

Choose prosperity and not protectionism

By **Mat Cuthbert MP** - DA Shadow Deputy Minister of Trade, Industry and Competition

Honourable House Chairperson,

For the last 12 years, Minister Ebrahim Patel has formed part of government's economic brains trust, first as the Minister of Economic Development and now as the Minister of Trade, Industry and Competition.

To say these 12 years have been both underwhelming and uninspiring – is a crass understatement.

However, the body politic's collective standards have dropped so significantly, that one is considered to be "doing a good job" if they have not been directly implicated in an act of corruption or maladministration.

For example, the Mail & Guardian in their annual Cabinet Report card have given Minister Patel subsequent B grades in both 2019 and 2020.

In an interview with the Financial Mail during the middle of last year, his former union comrade, Johnny Copelyn described him as; *"Apart from being absolutely clean, he is hardworking, industrious and creative. He is a good listener and carries no big ego"*.

In the same interview, editor of the Financial Mail, Rob Rose, stated that *"Clearly, the notion of Patel as a hardline collectivist who'd nationalise your wallet if you left it on the table for long enough is misplaced"*.

However, DA Chairperson of the Federal Council, Helen Zille, frames his persona more aptly *"He is clever and he's not corrupt, which puts him in a very small league in the ANC. But he also believes in state control and state capacity,"*

The point I'm making is it is simply not good enough for a minister to not have his hand in the till or to possess relatively greater smarts than his counterparts in government.

He needs to offer more than the same old rehashed, statist economic worldview that died with the fall of the Berlin Wall on the 9th of November 1989. We need innovative solutions to the industrial and trade policy problems we face as a country and these are not forthcoming from the governing benches.

Despite the rhetoric he espouses, when discussing the African Continental Free Trade Area (AFCFTA) – there is no true commitment to the market economy and the liberalisation of trade and industry.

When the DA proposed that the department looks into the feasibility of negotiating a free trade agreement with our BRICS counterpart, China Minister Patel rebuffed this idea by stating that it would not be in South Africa's interest to have a free trade agreement with China as we do not possess the same level of competitiveness or economies of scale.

Three questions then arise:

One, how does one become more competitive if you do not specialise and develop a comparative advantage?

Two, do you prefer for our trade relations to be governed by a series of memorandums of understanding (MoU) subject to non-disclosure, where there is no recourse mechanism in place?

Three, what is the purpose of the BRICS multi-lateral partnership, if not to further our trade and economic interests?

Instead, we have sectoral master plans in the automotive, textile, poultry and sugar industries, which hark back to the 13 five-year plans produced by Gosplan in Stalin's USSR.

Moreover, his department's approach to the steel and scrap-metal industry is quite literally an attempt to tax and tariff industries into profitability.

When I questioned the rationale behind this lunacy in a portfolio committee earlier this year, I was promptly told by the then Director-General, Lionel October, that "Even Donald Trump thought it important to retain a primary steel capability in his country, therefore we should too".

How is that for irony, citing a rampant xenophobe to justify one's trade policy; the statist left using the statist right as a justification for a failed policy choice.

But it gets worse, there are 13 industries, sectors and sub-sectors that are designated for local production at specified levels of local content under the Preferential Procurement Policy Framework Act (PPPFA).

While this may sound like a novel idea, it does not take into account price, product quality, or manufacturing cost and can easily be subverted through malicious compliance as we recently witnessed in the Karpowership deal.

Humanity's greatest achievements have come off the back of liberal democracy and the market economy - not socialism and protectionism.

This is well documented in all major areas of developmental concern such as poverty alleviation, healthcare, and literacy.

Today, we need to reject the failed policies of protectionism and choose prosperity instead, history shows us that this the right thing to do.

Minister Patel's policies might have a rightful place in Mao Zedong's centrally-planned China, or even in Verwoerd's protectionist Apartheid state, but not here; not in a country that is an open and democratic society based on the principles of dignity, equality, and human rights.

I thank you.