

[THE INSIDERS]

at the JSE, April 10, 2014

Glacier by Sanlam and TIME magazine hosted another of their thought-leadership forums, [THE INSIDERS], at the JSE on 10 April. The panel – which was moderated by BBC World presenter, Lerato Mbele, comprised John Mauldin, chairman of Mauldin Economics and New York Times best-selling author; political commentator Justice Malala and MonteGray CEO Michael Jordaan – together they debated and discussed key issues pertaining to the economic and political landscape in South Africa, together with our standing in the international community.

The face of Africa?

South Africa has a lot going for it – two years ago we became a bona fide member of the BRICS community, we have the 17th largest stock exchange, we have a globally traded currency and we're a member of the G20. In addition, our auditing and banking industries are considered world-class. We should be the face of Africa, so why are we seeing capital outflows?

According to Jordaan, our biggest problems are crime – we're a violent society – and our dysfunctional education system. "We're falling short when it comes to basic education," he said. Mauldin agreed, although he added that many countries the world over are struggling with their education system, not just South Africa. Malala agreed, saying that perception is key. "Perceptions of South Africa are not the same as they were 10 or 15 years ago, or even pre-Marikana. We must manage those perceptions."

Mauldin stated that in order to attract foreign direct investment, we must make it easy for people to do business with us. "People see South Africa as a difficult place to do business," he said. "We don't only compete with Africa; we compete with emerging markets everywhere. South Africa should be opening up free-trade zones and encouraging business."



How competitive are we?

Jordaan felt that competition within South Africa could be more intense. “The benefits of competitiveness include a lower cost structure and better productivity,” he said. Mauldin agreed, saying that the SA economy is growing, but we need to get rid of competitive disadvantages.

Commenting on the fact that Nigeria has recently overtaken South Africa as Africa’s largest economy, Mauldin re-iterated that if it is easier to conduct business there, then that is where investors will go.

The question of employment

South Africa currently has a 24% unemployment rate, 15 million people on social grants and only eight out of 50 million people paying taxes. Considering these figures, Malala pointed out that China is single-minded when it comes to ensuring employment and says we should be “obsessed with creating jobs and making a dent in the unemployment figure.”



Is South Africa underperforming?

On the question of performance, Jordaan said that growth is a decision, it’s not automatic. He added that in studying common themes in, for example, Singapore and China, the same underlying factors were present. These included institutional efficiency, a skilled workforce and certainty for investors. He admitted we are underperforming and that we “need an internal locus of control.”

“We have a negative mind-set. We need to remember the successes, for example the 2010 World Cup.”

Harnessing entrepreneurship

Mauldin stated that SA has the raw talent and there are many entrepreneurs. We just need to make it easier for them.

Jordaan agreed, saying we should be creating special dispensations to support entrepreneurs and creating role models out of the success stories. “We’re too tough on people who don’t succeed,” he said. “A risk culture is important.” According to Mauldin, 80% of all new businesses in the US fail in the first five years. His advice to business owners is to just keep going and not give up.

Growing an economy for all

Considering the large income disparities, the panel discussed how best to grow the economy inclusively. Mauldin said that equal opportunity for all was more important than equal income.

Jordaan said that South Africa needs to stop talking about the National Development Plan and start implementing it.

2014 – An important year for SA

Malala felt that, with seven million people unemployed, the economy would be a big factor in the 2014 elections. “We need competition in our elections,” he said. “The idea that a party could be out of power in the next election, does focus the mind.”



Jordaan added that accountability was a major factor. “People need to be held accountable, to ensure execution,” he said.

Malala agreed, saying that leadership was needed at executive level. “We need a 30 year plan, especially when it comes to education.”

Mauldin stated that politicians need to not only listen, but implement and act as well. In summary, Jordaan said that the future success of the country is up to each individual. “Don’t wait for other people,” he said. Malala concluded by saying that we absolutely have to be single-minded about jobs, poverty and unemployment. Mauldin said that, “the next 20 years have to be better than the last 20 years.”



For more information on Glacier by Sanlam’s panel discussions, hosted together with TIME, please visit www.glacier-events.co.za/insiders or follow us on Twitter: @GlacierBySanlam, #timeglacier

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