

President Ramaphosa was very happy to announce in November last year, that local and international investment commitments had reached R663 billion. This is more than half-way to his original target of R1.2 trillion by 2023. So, should we all be shouting, “Hooray?”

Noted economist Raymond Parsons says on his website that “Economic growth in SA has virtually flat-lined. The International Monetary Fund (IMF) recently confirmed that the SA economy would experience ‘sluggish growth in 2020 – below population growth for the sixth consecutive year.’”

At the same time, according to the official unemployment rate of 29%, some 6.7 million people are jobless at the moment. If one uses the expanded definition of unemployment, then the rate rises to 38.5% – meaning more than 10 million people are unemployed!

So, when are Mr Ramaphosa’s investment inflows going to start making a difference? Maybe we should be asking: ARE they going to make a difference? According to Ramaphosa himself, “It is expected that over the next five years the investments will *conservatively* (our emphasis) result in the creation of around 412 000 direct jobs and a significant number of indirect jobs.”

R1.2 trillion creates 412 000 direct jobs, Mr President? Are you aware that the jobless rate stands at 6.7 million – *conservatively*?

And by the way, what kind of jobs are we talking about, here, Mr President – *decent jobs? Permanent jobs?* Or is that asking too much?

How can the ANC government expect us to take them seriously, when the entire weight of history shows that capitalists invest only when there is a realistic prospect of making a profit? And moreover, when that particular investment opportunity is more attractive than competing investment opportunities?

We also know that at specific intervals, capitalists need to make replacement investments, for example, replacement of worn-out or obsolete equipment and machinery. How many *new, additional, permanent* jobs would this create?

There is a sneaking suspicion that the government plans to privatise various SOE’s (Eskom and SAA are strong candidates). When (not if) this happens, will the purchase prices paid count as investment – as part of the target of R1.2 trillion?

Another thing: How are lost jobs factored into the equation? What is the point of creating x-number of new jobs but at the same time losing y-number of existing jobs?

It is generally accepted that part of the mission of SOEs is job creation, even if it means the SOEs have to run at a loss. In the case of South Africa, our credit rating is close to junk status according to all three major ratings agencies. This means that

government's capacity to continue running at a loss is seriously circumscribed. Which in turn means the chances of sell-offs of SOEs are increased.

If Eskom is privatised, will its private owners be happy to continue allowing defaulting municipalities to continue defaulting? Will its private owners have any scruples about reducing headcount ("right-sizing" they call it) to improve (that is, maximise) profitability?

We think not.

Which all goes to show that either our esteemed president is naïve, or his so-called investment drive is a deliberate attempt to fool a job-hungry population. We should be measuring the success of Ramaphosa's investment drive, not by the number of jobs (whether low-level, low-paying, temporary or not) it creates, but by the amount of profits scooped off by local and international capitalists.

According to Stats SA, "South African businesses recorded a 49% increase in net profit before tax in financial year 2017." Wow. We can certainly see in whose interests our economy is being run.

Our economy is critically dependent on demand in the global economy for our main exports (agricultural and mining). For a long time now, demand in the global economy has been so sluggish, that many commentators describe it as "stagnant."

Given the nature and structure of the SA economy, most of the benefits of any growth will end up in the pockets of the owners of capital.

Economic transformation which puts our economy on a socialist path remains one of our most urgent tasks.