WTO Policy Brief Series

Policy uncertainty: how it affects South Africa's growth and development prospects

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Policy uncertainty in South Africa: an impediment to growth

Like other open economies that benefit from the positive effects of globalisation but remain vulnerable to its negative consequences, South Africa has been caught in the vortex of change that has been sweeping through the global economy in recent times. The perilous decline in many commodity prices (prompted in part by weaker demand in China) and a growing risk aversion among international investors have been gnawing away at South Africa's economic growth prospects, leaving government and business decision makers grappling for solutions. But South Africa's problems cannot be attributed only to a mercurial global economy. Low levels of innovation, the under-performance of a number of flagship industries and widespread employer-worker tensions are also taking their toll, exacerbating the country's already dire unemployment problem.

Over the past two decades, South Africa has acquired the dubious reputation of being a country that, despite being richly endowed with mineral resources, has been unable to take advantage of the lengthy commodity price boom to realise strong economic growth rates. Unlike China, a fellow BRICS member, which has managed to attract significant levels of foreign direct investment to enhance its manufacturing capacity and export performance, South Africa has de-industrialised, becoming increasingly dependent on mining and services – sectors in which productivity growth is negligible. Of its BRICS allies, South Africa is most like Russia which is characterised by stagnating innovation and entrepreneurship, and surging rent-seeking, cronyism and corruption. Although South Africa's total gross fixed capital formation is in the doldrums, some private sector investment is helping to boost the country's technological capacity in the communications and related fields. Yet such investment is mainly directed at labour-saving or capital-using production which acts as a shield against the often devastating impact of widespread industrial action.

Without productivity growth in South Africa, wages will remain stagnant and poverty will not be reduced. While growing numbers of people have access to safe water and housing, it is worrying that the only real poverty reduction strategy implemented in the country since 1994 has been the government's social grant system which covers state pensions, unemployment insurance, child grants, and so on. This is not sustainable, particularly given the high numbers of beneficiaries involved. If South Africa is not to end up as a fragile state, it needs a marked turnaround in governance and unified attention being given to the ticking socio-economic time bomb: the hundreds of thousands of young people who are unemployed and are fast becoming unemployable.

The picture painted above reflects fundamental policy uncertainty and high transaction costs which, in turn, signal the seriously flawed nature of South Africa's political and economic transitions. In the face of such challenges, there is a need for responsible leadership and responsive policies from government, working closely with the private sector, to identify key stumbling blocks and come up with appropriate remedies. Unfortunately, the relationship between government and business in South Africa is strained at many levels, with businesses crying out for less regulation and more efficient public service delivery and the government wanting to impede unfettered capitalism in the interests of creating more economic opportunities for marginalised communities.

According to South Africa's ruling party, the ANC, the country functions in an:

"environment in which the world is dominated by a capitalist socio-economic system characterised by the dominance of one 'hyper-power'. Globalisation has socio-political manifestations that are characterised, among others, by domination of transnational corporations, the undermining of global governance, the homogenisation of media and cultural content, and militarism" (ANC, 2015: 4).

Furthermore, the ANC has expressed the view that "the global economic crisis brought to the fore the dominance, adventurism and sheer power of finance capital [which] brought the world economy to the brink of collapse" (ANC, 2015: 5).

No country today is immune to the unpredictable surges and swells in the global economy, but some countries are able to ride the waves more stylishly than others – by seeing the big picture and making choices based on pragmatism rather than expediency.

It is this committee's opinion that the only way to put South Africa onto a stronger economic footing is for the government, business and other key sectors to take joint responsibility for the state of the nation and to uphold the principles of the National Development Plan which supports the transition to a democratic and just society.

Most people, irrespective of their level in society, broadly aspire to the same things in life. Yet the common vision becomes difficult to attain when there is no consensus-driven policy framework in place that effectively marshals economic activities. There is much talk of a lack of policy coherence in South Africa today – with the policies that are in place resembling a mismatched wardrobe in which garments are acquired or discarded according to prevailing fashion whims, with little attempt being made to assemble a timeless collection that will last well into the future. We will unpack this perception against the backdrop of some more cold, harsh facts about South Africa's economic performance, with special reference to the agricultural sector.

According to the World Bank, South Africa had a Gini coefficient[5] of 65 in 2011[6], which means that we are among the most unequal societies in the world. Added to this is the fact that between 2008 and 2012, South Africa clocked up a real economic growth rate of only 2%, while the inflation rate stood at between 4.5% and 6%. This situation has justifiably reached the top of the government's policy agenda. Yet, although it has led to more attention being paid to economic and social transformation, it has also created more policy uncertainty.

"We've had substantial bouts of uncertainty in recent years, some of which has come from single departments, and some in pieces of legislation that have come from different departments with seemingly contradictory provisions. We've also had, from our perspective, increasing intervention in the business space … so you've had government trying to legislate a number of business activities and the way in which those activities should be conducted, and we fear that we're eventually going to run into conflict with our Constitution …" (Rau, 2014).

[5] The Gini coefficient measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution. A Lorenz curve plots the cumulative percentages of total income received against the cumulative number of recipients, starting with the poorest individual or household. The Gini index measures the area between the Lorenz curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the line. Thus, a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality (World Bank, 2015).

[6] Latest available data.

According to the ANC (2012a: 10), there is a growing realisation in various segments of society that the current configuration of the country's political economy is unsustainable. The government has identified the causes of this unsustainability as being the triple challenges of poverty, inequality and unemployment, and that, as a result:

"… we are boldly entering the second phase of the transition from apartheid colonialism to a national democratic society. This phase will be characterised by decisive action to effect economic transformation and democratic consolidation, critical both to improving the quality of life of all South Africans and to promoting nation-building and social cohesion" (ANC, 2012a).

"A vital element for sustained economic growth is the need for balance and coherence in economic policies" (Parsons, 2013: 34). In responding to the need to overhaul the country's economic agenda and performance, the government has, however, rolled out different – and often contradictory – economic policy documents in recent years, notably the New Growth Path (NGP) in 2010, the National Development Plan (NDP) in 2011, the Industrial Policy Action Plan (IPAP) 1 and 2 in 2010 and 2014, respectively, and the South African Trade Policy and Strategy Framework (TPSF) in 2010.

The NGP essentially has an interventionist policy orientation and propagates the significance of the developmental state in the formulation and execution of policy. In this regard, the government calls for radical economic transformation as a critical pillar in the construction of a democratic society (ANC, 2015: 8). The NDP, on the other hand, proposes a market-friendly framework without adhering to ideological preferences. Moreover, the NDP outlines the advantages of prudent macroeconomic policies, with flexible inflation targeting and a disciplined fiscal regime. IPAP identifies priority sectors for industrialisation and stresses the need for South Africa to diversify its export mix and focus on value-added manufactured and service exports which will help to put a dent in unemployment and alleviate poverty. The TPSF, which supports the objectives of South Africa's industrialisation policy, clarifies the country's trade initiatives at multilateral, regional and bilateral levels and suggests various tariff adjustments with a view to boosting trade.

The National Development Plan, which incorporates a bold vision of how the South African economy should look by 2030, has been accepted by the government as the official blueprint for getting the economy back onto a sustainable growth path. Offering both in-depth coverage and a cohesive narrative, it emphasises the relationship between microeconomic and macroeconomic realities and policy issues, and the significance of developing the necessary human capital to build and sustain a well-functioning society. In short, the NDP "offers a clear-sighted vision of where South Africa should go and how it proposes to get there" (Parsons, 2013: 114).

Yet the NDP has its detractors – both in government circles and in the country's powerful unions which generally condemn strategies that aim to enhance competitiveness if they threaten jobs. As a result, the NDP seems to be slipping off the radar screens of several government departments and where it *is* mentioned, it often appears to be no more than lip service.

The contradictory nature of South Africa's policy landscape is also evident in the government's preoccupation with industrial development. While rightly emphasising the need for South Africa to add value to its raw materials through beneficiation, the government does not appear to always be cognisant of the fact that serious deficiencies in the country's energy sector make it difficult to pursue an aggressive industrialisation drive. This is because many beneficiation processes are very energy-intensive. Moreover, industrial development is, as a rule, dependent on the agglomeration of service providers within demarcated metropolitan areas. With many of South Africa's municipalities being dysfunctional – lacking in infrastructure, service capability and financial acumen – meaningful industrial development becomes very difficult. The service sector, in turn, which makes a sizeable contribution to the country's GDP, attracts little attention at the formal policy level.

Policy shortcomings are also evident when it comes to South Africa's international trade. Like other policy frameworks that have a strong industrial flavour, South Africa's international trade policy over-emphasises the need to add value through fabrication. Such an approach would have been in sync with 20th century trade patterns, but is less relevant in the modern world. Today, global and regional value chains are increasingly driving production choices and trade relationships, with the value of pre-fabrication and post-fabrication services exceeding that of actual fabrication by a considerable margin. South Africa's international trade policy does not give focused attention to how local producers can take advantage of global and regional value chains. This is exacerbated by the fact that the country's education and skills levels across many industries - which are central to the value chain concept - are at an all-time low. Worrying, too, is the fact that the value to be derived from the export of services is largely overlooked; this important topic has been relegated to some non-specific future agenda.

1. Manifestations of policy uncertainty in South Africa

Policy inconsistencies have two main consequences: people lack clear direction when planning their economic affairs, often wasting time and money and/or overlooking otherwise promising opportunities; and when confusion arises or conflict occurs, the government often gives conflicting advice on how to proceed. But at a deeper level, South Africa's policy landscape is, particularly from the standpoint of business, littered with questionable motives and a decision-making approach that does little to advance the interests of all South Africans (a frequently-expressed goal of government) and attract local and international investment.

Figure 1[7] below shows the most serious impediments to doing business in South Africa today, with restrictive labour regulations, inefficient government bureaucracy, inadequate supply of infrastructure and policy instability taking the top spots, followed by inadequately educated workforce, crime and theft, and corruption. Left unattended, these factors will continue to erode the country's competitiveness and make it increasingly difficult for any of the government's policy documents currently on the table to gain traction. Of course, the contradictory nature of some of these documents' provisions and the fact that they are often not business-friendly, worsen the prognosis.

[7] It is important to note that both Figures 1 and 2 measure *perceptions*.

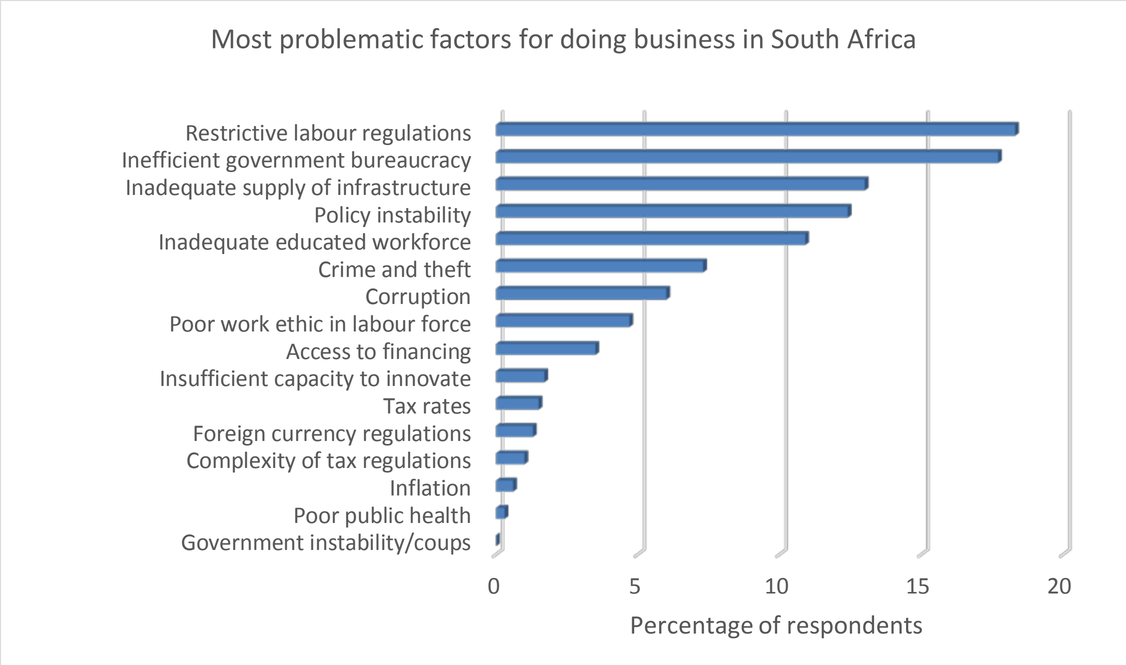

Figure 1: The most problematic factors for doing business in South Africa

Source: The Global Competitiveness Report 2015-2016 of the World Economic Forum

Restrictive labour regulations have become more evident in recent years. Not only are hiring and dismissal procedures more onerous, but in certain instances the labour market is showing signs of becoming dysfunctional. Industrial action is becoming more frequent and more violent, with excessive intimidation and attacks on non-striking workers being a regular occurrence. The burning of factories and farm crops is also not uncommon. In the face of this changing industrial landscape, private investment is dwindling, while new investment that *is* being attracted is increasingly associated with capital-using (labour-saving) technologies. Needless to say, such disruptive influences are helping to drive up unemployment.

South Africa is also becoming known for its business-unfriendly policies, evidenced in, for example:

- The complex and largely impractical regulations surrounding work and residence permits for foreign skilled workers wishing to come to South Africa.
- The onerous new travel visa requirements[8], to which the 6% drop in visitor arrivals in South Africa over the past year is being attributed.
- The establishment of an investment screening agency to approve or reject foreign investment deals on the basis of how well they conform to the government's national security goals and criteria.

[8] The first significant change came into force in October 2014, with travellers to South Africa having to appear in person at a South African consulate abroad to provide biometric data when applying for a visa. A second substantive change came into effect at the beginning of June 2015, requiring children travelling to South Africa with their parents to have an unabridged birth certificate in their possession (England, 2015). However, the government has recently announced proposals to simplify the visa application process in order to make it less onerous for certain categories of foreign visitor to the country.

- The proposed law that all security businesses operating in South Africa should have a local shareholding of at least 51%.
- The termination of the bilateral investment treaties between South Africa and EU member countries.
- The Preferential Procurement Policy Framework Act 2000, which prescribes that when the government assesses manufacturing contract proposals, suppliers of goods must meet various criteria which are heavily stacked in favour of local companies. Yet using local suppliers is not necessarily efficient or cost-effective, and can fly in the face of global value chain (GVC) norms.
- The rules surrounding the award of mining permits, which give stronger recognition to empowerment candidates than has been provided for under the agreed quota in the industry accord.
- The obscure and constantly changing land reform programme in South Africa. Namibia, by comparison, has made substantial progress in land reform and at a far lower cost (in relative terms).

Of great concern, too, is that the quality of (public) primary and secondary school education in South Africa has deteriorated to such an extent that it is now among the lowest in the world. Without educated and skilled people, South Africa has no chance of fighting unemployment on a sustainable basis. As things stand, it appears that the youth dividend ushered in by changing demographic patterns in the country is being squandered.

Figure 2 below shows the relative impact of the above-mentioned issues on business confidence in South Africa since the 1970s.

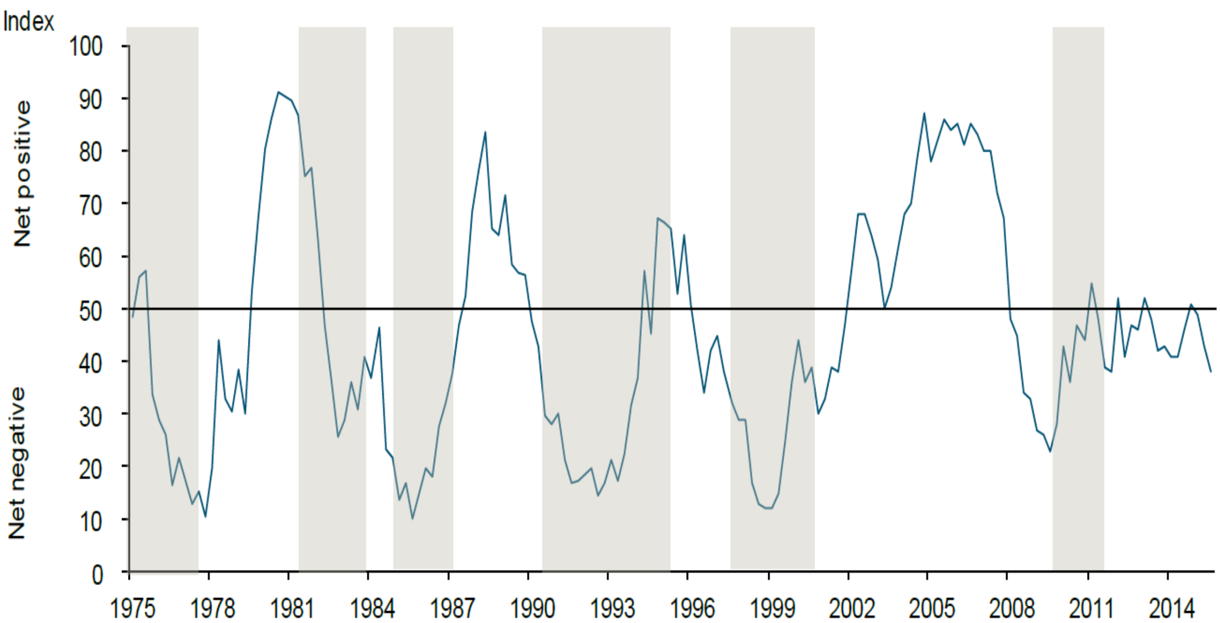

Figure 2: Fluctuations in business confidence in South Africa, 1975-2015 (Quarter 3)

Source: Rand Merchant Bank's Bureau for Economic Research (BER) Business Confidence Index (BCI) and the South African Reserve Bank (SARB)

Note: Shaded areas represent economic downswings, as indicated by the SARB

The low levels of business confidence in recent years, even after the moderate recovery following the global financial crisis of 2008-2009, points to policy uncertainty in the political, economic and labour environments, which has made the economy vulnerable. Traditionally, when the BCI drops below 30 points, it is an indication of an impending recession. The index currently stands at 38 points (Le Roux, 2015). Furthermore, in a regional context, if South Africa continues to entrench business- and market-unfriendly policies, its status as a gateway to business in Africa is likely to be downgraded to that of a mere gatekeeper.

Of course, one of the most widespread and debilitating consequences of weak policymaking is evident in the energy sector, and specifically ESKOM, where insufficient investment and upkeep over the years (dating back to the 1980s) and current constraints in generating capacity have left the country with erratic power supply, a huge maintenance backlog, an exorbitantly-expensive rebuild and expansion programme, and a compromised industrial sector.

According to Parsons (2013: 33-34), the effect of all this rising uncertainty and confusion is that the pace of South Africa's economic development is slowing. How things are playing out in the agricultural sector is discussed in the next section.

2. Policy uncertainty in South Africa's agricultural sector

The agricultural sector in South Africa is at the centre of much spirited debate as it offers great potential, particularly for the country's poor, yet also needs to measure up in the face of increasingly complex demand and distribution patterns, both regionally and internationally.

In his 2015 State of the Nation address, President Zuma said:

"During this year of the 60th anniversary of the Freedom Charter, land has become one of the most critical factors in achieving redress for the wrongs of the past. Last year, we reopened the second window of opportunity for the lodgement of land claims. More than 36 000 land claims have been lodged nationally and the cut-off date is 2019. We are also exploring the 50/50 policy framework, which proposes relative rights for people who live and work on farms. A total of 50 farming enterprises will be selected to participate in a pilot project. In terms of our proposed new laws, a ceiling of land ownership will be set at a maximum of 12 000 hectares. Foreign nationals will not be allowed to own land in South Africa but will be eligible for long-term lease" (Zuma, 2015).

While this pronouncement may satisfy those who have felt excluded from agricultural opportunities, it is not clear where the momentum and resources are going to come from to ensure strong and diverse agricultural output which will tackle rural poverty.

According to Lochner (2015):

"The ability of agricultural businesses and producers to take well-considered decisions regarding their future is constantly being hampered by government's inability to ensure certainty within the political environment. This has led to a general feeling of doubt and uncertainty which is creating a major risk for the agricultural sector, especially with regard to the discouragement of investment in the sector. This trend has had a negative influence on job creation and food security as well as social and economy stability in the country as a whole" (Lochner, 2015).

Agbiz (2015) has questioned the government's professed commitment to both the Freedom Charter and the National Development Plan (NDP) – two documents that were conceived from very different frames of reference and incorporate different strategies for bringing about an economic revival in South Africa. The supposed allegiance to these two documents creates uncertainty among investors in the agribusiness sector.

Other policy decisions and/or instruments that have created concern among businesses are the Land Reform Programme (with its focus on capping agricultural land ownership, prohibition of ownership of agricultural land by foreigners, and entrenching the rights of the people who work the land [the 50/50 model]); the possibility of a prescribed minimum wage (national and/or sectoral); changing AgriBEE legislation; the course of certain trade negotiations; and proposed interference in the Marketing Agricultural Products Act, which upholds free market principles in the sector. All these initiatives are geared at radical economic transformation and redistribution in the sector, but by design they are restrictive and invasive. Unintended consequences could be that the integrity of the land market is undermined, credit becomes constrained (both for land acquisition and for production financing), and economies of scale become more elusive – all of which make it more difficult to maintain competitiveness. Inevitably, such consequences would deal a blow to the proper functioning of local and international value chains.

Over the past decade, the overall competitiveness of the agribusiness sector in South Africa has declined. Figure 3 below shows the results of a Competitiveness Executive Survey that was conducted among agribusinesses in South Africa, displayed according to the Porter diamond model. The closer a result is to 0, the more constraining the environment is per specific element, while the closer a result is to 3, the more enhancing the environment is per specific element. The diagram reveals that, over the past decade, the overall business environment has become increasingly constraining, with the elements linked to government policies and support showing progressive constraint.

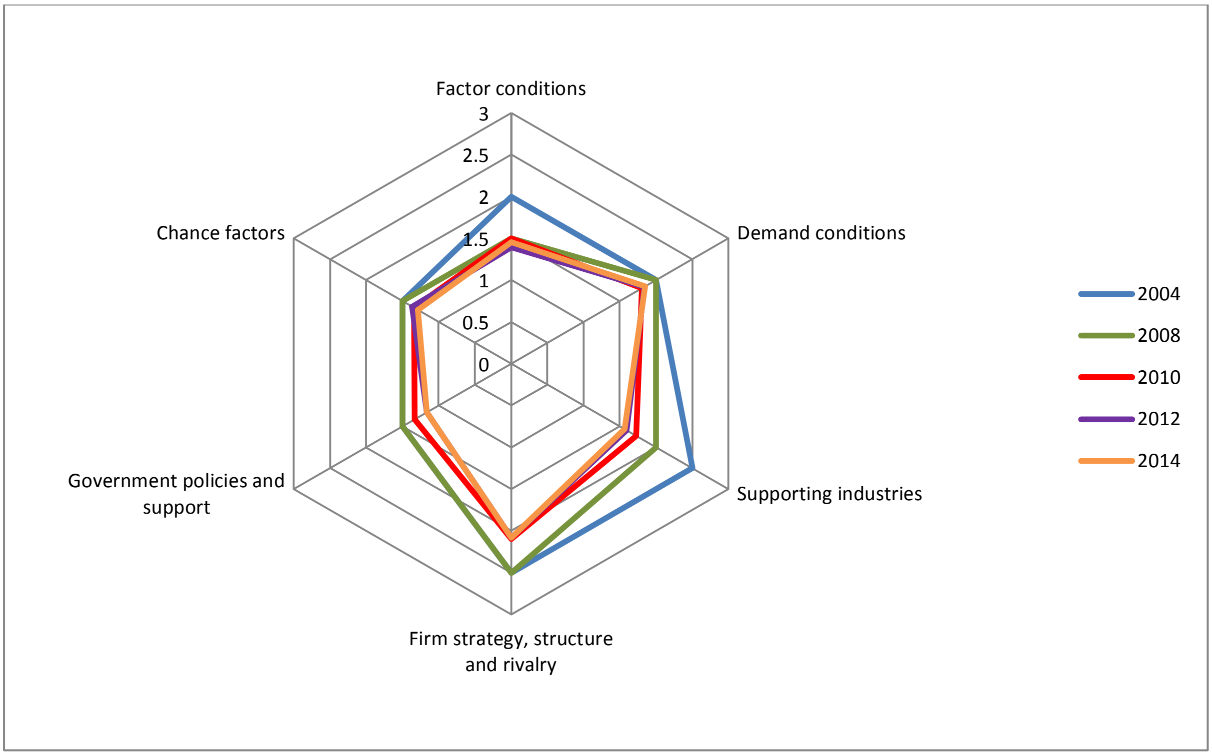

Figure 3: Competitiveness of the South African agribusiness sector, as per the Porter diamond model, 2004-2014

Source: Agbiz (2014)

In a more recent analysis of the business environment for agribusinesses in South Africa, which formed the core of the Agbiz/IDC Agribusiness Confidence Index, Agbiz (2015, 2) deduced that the local business environment is, in general, fairly unconducive - certainly considering South Africa's economic growth trends and agricultural conditions - and that local investment activity is stagnant. Yet agribusinesses are showing strong growth in turnover and making strides in attracting investment. In conclusion, Agbiz said that agribusinesses participating in GVCs are expanding their operations to take advantage of escalating demand, and investing and diversifying globally, especially on the African continent.

The involvement of South African agribusinesses in GVCs is not merely an extension of the fact that local agricultural industry value chains have been formed to meet the foreign demand for food and textiles; it has also been triggered by the plethora of growth and diversification opportunities (which are limited in the domestic market) on offer in the global arena. In fact, local agribusinesses have been entering global markets on a competitive footing ever since the deregulation of agricultural markets in South Africa in the 1990s. In this regard, the single-channel fixed price marketing schemes and the cross-subsidisation of agricultural product prices and transport costs were abandoned as they created distortions in price relationships, which in turn led to the incorrect allocation of agricultural resources and a decline in competitiveness (DoA, 1995).

Given the burgeoning global demand for agricultural products and the hike in product prices, agriculture has been transformed into a dynamic, technology-driven sector which has cleared the way for GVCs and the distribution of inputs, technology, information and products. While the rising demand in especially the Far East and other emerging markets has pushed prices up, price volatility remains a constant threat.

Given the surging potential for both production and consumption in various African countries, ample opportunities have been created for South African agricultural value chains. Retailers, for example, have spearheaded the introduction of many South African product lines across the continent, luring agribusinesses as well as agricultural financiers and insurers. However, the ability to participate successfully in GVCs is dependent on how well businesses can sidestep limiting factors, such as being bound by domestic production facilities and having insufficient capital to invest in other, more conducive locations.

3. Policy options

One could produce a library of recommendations for policies and actions to improve the performance of the South African economy and give the struggling members of our society hope of a better future. However, an underlying contributor to policy uncertainty in the country, besides many existing policy documents' questionable content, is the *process* in which policies come into being.

It is this committee's considered opinion that the level of policy uncertainty in South Africa and its negative impact on investor/business confidence could be meaningfully reduced if the process of policy formation was based on five interlocking elements: coordination, coherence, consultation, collaboration and constructive criticism. These essentially are the pillars on which the approach needs to be built if the corrosive effects of policy uncertainty are to be reversed. While the responsibility for policymaking typically rests with government, it is essential that policy documents are informed by the opinions of relevant stakeholders in the country and often in the international domain as well.

Prior consultation in policymaking is paramount and rests on the principle that 'prevention is better than cure', even if all submissions cannot be accommodated. In this regard, greater use should be made of the Regulatory Impact Assessment (RIA) (also referred to as the Socio-Economic Impact Assessment (SEIA)) mechanism. Among the advantages of following the RIA approach are: it makes for better-informed and fairer decision making as it incorporates consultation and constructive inputs; it acts as an early warning system, helping to reduce different groups' potential shock reaction to a new regulation or set of rules; it helps to promote rationality and coherence in policies, rules and procedures; and it strengthens people's confidence in policy decisions if the RIA is based on rigorous, in-depth analysis and is evidence-led.

One of the critical requirements for improving the policy-making process in South Africa is ensuring that those involved are singing to the same tune, bound by a common point of reference. The fact that the government is made up of people with varying political and economic ideologies is testimony to South Africa's democratic character. Yet it is a complicating factor when it comes to policymaking. Clearly, though, the National Development Plan (NDP) should take centre stage again as the guiding framework in the policymaking process. Not only is it clear in its analysis and practical in its approach, and seeks to create as much common ground as possible, but the ANC has officially welcomed and embraced the NDP's Vision 2030 and the Plan itself as a central basis for united action by all South Africans to build a truly united, non-racial, non-sexist, democratic and prosperous society (ANC, 2012: 15b & ANC, 2015, 2).

If policymaking is shaped by the NDP, the frustrating contradictions and inconsistencies can be reduced by a considerable margin. That does not mean that those involved should not at times shift the emphasis in the Plan as they move along the policy time path, but any decisions in this regard should be communicated efficiently and candidly. The NDP is not carved in stone but it is a systematic and well-thought-through policy document that can act as an indispensable beacon well into the future.

In practical terms, then, the mandate of Minister Jeff Radebe in the Presidency should include ensuring that all existing and new legislation is compliant with the NDP, while the Speaker's enjoinder to Parliamentarians should be to interrogate all proposals coming before Parliament (including those relating to industrial policy) against the provisions of the NDP. There also needs to be clarification on how this alignment process would work between ministries/departments, e.g. the Presidency and the Department of Trade and Industry (DTI).

4. Specific policy recommendations

A fresh and more conciliatory approach to policymaking where the public and private sector are concerned will lay a firmer foundation for strategic discussions and debates. In this regard, this committee has identified a number of particularly urgent matters that need attention/resolution as they are posing a serious threat to South Africa's reputation and future economic and social wellbeing. These are:

4.1 The many recorded instances of financial wastage by the government and public sector at large need to be seriously addressed before tax increases are mooted. Fiscal policy was successfully reformed under former Finance Minister Trevor Manuel. Unfortunately, the previously prudent stance is showing signs of weakening as expenditure and debt levels rise, which threaten the country's quality credit rating. The reintroduction of a more disciplined fiscal policy is a priority.

4.2 South Africa's current industrial policy, which is based on identifying winning industries (probably by rule of thumb), has little intellectual credibility and should be abandoned. Furthermore, there is a strong emphasis on inward industrialisation – a policy that famously failed under the apartheid government.

4.3 The outdated practice of trade policy being driven by (and thus subservient to) industrial policy should be reversed, allowing a progressive trade policy to identify the constraints in industrial policy. Furthermore, the current trade policy shows little appreciation for global and regional value chains. There is much scope and a great need for cooperation with successful companies, particularly in Africa. The country's trade policy should also acknowledge the current importance and escalating potential of trade in services, and devise a services trade strategy accordingly.

4.4 The business-unfriendly policies of the government are discouraging foreign investment in South Africa and making effective negotiations with multinational corporations (MNCs) surrounding GVC participation virtually impossible. This is a source of much confusion and frustration because some in government, at international forums such as the annual Davos gathering, cheerfully sell South Africa to foreign investors, claiming that the country is 'open for business'. We believe that a well-structured and progressive policy vis-à-vis MNCs is an imperative as it will help to prevent a repeat of the very protracted and interventionist build-up to the Massmart business deal.

4.5 Protracted negotiations in Nedlac also contribute to uncertainty and while social dialogue will remain an important part of the policymaking scene in South Africa, its processes and operations require streamlining. In our opinion, RIAs should be introduced as an input to Nedlac to expedite decisions on issues under consideration.

4.6 The role of the half dozen so-called 'business working groups' appointed by the Presidency to implement various aspects of the NDP should be clarified, particularly as the DTI (which strongly influences domestic and international business policy) uses IPAP as a key reference document.

5. Concluding remarks

If there is insufficient convergence in the views and priorities of the government, business and other key stakeholder groups and the policymaking process continues to be dominated by those with closed, elitist attitudes, the supply side of the South African economy will continue to structurally under-perform, generating an economic growth rate of no more than about 1% p.a. For a number of years, such economic under-performance has been evident in: surging unemployment figures, pervasive poverty, negligible growth prospects, a widening income gap, acute balance of payments problems, a south-bound local currency, and ongoing inflationary pressures. Without serious attention, the situation will become even more dire. If, however, as we asserted earlier in this policy brief, the many role players, who in their own way are helping to steer the South African ship, have a similar vision of a brighter future, they should be able to find a common passage that will take everyone there.

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