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'SUCCESS OF TREASURY'S LATEST GROWTH PLAN WILL HINGE ON PRACTICAL IMPLEMENTATION AND COLLABORATION WITH KEY STAKEHOLDERS', SAYS NWU BUSINESS SCHOOL ECONOMIST PROF RAYMOND PARSONS.

'The National Treasury's 77-page growth plan now published for comment offers wide-ranging, constructive and fruitful ways for SA to make sense of its current economic malaise and in proposing several sensible policies and projects urgently needed to turn the economy around. SA has reached a crucial fork in the road towards the goal of shared prosperity. By prioritizing economic transformation, inclusive growth and competitiveness the plan again emphasizes the extent to which fundamental economic reforms are necessary to meet the challenges of unemployment, poverty and inequality.

Drawing on the National Development Plan the Treasury's growth plan reiterates the extent to which SA's weak economic performance is largely the outcome of domestic constraints and structural rigidities which have weakened the willingness of business to invest. To successfully get the necessary investment and economic growth SA requires, the growth plan recognizes the need to reduce policy uncertainty and create an overall supportive business environment, especially for SMMEs. A lighter regulatory framework forms an important dimension of the general approach.

This generally familiar but imperative policy terrain for SA has now been broadly endorsed by the National Treasury's growth document. SA must now steadily move from drafting plans to tangible implementation in ways that strongly boost investor confidence and also make a visible difference to the lives of average citizens. Here SA needs a capable 'delivery state' as a key mechanism to ensure positive outcomes and to make its 'mixed' economy work better sooner rather than later.

The success of any growth plan will therefore again hinge on its consistent and effective implementation, in collaboration with key stakeholders. The scale of the challenge is reflected in the fact that, even on the most favourable assumptions, the growth plan's scenarios envisage only moving SA's growth rate from 0.8% to 2.3% over the next decade. SA should nevertheless see doing even better than these scenarios as a major on-going challenge.

Yet even these relatively modest economic performance expectations will require the necessary political will to take the tough decisions still needed, such as with the restructuring of state-owned enterprises, stabilizing SA's public finances, and reforming the labour market. The plan's framework confirms that there can be no 'quick fix' for SA's socio-economic challenges but it nonetheless correctly urges that the fundamentals for a higher growth trajectory must be laid now to reap tangible benefits later.

SA therefore needs to urgently build a national economic purpose. At a practical level the confidence-building potential of the Treasury's growth plan thus requires early evidence of commitment, consistency and steady implementation of its key strategies, such as in the forthcoming Medium-Term Budget Policy Statement in October at the next Presidential investment 'summit' in November.'

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