

# More state co

State of the nation address took aim at the 'highly concentrated areas of the economy'

SAMUEL MUNGADZE

MORE state participation in the economy was a strong theme of President Jacob Zuma's state of the nation address (Sona) on Thursday.

Zuma said the government would use all means, including laws, regulations, BEE charters and budget spending to radically transform the economy to give black South Africans a greater share. Zuma took aim at the "highly concentrated areas of the economy", including the big four banks, saying legislation was in the pipeline to deal with it. Tourism was identified as among a host of sectors that could be a key job creator.

In addition, the government runs effective poverty alleviation programmes such as the Expanded Public Works Programme (EPWP).

"The EPWP has since 2014 created more than 2 million work opportunities towards the attainment of the target of 6 million work opportunities by the end of March 2019. Of the work opportunities created, more than 1 million have been taken up by the youth," Zuma said.

Zuma said that during 2015-16, more than 61 000 work opportunities were created through environmental programmes and young people benefited the most.

Sage executive Anton van Heerden said Zuma wisely put small and medium businesses at the centre of the country's economic growth strategy. "Encouraging more South Africans to start businesses is the best way to reduce poverty and inequality," he said.

The National African Federated Chamber of Commerce and Industry welcomed Zuma's "radical and significant" steps to transform the economy. Chief economist Landiwe Mahlangu said this Sona was "the clearest and boldest articulation of the black economic agenda" since the advent of democracy.

Mahlangu applauded the government's commitment to accelerate land reform and land restitution, tougher action against cartels and collusion, recommitment to the renewable energy programme and the one-stop Invest South Africa initiative.

Lew Geffen Sotheby's Lew Geffen said the real state of the nation was demonstrated by chaotic scenes in and around Parliament. "Those images will make their way around the world, will further dent investor confidence and place our rating status in an even more perilous position. While Zuma's call for greater economic transformation is commendable, unless it's predicated upon sound policy that supports economic growth, it's simply populist pie in the sky."

Investors will not necessarily welcome Zuma's comment that the government "will utilise to the maximum the strategic levers that are available to the state" to ensure radical socio-economic transformation to a more developmental state. Zuma lauded the collaborative efforts between business leaders, labour and government, which helped stave off a credit ratings downgrade last year. He however steered clear of criticising agencies.

*samuelm@thenewage.co.za*

| Rank | 2015      | 2016      | 2017      |
|------|-----------|-----------|-----------|
| 1    | develop   | develop   | economy   |
| 2    | work      | invest    | work      |
| 3    | programme | economy   | programme |
| 4    | continue  | sector    | continue  |
| 5    | sector    | business  | million   |
| 6    | billion   | implement | more      |
| 7    | mine      | growth    | black     |
| 8    | state     | programme | student   |
| 9    | plan      | plan      | transform |
| 10   | water     | financial | ensure    |



"Based on a word frequency analysis, Sona 2017 was much more focused on economic transformation and the racial inequalities still prevalent in the economy than the 2016 address." – Christie Viljoen, senior economist, KPMG