

FVZS Lecture¹

4 August 2016

Introduction

A very good evening to all of you. It is lovely to see so many familiar faces in the audience. Jane and Tanya, my beautiful wife Dominique (who has written a magnificent book – Valsrivier – if you haven't read it you should!), my parents in-law Sandra and Andries Botha, my family Mariota, Angus and of course Mum, and to all of you in the audience for giving up your Thursday evening to come and listen to what I have to say.

I also want to thank Leslie Van Rooi for the invitation to speak this evening. It is hugely meaningful to me to be delivering the Frederik Van Zyl Slabbert Honorary Lecture. Over the past 30 years Van Zyl has, and continues, to loom very large in my life; as a mentor, a role model, an interlocutor and a friend. He had a hand in the most formative experiences of my life; from inviting me to the Dakar talks when I was 17, to encouraging me to apply to Oxford University, arranging a vacation job at the Vrye Weekblad with Max du Preez, and inviting me to join him at the Metropolitan Chamber and the Elections Task Group.

But what shaped me more than these experiences were his unusual combination of qualities that made him such an extraordinary leader.

Above all, Van Zyl was a humanist. He believed that critical thinking and evidence needed to triumph over dogma and superstition. The journalist Jan-Jan Joubert captured this when he said

¹ Please note that this speech draws on a range of sources and material that has not been cited as this is a speech and not an academic paper. The material can be provided to readers on request.

“One of the reasons why Dr Frederik Van Zyl Slabbert was such an esteemed and beloved leader, was because he never forgot that leadership is about people, humanity and compassion”.

He could speak to anyone, from the person sweeping the streets to the President, and had a rare intellectual and emotional agility to appreciate disparate perspectives. We make too little effort in South Africa today to listen to each other and try to understand beliefs different from our own.

Van Zyl was blessed with a tremendous intellect and rigorous, critical mind that he applied to the great challenges of his time. In true Socratic spirit, Van Zyl sought to interrogate people’s firmly held beliefs. In the famous paradox attributed to Socrates “I know that I know nothing” he was challenging us to carefully examine the things we believe to be true. Karl Popper argued that everything we come to know can only be falsified, and never conclusively proved to be true. Popper’s ideas, particularly in relation to the Open Society, infused Van Zyl’s thinking.

This was the basis of his intolerance of dogma, ideology and norms accepted for their own sake. He wrote: “I abhor dogmatic confidence and fashionable, unquestioned opinions.... The values that guide intellectual enquiry have been distilled through the ages of rigorous debate: objectivity, openness to contradictory evidence and critical scrutiny of assumptions”.

Paradoxically, although he was very pragmatic, he was also an idealist. Perhaps it would be better to describe him as principled. It was this quality that made him so fiercely independent and ultimately incompatible with party politics. Herman Gilomee refers to the anecdote of Hans van Rensburg of Ossewabrandwag describing Smuts:

“He has all of the qualities of a great leader: the intellect, the experience, the magnetism, all the characteristics except one: he is not on our side”.

Van Zyl was on nobody’s “side”. His compass was not influenced by the dictates of a party or accepted norms, but by truth and justice. This was sometimes confused with a lack of courage. When he resigned as leader of the PFP he was accused of having the brains but not the balls for politics. His retort:

“The trouble with this country is you have too many politicians with balls but no brains”.

Although he was a person of profound moral conviction, he believed it was dangerous to infuse moralism into political analysis. He said:

“When moral principles are presented as sociological generalisations it is not difficult to end up in a position of sanctimonious paralysis, of believing that the future guarantees one a good deal because the past has given one a bad one.”

He was irritated by literature centred on “accusatory protests, based on moral outrage”, where the result was to “preach to the converted and stridently state the obvious”.

As I deliver this address in his honour, I imagine Van Zyl sitting amongst us. I feel the pressure of his intolerance for drivel, political correctness and intellectual dishonesty. I see him applying his immense critical faculties to the logic of my arguments. I’m sure many of you in the audience who knew him will know what I mean when I say that his presence is so powerful it has survived his physical departure from us. He remains vivid and present in our lives, leading us to continually question whether our beliefs and actions pass the Van Zyl Slabbert test of integrity and intellectual rigour.

I have chosen to focus my address on a major preoccupation of Van Zyl; the conditions required to consolidate democracy in our fractured society. Even strident optimists like me lie awake at night. There is something about this moment that feels like a critical inflection point. A time when citizens have the opportunity to shape a different future from the one that appears to await us. It is vital that we do this, because we will not dig ourselves out of the hole we are in by doing tomorrow what we did yesterday.

With his characteristic acuity, Van Zyl anticipated our sullen state when he famously commented on the South African “miracle” of 1994: “The bigger the party, the bigger the hangover”. He was referring to the expectations of its liberated citizens following the euphoria of non-racial elections. This, he believed, was South Africa’s “real burden of democracy”.

As we all know, the key to happiness is low expectations, and we came into our new democracy with hopelessly unrealistic expectations. We see this “hangover” across our society. The severe fraying of social cohesion is not just a “burden” of our democracy, but threatens to be our undoing; as almost everyone in our country, white and black alike, feel alienated and disaffected.

Where did we fall short? The dream of the society we were striving to become is best articulated in the social contract that is our Constitution, which states, and I quote:

“Success in life should depend on people’s choices, effort and talents, not their circumstances at birth. Not only is this a just society, but one that thrives because it draws upon the resources, skills, talents and assets of all South Africans.”

This vision still resonates strongly with me.

Somehow it feels like we have lost our collective sense of this vision as our “true north”. Leadership in all spheres - the state, business and labour - is hopelessly fractured and internally focused.

The result is that we do not have an agreed conception of “the good society”; a beacon of both hope and common effort. This has had a demoralising impact on our cohesion as a society, as extreme and destabilising voices on all sides have been able to gain far more prominence than they deserve.

So, in the famous words of Lenin, “What is to be done”?

I believe that we need to **rebuild** a strong political centre that is anchored in our Constitution. This political centre needs to be able to transcend political, business, labour and civil society divisions.

Let me articulate what the focus of this political centre should be. Firstly, we need defend our state and democratic institutions from “capture” by a rent seeking business and political patronage network. Secondly, we need to create conditions for business to thrive, which is a precondition for achieving any of our developmental objectives. Third, we need an urgent national effort to advance social cohesion.

Defend the Constitution

The state of these institutions today brings to mind the allegory of the “boiling frog”. The removal of Nene in December was our collective “how did it get so hot in the pot” moment. The evidence of an orchestrated and systematic subversion of state institutions is overwhelming. The purpose is both financial (the theft of resources) and political (the consolidation of the political power of the patronage network). This is the greatest immediate threat to our democracy; and it is a threat that cannot be overstated!

If our state institutions are weakened to the point of collapse, the result will be a “failed state”. This is a subject that was of great concern to Van Zyl.

There is an extensive literature on how democratic states become “failed states” that are unable to perform their basic functions and have lost popular legitimacy. The result is a Hobbesian world where, in his famous and evocative depiction, “continual fear and danger of violent death” makes life “solitary, poor, nasty, brutish and short”. Examples are Haiti, Afghanistan and Syria.

Contrary to the hysteria of the likes of Bill Johnson, we are not a failed state. According to the Fund for Peace 2016 “state fragility index”, we rank 69th out of 178 countries. However, with increasingly dismal performance in the delivery of education, health, the creation of jobs and corruption, we are in swift descent. We are now on “Warning” and on the verge of “Elevated warning” status. There were only 6 countries in the world whose state of fragility increased more than ours over the past 12 months, and they include Libya and Syria.

The strategy of the patronage network has been masterful, and the impact gradual and insidious. Instead of a full frontal assault on the constitution and its institutions, which would have met with fierce resistance, the strategy has been to “capture” the most important institutions through the deployment of carefully chosen individuals. We are now well on our way to losing the independence and integrity of our institutions.

Any institution is only as good the people who lead it. Leadership changes have been brought about through rumours, spurious allegations and false charges to “smear” and besmirch the reputation of people who stand in the way of the patronage project. As Songezo Zibi notes: “political manipulation has become the driving force in many suspensions.... and politics (has taken) precedence over professionalism in the public service.”

It is unsurprising that the attacks on our institutions have been focused on those that are the most strategic to the capture of state resources.

There is no more important place to start than the security establishment and the bodies tasked with criminal investigations and prosecutions. These institutions have been used to great effect by the ruling elite against those that get in their way in other weakened democracies, like Russia.

Two of the three pillars in this system, the National Prosecuting Authority (NPA) and the Hawks, have both been “captured” in recent years. The capture of the NPA began with the appointment of Nomgcobo Jiba, who purged troublesome individuals, most notably Johan Booysen (head of the Hawks in KwaZulu-Natal). When the then National Director of Public Prosecutions (NDPP) acted against Jiba, he was subjected to a trumped up enquiry into his fitness to hold office. He agreed to go quietly with a R17m golden handshake and was replaced by Shaun Abrahams, whose first act was to drop charges of fraud and perjury against Jiba.

The real strategic importance of capturing the NPA became clear following the High Court ruling to overturn the decision to drop charges against President Zuma. Abrahams appealed the court’s decision.

Equally concerning, there is strong evidence too that the Hawks have been “captured”. This was achieved through the appointment of Ntlemeza as its head, despite remarks by Judge Elias Matojane that Ntlemeza was “biased and dishonest” and lacking in “integrity and honour”. His actions, including the politically motivated harassment of Minister Gordon, demonstrate his allegiances, prompting even the SACP to publicly rebuke his behaviour as “reflect(ing) politically motivated, factional and private agendas”.

We are fortunate that the most important pillar in our criminal justice system, the courts, remain impervious to “capture” and have served as a bulwark against the sinister manoeuvrings of the NPA and the Hawks.

In September 2011 President Jacob Zuma appointed Judge Mogoeng Mogoeng as the country’s fourth chief justice. He was criticised for allowing his religious beliefs to unduly influence his professional judgement, including arguing at this University that there should be a Christian makeover of the constitution in order to end adultery, fornication and murder. He was dismissed by many as, in Poplak’s words, “a hyper-conservative Zuma yes-man.”

Subsequent events have upended this judgement of Mogoeng. The ultimate test of the independence of a court is revealed when it demonstrates independence in its judgements against the powerful, and there is no person more powerful than the President of the country. Mogoeng’s landmark judgement on the conduct of the President and Parliament was damning. He described the Public Protector as “the embodiment of a biblical David” fighting the “powerful and well-resourced Goliath”.

Only our independent judiciary now stands between us and what Bill Browder in his terrifying memoir (“Red Notice”) on doing business in Putin’s Russia, describes as the “law” of the prison yard.

The removal of Nene was the proverbial canary in the coal mine. Pravin Gordan’s reinstatement was evidence that kleptocratic rule can be impeded. But he does not enjoy the support of the patronage network, and spent the early days in his role combating spurious allegations and investigations. He can’t be fired, but he can be debilitated.

The removal of Nene would have completed the capture of our most important economic governance institutions. At the time, Tom Moyane was hard at work at purging uncooperative officials at SARS. The intention appears to have been to give him the ability to influence settlements over tax totalling billions of Rands. Moyane has put at risk the effective functioning of SARS in its core role of collecting taxes.

If you need an example of the difference strong and capable leadership can make in a state institution, you have to look no further than Thuli Madonsela, our Public Protector. You don't need to define strong, courageous leadership – you know it when you see it.

The role of the Public Protector is to protect South Africans from “unfair treatment by the state and its officials as well as from inefficient administration and dishonesty with respect to public money”. Although I would regard the Public Protector as one of our strong and functional institutions, the political maelstrom that has been unleashed on the Public Protector and her office has been colossal. In a blatant attempt to intimidate her, she has been vilified as a DA agent and a CIA spy. The pressure was designed to, in the words of Gwede Mantashe, pressure Madonsela “to do her work correctly and behave correctly”.

So what do we learn from this? There can be little doubt that, as in many of the State Owned Enterprises, there are some of our institutions that have been undermined and captured, and there are some that are under extreme duress. It is no coincidence that the targeted institutions are those that present either the greatest opportunity to wield patronage power and/or the greatest threat to patronage.

The principle tactics have included bullying, intimidation and manufacturing allegations of misconduct in order to either gain acquiescence or failing that the appointment of compliant individuals. This is not an outright attack on the institutions and the Constitution, but has the same effect.

We cannot stand by and allow this systematic raid on our institutions to succeed. The South African democratic project is not a project of a political party, or government or parliament. It is our project. As citizens, we collectively own and are the ultimate custodians and guardians of our democracy. They must not be subverted on our watch. There needs to be a clear metaphorical “line in the sand” that cannot be crossed.

There are some who argue that the Constitution was an unjust and unnecessary compromise. I do not share this view. Not only is the Constitution the only thing that stands between us and a “thug” state where we take our chances in the “prison yard”. There is also nothing in our constitution that diminishes our ability to transform our society and make it more

equitable. Undermining the legitimacy of our Constitution, and by implication our social contract, is extremely dangerous and must be vigorously resisted.

If we allow our sacred founding document to be broken, our slide to “the bottom” will be precipitous. If we cannot defend our core democratic institutions, there will be nothing left for us to defend.

This is now a key strategic focus of Business Leadership South Africa, which represents 80 of the largest South African companies and multinationals. BLSA has endorsed and funded the Corruption Watch Bua Mzansi campaign, which seeks transparency, public consultation and public scrutiny of the suitability of candidates for the position of Public Protector. I hope that this is the beginning of a united and active business leadership, working with labour, civil society and faith based organisations to play their role in protecting our institutions.

Ensure Business Thrives

What I now want to argue is that a thriving business sector is indispensable to building a future for all South Africans. Put bluntly, you can't be pro-poor and anti-business.

Negative perceptions of business in South Africa are pervasive. Business is viewed with suspicion at best and contempt at worst; "white monopoly capital", the apotheosis of an untransformed, unpatriotic, corrupt, extractive and immoral elite exploiting the country and its people.

Even pro-business advocates lambast business as "meek and servile", "impotent", "fearful" and "cowardly", largely due to their tepid public response to national crises. Borrowing from Healey's famous insult of Geoffrey Howe, Rob Rose argued that the big business critique of government in the wake of the Nene saga was "like being savaged by a dead sheep".

Our national discourse often infers that business is the enemy of progress, and its very existence is only grudgingly accepted.

The nub of my argument is a familiar one: no social progress is possible without economic growth. We often glibly accept this as self-evident. What we don't usually appreciate is that a growing economy is only made possible by thriving businesses. This is not to argue that thriving business is a sufficient condition for addressing the triple challenge of unemployment, poverty and inequality, but it is a necessary condition.

Why am I so emphatic on this point? Being pro-business is not to argue that business is always a force for good or that many business practices are not immoral or destructive. Instead it is a pragmatic argument.

Business has a very significant positive impact on society through the people it employs; some two thirds of the 15m people employed in the country are employed by businesses. These businesses also train and develop many of these people and cover costs like medical insurance and pension contributions, which diminishes the financial stress on the state. Corporate Social Investment on social development programmes is significant, but is not a material factor in the bigger scheme of things. In 2013 businesses spend an estimated R8bn

on social development, which is about 0,01% of what government spent in that year on social development.

Apart from the social benefits of employment, the very significant contribution of business is through tax contributions, which comprises the vast majority of the income of government.

Goldman Sachs, in a review of our progress since 1994, reported that between 1994 and 2012 South Africa's Gross Domestic Product almost tripled to \$400 billion.

If this sounds a bit abstract, this is what this means in ways that people experience. In the 1993/4 year the government had R120bn to spend (Reserve Bank). In Feb 2016 The National Treasury announced that in the 2016/17 year it would spend almost R1,5tn (Treasury budget review, Feb 2016). That is more than a tenfold increase in nominal terms!

What does this growth in the pie enable us to do? In this year the government will spend R816bn on services to the poor, also known as the “social wage”. It includes basic education, Health, human settlements and municipal infrastructure. This does not include social grants; on which it will spend a further R167bn. Of this, R50bn will be spent on the 12 million woman receiving child support grants, R60bn on the 3.3 million people on old age grants and R20bn on the 1 million people receiving disability grants.

What has the massive increase in government spending meant for South Africans over the past 20 years?

In 1994 we provided social grants, our most important anti-poverty programme, to 2.7 million South Africans. Today we provide social grants to 16 million South Africans. Many think this is unaffordable, but this is not true. Although there has been a significant increase in the provision of grants, our spend on social grants has been flat as a % of GDP since 2007 at around 3.5%. That is what a growing economy makes possible.

Our poverty relief interventions have been supplemented by the huge resources channelled into social development infrastructure, particularly in access to water (91% have access to piped water today compared to 56% in 2002), housing and electricity (85% have access to electricity today). Over the next three years, government and state-owned companies have

committed R865bn for investments in housing, roads, rail, public transport, water, electricity and community infrastructure.

In addition to substantial increases in social spending, the growth in the economy enabled the growth of a sizable African middle class. The Goldman Sachs report describes how 5 million jobs were added and 10 million South Africans graduated from the lower to the middle and higher income bands. While income inequality remains an intractable problem, living standards have improved considerably.

According to the IMF, an estimated 3.6 million people have been lifted out of poverty. The rate of extreme poverty and those who experienced hunger has more than halved.

The relevance of this is that “for any country, the best chance of reaching modernity is when economic growth substantially outpaces population growth”. SA population growth today, including immigration, is around 1% per annum. In 1996 our population was growing twice as fast as it is growing today.

This is not to say that economic growth has solved our endemic problems of structural unemployment and inequality, but these problems would be significantly worse. Where our economy has created 5 million jobs since 1994, in the period from the late 1970s to 1994 the economy generated almost no new jobs. If the economy had continued with its 1980 to 1994 paltry growth rate of around 1.4%, we would have double the numbers of people looking for jobs today.

Regardless of corruption and inefficiency, there have been clear tangible benefits to ordinary South Africans from the increased expenditure made possible by a growing economy.

How has the country has paid for all of this expenditure?

The bulk has been funded by a massively expanded tax base. Tax revenue in 1994 was R114bn. In 2016 it was more than R1tn.

The impact of a stagnating economy cannot be overstated. During the downturn following the GFC, government revenues were dealt a severe blow.

To maintain vital social and infrastructure expenditure and to try revive the economy, the government had to respond to the shortfall in revenue by borrowing more. Government debt in 2008/9 was R500bn. This year public debt will rise beyond R2tn, bringing us to a debt:GDP ratio of 46%; still below the 48% it was in 1996 but double the 23% it was in 2008/9.

In case you think that sounds scary; Japan sits at 250%, Italy at 133%, the US at 108%, and the UK at 90%. However their circumstances are different and any further increases in our debt:GDP ratio could lead to us succumbing to a debt trap, where existing debt can only be serviced through further borrowing.

This year we will spend R148bn just on the interest on this debt. It is worth noting that the interest rate on this debt is determined by the confidence lenders have that they will be repaid. A single act, the decision to remove Nene, increased this interest rate by 1%, resulting in an increase in the cost of our debt by some R7bn a year! Think what we could have done with that money...

We have reached the limit of our borrowing capacity and we have limited room to cut government expenditure.

The latest IMF forecasts show that our economy will not grow at all in 2016. The NDP suggests that we need a growth rate of over 5% to address poverty and unemployment by 2030. In the absence of our ability to borrow more money, the consequences of this are going to be devastating, including rising unemployment and huge pressure on the state to cut expenditure. We have to find a way to change this trajectory.

There are, and always will be, businesses that behave abominably. As there are individuals who will break the law. And it is clearly the responsibility of the state to curtail and sanction this behaviour. But my argument is not a moral argument for business. It is a social and economic and ultimately a political argument. I'm sure we would probably agree on the many things that are unjust and wrong with the market economy and business.

However, it is the only economic arrangement that offers all South Africans the opportunity to create a better life for themselves. Far from being the enemy, a thriving business sector is a fundamental condition for social progress.

Advance Social Cohesion

Sociologists have argued that social cohesion is an essential ingredient to a successful economy and democracy. A socially cohesive society is one that:

“works towards the well-being of all its members, fights exclusion and marginalisation, creates a sense of belonging, promotes trust, and offers its members the opportunity of upward mobility”.

We observe the diminishing social cohesion in our society almost daily. This is accelerated by the absence of a collective leadership with a vision and strategy to address the systemic causes.

Our greatest challenge is arguably economic exclusion. South Africa is grappling with growth that is too slow to provide employment to our rapidly growing numbers of work seekers. One-third of the working population is excluded from the economy. A staggering 2 out of 3 young working age South Africans are not in employment.

The result is that millions of South Africans are shut out and unable to enjoy the benefits of modernity. These include the benefits of decent work; keeping their families safe, fed, housed and educated. They also include political benefits; particularly to lay claim to the human rights enshrined in our constitution. Modernity is about the ability of people to realise a better life for themselves and their families.² Poverty, and unemployment in particular, denies people the ability to realise these economic and political benefits.

Unemployment is a major driver of inequality in our society. It is hard to build a society with a shared sense of purpose if the gap between the rich and the poor is too big. Government redistribution has helped to ameliorate this, but even with this we remain one of the most unequal countries in the world.

² Modernity is not exclusively a western concept. The most notable countries that have modernised rapidly in recent decades are India and China, and through their own and different developmental trajectories. Japan is a modern society, but clearly not in the same cultural tradition of the US or Europe.

In an extensive empirical study conducted by the IMF they conclude that high levels of inequality stunt growth and development. They warn:

“Increased inequality in turn hurts the level and sustainability of growth. Even if growth is the sole or main purpose of the neoliberal agenda, advocates of that agenda still need to pay attention to the distributional effects.”

Our democracy will not be sustained if we are not successful in enabling a much greater proportion of our citizens to benefit from our modern democratic project. The system has got to work for them. As Dr Anton Rupert remarked “As jou buurman nie eet nie, kan jy nie rustig slaap nie”.

We have an economy that has transitioned from a primary economy (resource based) to a tertiary economy (services based — such as retail, wholesale, hospitality, media, insurance and banking). We did not transition, like many other economies (Singapore, South Korea and Taiwan), through a job rich industrial phase. In 1994 manufacturing was 20% of the South African economy. Today it is less than 12%. The problem is that a tertiary economy requires educated and skilled workers (technicians, professionals, managers, clerks, machine operators, programmers, sales and services jobs), but our unemployed aren’t able to fill these jobs. We have a young workforce without the education or skills required by our economy (see IDC report).

This is the greatest tragedy of our country. We have a huge wealth of talent in the 8m unemployed South Africans that cannot be accessed for the benefit of themselves, their families and the economy, because our education system has failed them.³ That fact is downright depressing.

We require a mammoth, war-like effort to fix education. Even with this effort, this is a generational challenge. We need to think hard about how we create employment for our

³ To give a concrete example, in an organisation called Harambee that we founded to help bridge young people at risk of permanent exclusion from the formal economy into permanent formal economy jobs, 70% of the 250,000 young people we have assessed have high learning potential, but cannot pass the basic numeracy test required to pack boxes at pick n pay. Inclusion of the excluded one-third of South Africans could and should be a source of growth and dynamism for the generation to come.

current labour force and the 300,000 additional people added to the workforce each year. As Ann Bernstein says, we need to design our job creation policies around the workforce we have, not the one we would like to have.

If it is any consolation, India needs to create 1m jobs a month to merely stand still on unemployment!

Finally, the escalating frustration with the pace of transformation is tearing at the delicate bonds that hold our society together.

The attempt to imagine one united South Africa – the Barney or Simunye project where we are all one happy family – was a powerful and laudable ambition, but failed to deal adequately with both the deep historical prejudices that exist in our society, as well as the economic disparities created by Apartheid. The papering over of the differences and the inadvertent negation of our multiculturalism and history has given rise to significant frustration and weakened our social cohesion. This was another of Van Zyl's preoccupations.

It would be hard to argue with the NDP when it maintained:

Opportunity continues to be defined by race, gender, geographic location, class and linguistic background. The social, psychological and geographic elements of apartheid continue to shape the lives and outlook of many South Africans, even though apartheid no longer exists on the statute books.

But we must be careful of sweeping generalisations. South Africa today is significantly more transformed than it was in 1994. By transformation I refer to the participation of black people in the economy.

So let's quickly review the facts, such as they exist in this under-researched area.

Stellenbosch University's Research on Socio-Economic Policy unit estimated that 300,000 black South Africans were regarded as middle class in 1993. By 2012 this number had grown to 3m. Over this period, the black share of the middle class increased from 11% to 43%.

There has been much controversy about black ownership of the economy. There is a problematic statistic that is often bandied about that black South Africans own only 3% of

shares listed on JSE. This wrongly infers whites own the other 97%. The problem arises because more than 90% of the JSE is owned by institutions; like pension funds and life insurance companies, on behalf of groups of people.

The dispute is largely caused by differences over what metric really matters: is it who the ultimate economic beneficiaries are or who makes the decisions (i.e. who has the economic power)?

According to the JSE black South Africans own or are the beneficiaries of approximately 23% of the shares on the JSE. Of the remaining 77%, foreigners own almost 40%, dramatically up from single digits in the mid 1990s.

This is radically different from the economy of the late 1980s where one individual, Harry Oppenheimer, controlled 43% of the JSE.

Although I'm sure we would agree that we could have done more in the last 20 years to advance inclusion, and that we still face huge challenges of prejudice and exclusion in the workplace, particularly at the most senior levels in business, we have come a long way. As Ferial Haffajee observes, "It is not enough, but neither is it nothing".

The question is how we build on the successes of the past 20 years and pay special attention to the areas where progress has been particularly slow.

The singular social investment focus of the investment group I work for is on reducing economic exclusion. We begin with Early Childhood development, where we have a partnership with the City of Johannesburg to roll out a social franchise model in 10,000 existing and new ECD centres.

We used capability from our Nandos restaurant group to partner with provincial governments over the past 10 years to improve the implementation of the National School Nutrition programme, resulting in almost 5 million children receiving a more regular meal.

We have been supporting an exciting partnership between the Programme to Improve Learner Outcomes (PILO), the education department and the trade unions in KZN to improve performance in 1,200 schools in 2 districts, that is 5% of the national school system.

We initiated Harambee, a youth employment accelerator that matches and transitions economically marginalised young people into formal jobs. Harambee has partnered with national treasury, the City of Johannesburg and the Gauteng government, together with over 250 employers, to assess almost 300,000 young people across the country, of which over 25,000 have been placed in jobs. We now aim to evolve this into a labour market intervention that help hundreds of thousands of young people transition from education to income.

All of our collective efforts require a growing economy, increasing employment and incomes. The Black Management Forum states succinctly:

Without a solid economic foundation, transformation will be meaningless for the country as a whole, including those that are meant to benefit from transformation.

Sipho Pityana put it well:

Unless we grow the economy and jobs, we are all reduced to a fight against each other for crumbs.”

Conclusion

Populists claim that our leaders sold us out in 1994. They argue that the moral and political necessity of economic justice demand that we comprehensively revisit our constitution. The aim is the elimination of the right to property, as this will enable the state to accelerate transformation through the confiscation of land and businesses without compensation.

There seems to be a growing number of people who think this is the famed and elusive silver bullet, a short cut to economic justice. But it is in reality a suicide bullet.

In the first instance, the 1994 “deal” was a compromise on both sides. As Van Zyl put it, this was not a marriage that both parties “rushed into with unrestrained passion”.

Moreover, there has unquestionably been a democratic dividend to black South Africans; insufficient, but nonetheless significant progress from where we were. This can be a hard sell. As Van Zyl wryly remarked:

“Comparatively South Africa is doing remarkably well. Yet for those caught up in the trauma of transition, it is like saying it is better being in a raging storm than in a hurricane.”

But most importantly, South Africa is not an economic island. We are part of a global economic system and there is no escaping this. We are severely impacted by external shocks like the rebalancing of the Chinese economy and the resultant crash in commodity prices, the rising interest rate cycle in the US, and global risk appetite. Remember that foreigners are the largest owners of South African bonds and equities. If something persuades them that the value of these securities will fall, they will sell, and a mass sell off can be catastrophic for our economy.

Markets do not only respond negatively to poor decisions, but also to uncertainty. Investors hate uncertainty. Markets may be flawed, but they really do amount to a real-time verdict by millions of people with vast sums of money at stake on what something will be worth into the future. Financial shifts happen overnight. Economic shifts happen slowly as businesses decide whether to expand, invest in additional plant and equipment, and employ more people. This

does not mean we lose our agency, but our choices are certainly more limited than they would be in a closed economy.

Constitutional changes, particularly as they relate to rights to ownership of private property, will be calamitous. Our economy will go into free fall, the value of our currency will collapse, inflation will soar, we will not be able to pay our public servants or afford social grants, and people will lose their jobs on a vast scale. Venezuela is a recent example of the ruinous consequences of this dogma.

In this scenario it is not the rich that suffer the most. They will move and will take their money with them. The people who are most damaged by this collapse are the marginalised and the poor.

It is easy to break things we don't like. It will be easy to destroy our economy because it is unjust and untransformed. But to what end? Sadly, there are no shortcuts to the society our constitution envisages. There is only the arduous, gradual, incremental path of building a different future for our children from the one that we inherited. We can and should try to enlarge the increments, but we should not fool ourselves that there is some revolutionary utopia that awaits us and that is within our grasp.

The challenge for us democrats and constitutionalists is to realise that we are the silent majority, to stop spectating from the sidelines and to stand up with the majority of South Africans with a vision for our society that offers hope and the prospects of a better life that inspired those that wrote our Constitution.

Leaders in government, business, labour, civil society and faith based organisations in the political centre, much like many did in the UDF in 1983, need to present a visible and united voice on key issues of common interest.

This needs to be accompanied by intensified and coordinated action. A good example is the Bua Mzansi campaign. We need to collectively focus and show tangible progress on some substantive issues; such as the governance of State Owned Companies, developing the skills our economy needs, improving labour relations, and stimulating investment.

I would like to end with a final word from our beloved Van Zyl from 1979, but as true today:

“It may be that politics in South Africa will be the art of the impossible. Is this not a challenge worth accepting?”

We succeeded then, and we can succeed again.

Thank You