

'Talk shops' achieve little for transformation

Social dialogue is of little value in transforming SA's economy as it only reinforces the positions adopted by the government, business and labour, a manufacturing forum in Sandton has heard.



Manufacturing Circle's Coenraad Bezuidenhout says South Africa needs better government leadership on the economy. Image: Manufacturing Circle

Manufacturing Circle's Coenraad Bezuidenhout said that social dialogue must be replaced with something entirely different, including better government leadership on the economy and pragmatic action instead of "talk-shops". But the shape and form of this remains undefined.

"The way we rely on social dialogue must be done away with and replaced with something completely different," Coenraad Bezuidenhout, Director of the Manufacturing Circle said.

"It doesn't bring government, business and labour together, but just reinforces their constituencies," he said.

He contends that this kind of social dialogue is not the way to institutionalise economic growth as it was adversarial and political. "Instead, wage bargaining needed to be decentralised to allow unions and companies to do pact-building from the bottom up, rather than having agreements that filter from the top down," he said.

Delegates at the forum were also told that SA had previously been industrialised by developed-world standards, and was now seeking to re-industrialise itself as a developing economy, adding that monopolies still hampered competition and the country continued to be far too reliant on primary industrial output.

Cohesion needed

"The challenge facing industrialists is there is no cohesive plan between government, business and labour - there is a lack of trust," said Nizam Kalla, Managing Director of personal care company Amka Products.

"This means that everything from electricity shortages and high energy prices to the volatile exchange rate, inconsistent import and export tariffs, and SA's poor investment and savings rates, was not being dealt with in a coherent way," he added.

Bezuidenhout and Kalla were part of a panel from business, government and labour that was discussing the way forward for manufacturing in SA.

The panel included Jeff Nemeth, President and Chief Executive of Ford Motor Company SA, and Raymond Padayachee, Head of Industry and Manufacturing at Siemens.

Jonas Mosia, Co-ordinator of Industrial Policy for the Congress of South African Trade Unions, was also on the panel, along with Nimrod Zalk, Industrial Development Policy and Strategy Adviser at the Department of Trade and Industry.

Ipap not working

The department's Industrial Policy Action Plan (Ipap), launched in 2007, is a key pillar of economic policy and seeks to stem erosion of the country's manufacturing base.



South Africa's manufacturing base has been falling consistently since 2004 and more needs to be done to improve manufacturing levels in this country. Image: [Lancashire](#)



Frontier Advisory's Martyn Davies says that Ipap is evidently not working and not doing enough to increase manufacturing levels in South Africa. Image: [How We Made It In Africa](#)

But Martyn Davies, Chief Executive of consultancy Frontier Advisory, which co-hosted the event, said manufacturing base had worsened between 2004 and last year, falling 5.2% on average as a percentage of gross domestic product value.

It had fallen 0.76% on average between 1994 and 2003.

Davies said this pointed to the Ipap "not working" in the context of economic challenges that were particularly fierce, including the global financial crisis that coincided with SA's chronic electricity shortage, and serial and violent strike action.

Davies said that in Southeast Asian countries, the state had adopted the role of "entrepreneur".

In SA, however, commercial enterprise was faced with red tape, administered prices and an unstable currency and held negative views in terms of the country's political economy.

"This means the country had a largely intractable employment problem insofar as it was haemorrhaging industrial capacity," he said.

Part of the problem is that SA's domestic market is too small to properly create economies of scale. To this end, the nation's much vaunted automotive industry is heavily subsidised to attract investors.

Source: Business Day via I-Net Bridge

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