



DEVELOPMENT

A moment to remake South Africa

Following independence, many of the continent's leaders tried hard to make their countries thrive. Now President Cyril Ramaphosa has a similar opportunity to change South Africa for the better.

At the dawn of independence, it fell to the first generation of African leaders to choose a new economic paradigm to deliver economic freedom to their people. In the Cold War between capitalism and communism, these African leaders almost unilaterally preferred a third option – “African socialism” – a potpourri of policies built on the ethic of egalitarianism grounded in African history and culture.

At the second annual LEAP Lecture at Stellenbosch University in October 2017, Emmanuel Akyeampong, professor of African history at Harvard University, returned to the topic of “African socialism” following independence, and its consequences for the continent.

In countries as diverse as Ghana, Tanzania, Senegal and Guinea, he notes, the new policies were, ultimately, attempts to industrialise, to break from the agriculture-based systems of the colonial economies.

In Kwame Nkrumah's Ghana, for example, plans were drawn up for massive infrastructure investments. But many of these projects never got off the ground, or were only completed much later.

Nkrumah, for example, convinced the Russians to build a railway from Kumasi to Ouagadougou, the capital of Burkino Faso, but the line was never completed.

The most extreme version of “African socialism” was Julius Nyerere's *ujamaa* (villagisation) campaign in Tanzania in 1967. This essentially meant the collectivisation of all forms of productive capacity, notably in agriculture; Tanzanians, Nyerere believed, must learn to free themselves from dependence on European powers by becoming self-reliant.

Nyerere's bold vision, and those of his contemporaries, failed miserably.

Says Akyeampong: “The 1980s put paid to the concept and the vision, as steep economic decline resulted in what has been called Africa's ‘lost decade’; the most notable architect of African socialism, Nyerere, conceded that his attempt at *ujamaa* had failed and stepped down from power in 1985; and the collapse of the Soviet Union in 1989 marked the triumph and ascendancy of capitalism.”

But, says Akyeampong, “[i]t is the vision of bold and broad transformative change that I find admirable and worthy of emulation, and the desire to lift entire populations out of poverty and give them a decent life.”

As I listened to Cyril Ramaphosa deliver his first State of the Nation Address, I was reminded of that special moment when monumental change seemed possible. The general mood seems to have lifted after Jacob Zuma's departure. Is this another moment when the trajectory of history seems to be shifting upward?

We should, of course, learn from history. Utopian visions of the future can easily become a justification for social engineering. While a powerful

state can quickly transform society, it can do so at the cost of freedom. This is not the route I have in mind.

Instead, this moment can be used to redefine the social contract, to implement a nuanced set of social democratic policies with two explicit aims: economic security and economic freedom. In short, we want to live in a just and prosperous society.

How do we achieve that? Security requires that people have a basic standard of living.

One policy proposal that has attracted a lot of interest is a small monthly basic income grant (of say R600) to every South African, regardless of income. This would replace the child support grant, and would double once a person turns 60. To partially fund this, VAT will increase. A tax on consumption means we incentivise savings and investment, the heart of creating economic prosperity.

There are many such policy options. State ownership of some assets, like aeroplanes and television stations, make little sense. These can be sold to pay off national debt and lower personal income taxes. Government can also save by reducing the number and size of departments and keeping the increases in the public wage bill below inflation.

As South African cities have some of the longest transit times in the world, infrastructure investment in urban areas – notably in public transport and housing – needs urgent attention. Water and electricity can benefit from innovations like desalination and solar panels. Broadband access can be expanded through incentive programmes.

A prosperous society requires an educated populace and work opportunities. Investing in early childhood development is key to eradicating the large discrepancies that already exist when kids start school. Incorporating the private sector in secondary and tertiary education, perhaps through a voucher system, is one way to

improve the quantity of seats in class, but also to provide opportunities for entrepreneurs at local level. **We should welcome skilled immigrants with open arms; they bring much-needed expertise, and often build new businesses that create jobs and improve living standards.**

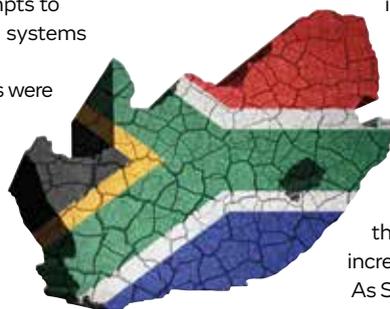
Ramaphosa has a window of opportunity in the first few months of his tenure. He can dare to be bold, and should be.

Says Akyeampong: “We need the bold and transformative vision of the likes of Nyerere and Nkrumah to ensure that, come 2050, we do not find ourselves in the same predicament as on the eve of independence, when our new leaders, coming out of decades of repressive colonial economic policies, were faced with what appeared to be insurmountable challenges.”

What will economic historians, 50 years from now, say about Ramaphosa's moment to remake South Africa? ■

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