

Radical Economic Transformation

Date: 16 October 2017
Presented By: Langa Madonko
Presented To: The University of Johannesburg Entrepreneurship Society

Quoting one of the most fundamental documents of our country I read the following: “The national wealth of our country, the heritage of South Africans, shall be restored to the people; the mineral wealth beneath the soil, the Banks and monopoly industry shall be transferred to the ownership of the people as a whole; all other industry and trade shall be controlled to assist the wellbeing of the people; all people shall have equal rights to trade where they choose, to manufacture and to enter all trades, crafts and professions.”

Extracted from the Freedom Charter

The Oxford English dictionary definition of radical tells us that radical relates to, or affects, the fundamental nature of something. It is about far-reaching and thorough actions, characterised by a departure from tradition; innovative or progressive.

Meaning that RET in essence is about changing (which is to transform) the composition and structure of output that the economy is producing and ownership and control patterns.

Further broken down we want to change who owns the entities that are making most of the production in the economy, and who manages them, who makes decisions about investment patterns, employment patterns, pay in the labour market using levers such as the Constitution, legislation and regulations, licensing, transformation charters, the national budget and procurement, state-owned companies and development finance institutions, as well as government programmes to achieve this.

We need to fundamentally alter the racial and gender composition of the ownership, control and management of our economy so that our South African economy truly reflects the composition, diversity and interests of all South African people.

I believe there are 5 key factors we need to consider to drive this reform and all these factors lie in the hands of the majority, who are also the majority of the marginalised.

For time I will not go into an exegesis of each factor but hope that these points will become part of the broader conversation tonight and on various platforms.

1. Re-industrialising South Africa's economy

The country must deflect from its old growth trajectory, largely dependent on exporting raw material. Instead, government must create the conditions for the economy to industrialise through manufacturing and beneficiation, or processing, of raw materials.

2. Emphasis on black ownership

Priority must be given to generating black ownership in new, and old, sectors of the economy. In line with this we need to support new business and this will entail realising the potential of SMMEs, cooperatives, township and rural enterprises

3. Dismantling monopoly structures and practices

Strict enforcement of competition legislation aimed at eliminating monopolistic behaviour in the economy is required, including bringing legislation to Cabinet to strengthen the Competition Act. De-concentration of ownership of the economy will deal with anticompetitive behaviour in both private and public companies.

4. Policy continuity

We must give effect to the NDP as the document of reference on our direction read in tandem with the New Growth Path (NGP) and Industrial Policy Action Plan (IPAP) as guiding policy.

5. A realisation that it's a National mandate not a government mandate

We must each take our roll in the development of others and by sharing opportunities and skills to advance one another. To break cartels, we must support and buy from black business. We must use stokvels, societies and all other avenues of economic power we have to propel our own.

Lastly, we must make sure that we carry others along with us on the journey.

I quote myself "Rise alone and you may rise, rise with others and they will raise you higher."

As Summit Africa we continually look to challenge the status quo and have developed an Investment Thesis that is based on delivering Investors superior economic return whilst also delivering a sustainable social impact.

We invest in sectors whose return is not correlated to the cyclical nature of markets such as Healthcare, Education, Financial Services and ICT which underpin our economy.

Unlike most investors we place our focus on investing in those areas with high growth but which have not historically been investment destinations for traditional investors, who in many parts invest money on behalf of members of those communities.

We seek to deliver quality education at affordable pricing through innovation and use of international best practice in construction of classrooms and delivering content. We seek to deliver healthcare in areas where it is most needed, in communities where historically members have had to travel over a 100kms to access facilities. We are investing in Financial Services companies where our investment imperatives include developing the product so anyone can access it and upskilling our people. We invest in ICT companies that are delivering efficiencies to Municipalities, Trade Unions and possibly in the near future stokvels as well.

We are agents of Radical Economic Transformation.