Essay synopsis: Khayelile Madlopha

South Africa's economy has been sluggish since the 2008 crisis, and the country faces a staggeringly high unemployment rate, and large investment and capital outflows, writes Khayelihle Madlopha. It was against this backdrop that President Cyril Ramaphosa proposed a plan of action that aimed to attract US$100 billion in investment, meaningfully reduce the unemployment rate and achieve a desirable economic growth rate. The plan focused on the mining sector, agriculture, tourism and the manufacturing sector, reprioritisation of government spending, infrastructure, issues in education and health care, job creation, and an investment drive.

Khayelihle cites the experiences of China, Japan and Vietnam as international examples from which South Africa can learn, pointing out that these countries grew by attracting more foreign direct investment (FDI), reviving their manufacturing sectors, and spending on infrastructure and education – all of which are at the heart of the President's proposed plan.

However, Khayelihle concludes that the plan treats symptoms rather than causes, and cites structural problems faced by the country including low tertiary enrolment and poor basic education, corruption, political and economic uncertainty (land reform and spectrum allocation, for example), declining competitiveness (South Africa is slipping because of factors such as deteriorating infrastructure), poor governance of state-owned enterprises (notably Eskom) and rising government debt. Unless the government treats these fundamentals, any plan it carves out will have, if any, minimal positive economic impacts, he says.

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