the impoverishment of the black nation.

Where our people had before led sustainable and self-sufficient livelihoods, they were now pariahs in the land of their birth.

The historical, social and economic landscape of our country was distorted beyond recognition.

Our people were herded into native reserves or forced to live in townships like Soweto, which were designed as mere dormitories to accommodate the labour that was meant to serve the more productive centres of our country.

Further structural and long-lasting damage was inflicted by Bantu Education, which sought to limit the economic participation of black people in South Africa to certain menial and manual tasks.

The many scars of this history remain, particularly in the form of a highly unequal education system and in the skills base and the resultant unemployment challenges faced by our economy.

I mention this part of our history, because it explains the economy of today.

Everything that was arraigned against black people was deliberately meant not only to subjugate and exploit them but to destroy them.

Much as the objective was to destroy our people they persevered in struggle and finally triumphed in victory over an evil system.

Maya Angelou perhaps expresses it much better when she says:

You may write me down in history

With your bitter, twisted lies,

You may trod me in the very dirt

But still, like dust, I'll rise.

Did you want to see me broken?

Bowed head and lowered eyes?

Shoulders falling down like teardrops,

Weakened by my soulful cries?

Leaving behind nights of terror and fear

I rise

Into a daybreak that's wondrously clear

I rise

The oppressed majority did indeed rise in 1994 and confronted the challenges that had been brought about by the oppression of the past. The incoming democratic government in 1994, in addition to confronting the immediate challenge of an economy in crisis, had to set about redressing a legacy that had deprived most of South Africa's people of any form of meaningful economic participation.

Since 1994, we have made important progress.

We have established a comprehensive system of fiscal redistribution, which has reduced extreme poverty and vulnerability and extended access to basic services in the form of

housing, electricity, water, sanitation, refuse removal, hospitals, clinics and social grants across the country.

We have put in place a robust system of accountability to ensure that those elected into political office serve the people and account to them.

Through institutional checks and balances, like Parliament, the courts and institutions like the Public Protector and The Auditor General we have ensured that South Africa becomes a thriving constitutional democracy.

The black middle class grew from less than 1.7 million to around 6 million people.

As result, the living standards of millions of black South Africans have improved, with new opportunities for employment, education and economic advancement.

Overall employment in the economy rose from 8.9 million to 16 million.

Our budget processes and fiscal authorities are widely respected.

We have a strong independent central bank and a sound banking system.

The judiciary is independent and our courts act without fear or favour.

And yet, while we have achieved much since 1994, levels of unemployment, inequality and poverty remain unacceptably high.

It is also very concerning that, in recent years, our economy has stalled and social progress has slowed. We are neither creating the jobs we need, nor advancing social cohesion.

In the last few years, unemployment has begun rising again and the proportion of South Africans living in poverty has rebounded to around 55% of the population, meaning over 30 million of our people continue to live in poverty and destitution.

Investment levels have fallen, economic confidence is very low and the country risks falling into a fiscal debt trap.

These are not inevitable failings.

They are consequences of missteps in our policy interventions, weaknesses in collective decision-making and poor execution of policies and strategies, combined with the damaging effects of state capture and corruption on economic performance.

They are a consequence also of a global economy that has not properly recovered from the financial crisis of 2008 and in which demand, particularly for the commodities that we produce, has been weak.

Despite sustained levels of investment by the state over this period, private sector investment has declined.

While the challenges the South African economy is currently facing are rooted in the structural iniquities of apartheid, we must acknowledge that our ability to overcome these challenges has been undermined over the last decade by a failure of leadership and misguided priorities.

This is a reality that we, as the ANC, need to acknowledge and correct.

This is a pivotal moment in the country's history, which presents both grave threats and significant opportunities.

For the first time since the advent of democracy, there is a real chance that the transformation of our country may suffer significant reverses.

We must act now – boldly, decisively and collectively – to change the trajectory of our economy and our country.

There is a need for a decisive new approach.

We need a New Deal for South Africa.

A New Deal for Jobs, Growth and Transformation that will turn the economy around and build a more equal society.

This New Deal will and must bring together government, business, labour and civil society in a meaningful and effective social compact to construct a prosperous, just society founded on opportunities for all.

It will be the product of a shared commitment by all stakeholders.

It will be concretised in an action plan – concrete delivery, firm commitments, definite timelines and a new and spirited urgency.

Firmly rooted within the National Development Plan and the policies of the African National Congress, this new approach must be defined by:

- a renewed unity of purpose and action,
- an effective and committed leadership team that promotes the interests of the people above all other interests,
- an unrelenting commitment to the implementation of decisions and policies and the laws of the Republic,
- an unwavering commitment to strengthening the structures of the state and re-asserting the independence of institutions supporting democracy,
- basing everything we do on innovation and excellence,
- massification of initiatives to promote inclusive growth,
- a focus on the empowerment of youth and women, and
- an uncompromising rejection of corruption, patronage, cronyism and wastage.

To those with vested interests in ineffective governance, deliberate misgovernance, hidden deals, the concentration of economic control and unfair labour practices, we say: no more!

To those who take refuge in populist slogans and impractical promises, whether sounding to the left or the right, we say, like Amilcar Cabral: “Hide nothing from the masses of our people. Tell no lies. Expose lies whenever they are told. Mask no difficulties, mistakes, failures. Claim no easy victories.”

For South Africa to succeed, we must travel a transformation path that is radical in its content not merely in its rhetoric that builds and does not destroy, that advances and opens up opportunities for all our people and does not hold back enterprise.

We want our country to traverse a transformation path that promotes hope and not fear. This is a transformation path that will fix our eyes on the horizon of a better tomorrow and not a failed yesterday.

For South Africa to achieve a better tomorrow, the ANC must emerge from its 54th National Conference with a new focus and determination to lead a radical programme for social and economic recovery and inclusive growth.

The ANC and its new leadership will need to mobilise all South Africans behind a programme that has clear and ambitious priorities and timeframes.

There are 10 priorities that I would like to suggest should underpin a New Deal for Jobs, Growth and Transformation.

First, we will place the creation of decent jobs at the centre of our every policy, programme and action.

All social partners – labour, government and business – need together to lead a national initiative to create at least one million jobs in 5 years.

Largely manufacturing-led, this drive will be underpinned by the right mix of special economic zones, tax and other reforms, incentives and SME development.

We will need to immediately undertake a programme of economic recovery.

This requires specific measures to increase investment in the productive sectors of the economy.

This must include far more effective exploitation of our natural resources.

Our mineral resources remain a foundation of our economy.

We need to do more, through policy certainty and partnership, to ensure that the industry remains a source of wealth creation and foreign-exchange earnings.

We also need to ensure that the benefits of these resources are more widely shared and that they become a stimulus for even greater industrialisation.

However, there are two more natural resources that we should prepare ourselves to exploit more fully.

South Africa has among the best potential globally for developing its solar and wind resources.

The International Energy Agency just last week named South Africa as one of a handful of countries that could green its industry cost effectively.

As the world invests in renewables to decarbonise their power systems, we could again become the investment destination of choice for activities that are electricity intensive.

It can either do this directly through renewable electricity, or through the production of hydrogen-rich chemicals and fuels.

We have taken tentative steps to begin exploiting these in recent years.

We now need to significantly expand our renewable energy programme to fully take advantage of its potential to stimulate growth and jobs.

To maximise the developmental impact of expanded investment, local content and local employment, especially for young people.

The critical gap between the world of study and the world of work is preventing greater absorption of young people into the economy.

We will therefore take to scale the Youth Employment Service programme, an initiative of government and business to provide a million paid internships to unemployed young South Africans within three years.

The achievement of inclusive growth requires not only the creation of jobs on a massive scale, but also the implementation of measures that improve the living conditions of the working poor.

Government, business and labour must work together to ensure universal implementation of the national minimum wage.

Not only will the national minimum wage increase household income for millions of people, it will also stimulate consumption and increase demand for goods and services in the domestic market.

Second, we will have an unrelenting focus on growth and investment.

Our economy will not create jobs unless it grows.

We need a genuine growth plan that ensures inclusivity, is credible and implementable and brings together the combined resources of all sectors of South Africa society: workers, business – small and big – social enterprises, informal sector and the vast resources of the state.

We must be bold and determined. We should be targeting 3 percent GDP growth in 2018 – that is next year – rising to 5 percent growth by 2023.

Instead of billions of rand leaving our country illicitly or because we have created such profound policy and political uncertainty, this money must be invested in growing enterprises, transforming the structure and ownership patterns in the economy and creating jobs.

We need to shift sentiment and quickly.

We need to massively increase levels of investment from around 20 percent of GDP currently to the NDP target of 30 percent.

An immediate priority is to restore confidence among investors.

Among other things, this requires urgent measures to achieve policy certainty, improve institutional stability, restore the credibility of the criminal justice system and demonstrate the political will to turn around the economy.

We will work with each sector of the economy and frankly and constructively discuss its contribution to transformation, participation of black people, increasing investment and creating jobs.

Third, we will pursue meaningful economic participation for the poor, the landless and the marginalised.

Small and medium enterprises must be placed at the centre of industrial, trade and other policies since they have the highest potential to create jobs.

We will launch a ‘buy and build local’ campaign to rejuvenate local investment and develop SMEs.

We must seek to target specific items where we can replace imports with locally-produced goods.

The judicious use of such import substitution policies will help to accelerate our ‘buy and build local’ campaign and will assist in stimulating job creation and investment.

We will need to review all regulatory requirements on all new start-ups to increase innovation and growth, and actively work toward reducing the cost of doing business for SMEs in the areas of business registration, taxation, telecommunication, energy and so on.

Land redistribution is also critical for economic inclusion.

It will be accelerated, in combination with systems to improve land productivity and support for new farming activity.

The NDP envisages that agriculture has the potential to create close to 1 million new jobs by 2030.

To achieve this, greater investment is required in irrigation and support needs to be given to small-scale farmers to assist them in gaining profitable access to markets for their products.

To positively harness the effects of ongoing urbanisation, urban land must also be better managed for housing, commerce and community development.

Fourth, we will implement a macroeconomic policy that promotes growth and secures our economic sovereignty.

We must not fall into an unsustainable debt trap, where ever-rising debt payments cripple the country's fiscus, leading to a situation where external creditors can impose conditions and limit our policy options.

Nor must we mortgage our sovereignty to others because we have been reckless and greedy.

We must maintain fiscal discipline to ensure our resources are directed to where they have the greatest developmental impact and not diverted to servicing debt or populist projects.

We should never burden future generations with the cost of our poor management of the economy

Fifth, we must accelerate the transfer of ownership and control of the economy to black South Africans.

This is both a moral and economic imperative.

As in any other country, our economy must reflect in every respect the demography of our country.

We will never have inclusive growth for as long as the ownership and control of our economy continues to be vested in the hands of a minority.

We need to explore more effective and sustainable models of black economic empowerment, where communities, entrepreneurs and workers participate meaningfully in the wealth creation of companies.

We have already made a start with the development of black industrialists.

We need to massify the creation, funding and development of black-owned small businesses, township businesses and co-operatives.

This will give our people the opportunity to succeed in their business operations.

The established private sector should take the initiative to support the development of black-owned small and medium enterprises, driven by the need to contribute to the nation building project, rather than being compelled by prescriptive legislative instruments.

Crucially, black economic empowerment requires that we deconcentrate our economy, increase competition and increase the proportion of small and medium sized businesses.

It is unacceptable that our economy is dominated just by five banks, when we could have focused banks like the Women's Development Bank or a small and medium enterprise bank, a stokvel bank, a construction bank or well-run community banks.

We must give urgent attention to a multi-billion rand fund, which has contributions from investors, the financial sector and big business to provide much more funding to start-ups, micro businesses, innovative technology solutions and export oriented businesses.

Crucially, black economic empowerment requires that we deconcentrate the ownership and control of our economy.

A compact among all key stakeholders is necessary to give effect to this objective.

As stakeholders we need to open up corridors of economic opportunity, activity and progress for all our people to participate in the development of our country.

We must find ways to put the people of South Africa back to work and into meaningful economic activity.

Sixth, we will improve access for all to quality, relevant education.

In the long term, the quality of education of a nation is directly correlated with the prosperity of its people.

Working together with education department officials and teacher unions, we will agree on a comprehensive agenda to improve the quality of education especially in township and rural schools.

All stakeholders need to step up to the challenge: officials need to properly capacitate and support principals and teachers; unions must refuse to defend those who stand in the way of the education of the children of the working class.

If South Africa is going to thrive in the global economy, then maths and science should be compulsory to Grade 12 level, with a clear strategy to encourage girls as well as boys to do maths and science beyond matric.

We need to move with urgency to provide free higher education for the poor.

This will not only promote social justice; it will also contribute significantly to a far broader pool of advanced skills to fuel economic development.

To achieve and, importantly, to sustain free post-school education for the poor will require a growing economy and a stronger fiscus. We must be bold and innovative, without being reckless.

Seventh, we will revitalise and expand our manufacturing capacity.

Among other things, this requires measures such as preferential procurement in both the public and private sectors to stimulate demand for local goods.

Our trade policy stance must combine active policies to promote and diversify South Africa's exports to countries around the world with well-targeted import substitution policies, aimed at stimulating job creation and the building of new, competitive local industries.

Manufacturing costs will be reduced by significantly improving Eskom's financial and operational performance, ensuring effective energy price regulation, reviewing port tariffs and increasing investment in rail and road infrastructure.

Eighth, we will maximise the impact of our infrastructure build.

Infrastructure investment is the foundation of long-term inclusive growth.

We must build on the successful examples of infrastructure investment and boost spending on critical infrastructure over the next five years to R1.5 trillion.

The Presidential Infrastructure Coordinating Commission needs to drive large project implementation, ensure improved maintenance of the nation's infrastructure stock, bring down prices of projects and root out corruption.

Private-sector expertise must be brought in to complement the capacity of the state and to unlock resources.

A greater focus will be placed on job creation, localisation, skills development of young artisans and engineers and small business development.

We should also embark on affordable smaller and compact infrastructure delivery projects.

For example, instead of building huge mega dams we should prioritise smaller dams that are cost effective and can be built in reasonable time.

Ninth, we will restore state owned enterprises as drivers of economic growth and social development.

South Africa cannot afford wasteful, ineffectual or corrupt SOEs that are a burden on the fiscus.

State owned enterprises must therefore must be properly governed, managed and operated for the benefit of the public.

They must provide services that facilitate expansion of the nation's economic capacity and advance the development of its people.

Private capital should be considered on a co-investment or strategic partnership basis for strengthening the balance sheets of some of the enterprises and thus enhancing their ability to deliver to society at large.

We need to explore the formation of a single 'SOE investment company' that can manage all government's investments in state-owned enterprises.

This company will employ investment professionals to manage these valuable public assets.

An immediate task is the appointment of boards and executives at each of the strategically important SOEs that are committed to transformation, are skilled and experienced in a mix of relevant disciplines, have impeccable credentials, are incorruptible and are committed to public service.

Tenth, we will confront corruption and state capture.

No meaningful growth, transformation or development will be possible for as long as key public institutions continue to be used for the criminal benefit of a few and public resources continue to be looted.

It is therefore necessary to take immediate steps to remove from positions of responsibility those individuals who have facilitated state capture, strengthen law enforcement agencies and rebuild critical state institutions.

A judicial commission of inquiry needs to be established without delay and legal and criminal action will be pursued against the perpetrators.

We want every rand stolen from our people returned.

We must search for this money in bank accounts throughout the world.

These stolen billions belong to our people.

It does not belong to a handful of individuals.

We should establish a special 'anti-corruption appropriation fund' through which all the recovered proceeds of corruption will be channelled to youth training and employment initiatives.

Mechanisms for the appointment of individuals to senior government positions, state owned entities and law enforcement agencies will be strengthened to improve transparency, prevent undue influence and ensure adequate vetting.

We must give consideration to rationalising the size of Cabinet and performing a review of key positions in the administration to ensure we have public servants with extensive experience, impeccable track records and relevant skills to drive government's programmes.

Comrades and friends,

If, together, we pursue with diligence and commitment these ten priorities, we will fundamentally change for the better our beloved country.

Today, the South African economy benefits only a few.

Through a New Deal, we can build an economy that benefits all.

For youth, a New Deal will increase opportunities for employment.

As the economy grows, specifically in areas like manufacturing, mining and tourism, new jobs are created.

Expanded training opportunities and the implementation of a massive national internship programme improve the work readiness of school leavers and graduates.

Interventions such as the Youth Employment Service initiative will be expanded and the tax incentives aimed at promoting youth employment will be strengthened and improved.

For students, a New Deal will help open the doors of learning as more public resources are allocated towards free education for the poor.

A growing economy will improve funding streams to universities and colleges, specifically for poor students and the missing middle.

Increased funding for maths and science will mean that more students will be better equipped to participate in the fourth industrial revolution currently under way in the global economy.

For small business owners, including township businesses, a New Deal will help to lower barriers to entry through active anti-competitive measures and a commitment by business and government to redesign their supply chains.

Funding, both from public agencies and private funds, will be more accessible to support the growth and expansion of small businesses.

For workers, a New Deal will help to improve the decency and fairness of work and make jobs more secure, as the result of a growing economy and legislated protections.

The introduction of the national minimum wage and improvements in productivity through training will raise incomes among all categories of workers, but particularly the lowest paid.

Measures to reverse apartheid spatial planning will reduce the cost of living for workers and allow more comfortable living.

For emerging farmers, a New Deal will see to it that more land is made available through the transfer of state farms on a commercial scale to black farmers and the accelerated transfer of agricultural land.

The sustainability of farms will be enhanced through the provision by the state of support to small farmers to access retail and export markets, through improved technical support services and the construction of shared infrastructure.

For pensioners, a New Deal will ensure ongoing support for those who rely on a state pension, as improved economic growth and revenue collection will provide more fiscal space for the funding of social security protections.

Improved returns bolster pension fund investments and ensure that the real value of pensions do not decline.

For corporates, banks and other established businesses, a New Deal offers renewed dynamism, growth, stability and the commitment to working in partnership to achieve high growth and sustainable returns.

For black business, a New Deal offers new opportunities, access to new markets, improved support and a commitment to economic inclusion.

For investors, both local and international, a New Deal offers a stable climate in which the rule of law, economic growth and openness to trade and investment should drive a new season of opportunity and attractive risk sharing.

While the challenges are significant and the tasks many, we have reason for hope.

With the right leadership, with a competent and committed team, with a clear programme around which all social partners can unite, there is no reason why the economy cannot be turned around and the process of economic and social transformation accelerated.

For the first time in many years, South Africa has an opportunity to confront its challenges and return the economy and the country to a path of meaningful development, growth and progress.

The ANC's 54th National Conference, in particular, creates the possibility for swift and decisive advances.

It is an opportunity for change.

It is an opportunity for our people to rediscover their initiative and for our country to reclaim its dynamism.

It is an opportunity to embark upon an era of renewal.

As members of the African National Congress – as South Africans – let us seize this opportunity and forge a new deal for jobs, growth and transformation.

I thank you.