

Who runs economic policy in South Africa?

By **Geordin Hill-Lewis MP** - DA Shadow Minister of Finance

Among all the daily noise in South Africa, we have to keep focused on what really matters.

Our economy is not growing, and it cannot grow.

This is trapping 30 million people in poverty, 11 million out of work, with all of daily life focused on the battle for survival.

When families are struggling to survive, they cannot make use of any opportunities because at a most basic level, they have no time to think about anything else but where the next meal is coming from, or how the children will be cared for.

As more people go backwards into poverty, our country becomes more angry, and we move further away from achieving the dream of a common society.

Rapid economic growth is the only way out of this spiral. We must grow our economy much, much faster, every year, for years and years ahead.

If we do not, our society is not sustainable.

It really is as simple, and serious, as that.

This is our national mission.

This is the thing that should unite every one of us: To do whatever it takes to grow the economy faster now.

What is the role of the National Treasury in this, and how is it faring on that score?

There are definitely some points of light.

SARS is slowly rebuilding itself and restoring integrity, and is delivering impressive revenue results.

In general, Team Treasury are excellent professionals of the highest capability and with the right intentions.

I thank Team SARS, and Team Treasury, for their hard work, they make us proud.

But I'd like to hone in on policy.

The National Treasury should play a crucial policy role as the custodian and co-ordinator of economic policy in government.

On that score, it must be said, it is failing to focus government on a growth agenda.

The Treasury does not run economic policy in South Africa, as it should.

Too often it is too cautious, retiring, and is happy to cede space in the policy debate to the adherents of voodoo economics in the ANC and the DTI.

Every key economic reform is stillborn or long stalled.

Ministers openly contradict policy reforms that no less a person than the President has committed his government to.

The Minister of Energy, for example, is now the country's biggest handbrake on economic growth.

He is flagrantly ignoring and contradicting the policy reforms that the President has committed to, and which National Treasury has budgeted for.

How is it that one incompetent Minister with bad ideas can be allowed to hold back an entire country?

And no one in the government is brave enough to say so.

The Treasury has long argued that we cannot carry on bailing out failing state companies, particularly when they are not delivering.

Yet, this year's budget contains a capitulation of bailouts (a new collective noun) for SAA, Eskom and now the Land Bank.

And finally, the Minister promised to get debt under control by cutting the government wage bill, but his colleagues are unstitching that with offers of a "cash bonus" of R978 per month for every state employee.

South Africans are wondering what this cash bonus could possibly be for, when their own experience of service delivery from national government is at an all-time low.

Last month 6 million South Africans, the very poorest and most vulnerable, were told that the government simply could not afford to continue paying them the R350 Covid grant.

Imagine how they must feel seeing that same government now offering nearly triple that amount monthly to every civil servant.

What a disgrace that is.

The President is known for vacillation, but he outdid himself when he ruled out privatisation of harbours in answer to a question from the Leader of the Opposition during Question Time last week.

I could hear the collective groan of despair from the National Treasury team from here.

What is the President afraid of?

That our ports and harbours will end being worse run than they are now? That's literally not possible. We have some of the most expensive, most inefficient harbours in the world.

Everyone in government knows that there is no money to fix the harbours, and even if there was, we do not have the capacity in the state to get it done.

It's just that no one in the government is brave enough to say it.

Finally, only lunatics still argue that the size of the government's debt is not an existential threat to South Africa.

Unfortunately, there is no shortage of loons in the ANC arguing that deficits don't matter and we can just print cash and spend as much as we want.

So we must continue in this ridiculous farce – the Treasury must preach growth, while swallowing policy it knows will fail, and must even for appearances propose some of its own mad-hatter ideas like a state bank, all in service of some tortuous government unity that everyone knows doesn't exist anyway.

This government is a hot mess, and there is no hotter mess than the complete lack of a policy core to guide it.

The Treasury must fill this vacuum with more aggression and determination.

And we will always help where we can. That's why we have tabled the Fiscal Responsibility Bill, which is being considered in the Committee next week. This Bill will limit all governments, present and future, from taking on more government debt than can be sustained by economic growth.

It is a sensible helping hand to the Treasury's efforts to get under control, and I look forward to their support for the Bill.

Thank you