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Op-ed

The world is on shaky ground, with South Africa no different
By Daryl Swanepoel

In 2022, the global public health crisis triggered by the pandemic quickly turned into the largest global economic crisis in more than a century, resulting in major setbacks to growth, increased poverty rates, and widened inequality. The economic slowdown – equivalent to a mini-recession – induced by Covid-19, is now coupled with the rise in inflation, increases in energy, food, fertiliser and so on. There has been a tightening of interest rates to counter rising inflation, deeply impacting real incomes and consumer spending. Particularly, there is concern about rising food prices, given its disproportionate impact on the poor. The world faces a volatile situation, unprecedented in recent history.

On an ideological level, the much-trumpeted globalisation process has been weakened by the effects of increased levels of inequality, the rise of nationalism/illiberalism, the hollowing out of democracy, trade conflicts, climate change induced disasters, the coronavirus pandemic, and now, the Russia-Ukraine conflict.

The world has also witnessed the rise of Asia in general – and China in particular. With its large, populous countries, Asia has seen the centre of gravity of economic activity shifting from West to East, thereby challenging the US-EU global dominance.

The waning in influence of multilateral institutions like the World Trade Organisation (WTO) and the UN is cause for great alarm. The United Nations has been dysfunctional in resolving global flashpoints as events have shown in Libya, Yemen, and more recently and acutely, the Russia-Ukraine war. This dysfunctionality has resulted in a move away from multilateralism towards unilateralism and a focus on regional blocs, which has led to further polarisation globally.

On the BRICS front, the institution is experiencing flux and instability. Its character has changed since its inception, with the addition of more countries such as Turkey, Egypt and Iran, some not known for their democratic credentials, which could only exacerbate existing divisions.

Closer to home, Africa has witnessed increasing internal instability and conflict caused by a weakened AU and coup d'états in 2021, mainly in West Africa. In addition, Africa does not appear to feature on the global agenda of formations like the G7, etc. In fact, there is a real possibility that Africa could become the playground of superpowers, as was the case during the Cold War, as these powers scramble for resources and spheres of influence on the continent. As Europe accelerates its renewable energy, its appetite for Africa's raw energy will explode.

The view of leading international scholars is that “what the world really needs is what we called for back in 2001: genuinely representative global (economic) governance”. In the 2022 *World Development Report*, Prof Carmen Reinhart, Chief Economist of the World Bank, said, “It's time to

prioritise early, tailored action to support a healthy financial system that can provide the credit growth needed to fuel recovery. If we don't, it is the most vulnerable that would be hit hardest.”

Unfortunately, the situation in South Africa mirrors the instability suffered globally. South Africa has been afflicted by poor economic growth since the 2008 Global Financial Crisis, leading to unacceptably high levels of unemployment, poverty and inequality, corruption and malfeasance, gender violence, rising insecurity, and low trust and social cohesion in society.

It is particularly frustrating that these problems beset a country with one of the highest spending budgets for education and health and a social safety framework that is globally lauded as one of the most comprehensive in the world.

In an indictment on its inability to set the course to a prosperous future, South Africa's governing party's electoral fortunes have been on a downward trajectory over the last few elections, which is evidence of a significant trust deficit amongst the populace. To compound matters, although the polls suggest for now that the ANC will not immediately lose power, should they decline further and not be able to form a government, any opposition coalition government that will take over will most likely suffer from policy incoherence. This would do little to alleviate instability. It is a sobering thought that the only feasible outcomes of the upcoming elections are unpredictability and instability or continuity and predictability.

At its 6th National Policy Conference (NPC), the ANC declared 2022 as 'The Year of Unity and Renewal to Defend and Advance South Africa's Democratic Gains'. The degree to which this lofty declaration needs to be aligned with reality became clear when President Cyril Ramaphosa, in his political overview, noted that the ANC was at its weakest ever. He also outlined the myriad of challenges the ANC faces that need to be addressed in order for our society to flourish.

Scholars and analysts echoed the president's sentiment, with Prof Richard Calland of UCT saying, "The ANC is now an empty vessel, both policy-wise and politically. It can neither hold the centre nor lead society." In a scathing assessment, economist Duma Gqubule wrote that "ANC conferences are a waste of time for anyone who follows macroeconomic policy, because they never discuss [pertinent] issues, and nothing changes".

South Africa is far from where it needs to be. So, should the ANC wish to retain its lead position, it is incumbent on them to prove at its national conference in December their commitment to real renewal and sensible growth-centred policies. Policy proposals need to address these challenges and unlock cooperation amongst social partners to improve matters.

The policy goals of the party must be in line with the words of President Cyril Ramaphosa when he said in his opening address at the NPC that "our deliberations over the next few days, the resolutions we will adopt at our 55th National Conference, and the *actions that we then take, will determine the fate of our movement and indeed the direction of our country*. This Policy Conference should be seen as a *festival of ideas*, where the ANC lives up to its role as the leader of society by developing policies that relate to the lived experience of our people where they live to shape the trajectory of our country".

Daryl Swanepoel is the Chief Executive Officer of the Inclusive Society Institute. This article draws on the content of its recently published ANC 6th National Policy Conference – ISI insights' report.