

ECONOMICS CLUSTER

Mixed bag, with a few surprises



Ebrahim Patel



Thulas Nxesi



David Masondo

Organised business and the financial markets have welcomed the retention of ministers Pravin Gordhan at public enterprises and Tito Mboweni at finance, taking this as a signal that the government will make good on its promises to pursue fiscal consolidation, reform state-owned enterprises and accelerate growth.

As expected, the departments of economic development and trade & industry (DTI) were merged under former economic development minister Ebrahim Patel. SA's continued deindustrialisation under the obdurate Rob Davies made his exit from the DTI long overdue.

It's no surprise that Patel has been elevated, as he steered the new Competition Amendment Act through parliament. It gives the competition authorities greater powers to reduce industry concentration to foster greater competition — something President Cyril Ramaphosa is counting on to boost SA's growth rate.

But many economists have mixed feelings about the wisdom of this approach, and about Patel in particular.

"Patel was one of the most

conscientious cabinet ministers in the previous administrations, but I doubt whether he can overcome his adversarial approach to the private sector, misguided obsession with monopolies and instinct towards interventionism," says DA MP Michael Cardo.

Investec's Nazmeera Moola is also ambivalent. "He's hardworking, keen and committed, but his economic policies are at times naive and impractical."

Take, for instance, the idealistic social compacts he promoted with business on skills and job retention after the global financial crisis. Business organisations would commit to these pacts in a spirit of co-operation, but market forces would inevitably prevail over good intentions the moment economic conditions soured.

More surprising is that the inconsequential small business department has been retained as a standalone entity under the relatively unknown Khumbudzo Ntshavheni, the former COO of the State IT Agency, which she reportedly left after allegations of impropriety.

The other surprise appointment is that

of young economist David Masondo as deputy finance minister. A former finance MEC from Limpopo, Masondo is studious and meticulous, so despite his links to the SACP, he could be the perfect foil for the ungovernable Mboweni.

The new minister of labour & employment, Thulas Nxesi, also hails from the SACP. The portfolio of "employment" has been added, but economists are sceptical as to whether this will succeed in shifting the focus to creating new jobs rather than merely protecting old ones.

Nxesi is probably best known for claiming, when he was minister of public works, that Jacob Zuma's Nkandla swimming pool qualified as a security upgrade because it was a "fire pool".

Patel, Nxesi and Masondo could provide an ideological counterweight to Mboweni's free-market instincts. If so, the economics cluster may struggle to spearhead the deep reforms needed to sustain rapid growth. But if Masondo gets behind Mboweni, they could be a force to be reckoned with. x

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