



A Global Forum

# Trevor Manuel

in conversation with  
Ann Bernstein

In November 2020, CDE initiated a series of events to celebrate 25 years since its launch in August 1995. The series focuses on global conversations on democracy, business, markets, and development.

Roger Jardine, Chairman of FirstRand and newly elected Chairman of the CDE Board, opened the event: "Welcome to the seventh event in a series of webinars that have celebrated CDE's quarter century anniversary. Over the past 25 years, CDE produced close to 250 publications and hosted over 250 roundtables, workshops, and seminars. They have made an indispensable contribution to the national dialogue on South Africa's economic growth and development.

Tonight, we are joined by officials in the Presidency and other government departments, politicians, leaders from business and civil society from South Africa and abroad. This is testimony to the calibre of our speaker tonight, and our shared interest in the policy trajectory that will put South Africa on a sustainable growth path. The social and economic fallout of the Covid-19 pandemic, together with a failure to promptly implement meaningful reforms, requires that we now make critical policy choices that give effect to the urgent changes required to reverse our current trajectory. Given the state of the economy and government finances, it is important that we rapidly rebuild. Government cannot, and should not, do this alone. This discussion with Trevor Manuel comes at a critical time. His immense experience and insights are needed to help shape the critical policy choices that we now need to make for the future. Trevor, thank you once again for joining us."

This is the seventh conversation in the CDE@25 series.

**Ann Bernstein:** I first met Trevor Manuel in the late 1980s, soon after he had been released from detention without trial by the apartheid government. Since that time, he has become one of the great success stories of our democracy. As Minister of Finance, he surprised the doubters and racists in our society, establishing for himself a world class reputation as head of a globally respected Ministry. He then went on to serve in the first Zuma government as the Minister in the Presidency responsible for the National Planning Commission and the production of a National Development Plan. He is now Chairman of Old Mutual and is involved in many other initiatives in South Africa and around the world.

Most importantly, he was there when CDE was first launched in 1995 in the old Carlton Hotel!

Trevor, it is a great privilege and a pleasure to welcome you to the CDE@25 series of conversations tonight.

**Trevor Manuel:** Thank you very much, Ann, and thanks to Roger as well. It is a daunting task to predict the future and I cannot pretend that I know what will happen in five years' time. I looked back to what people were saying on June 23rd, 2016, exactly five years ago, and came across an article by Raymond Suttner in which he asked whether the 1994 gains are irreversible. That is still an important question to ask today. Which parts of our democracy are safe, how do we secure those parts of our democratic order that are under threat, and how do we move forward? If we care about our democracy, we cannot relax about these issues even for a moment.

Two decades ago in Zimbabwe a cleavage opened between the elite, who appeared to have access to all that retained their lifestyle, and the poor who were increasingly marginalised and fought their way across the border into South Africa. Today in South Africa all of us on this call are part of the elite, and, in the main, have retained our lifestyle, while the poor who are falling further behind. They have no border to cross to get away from life here. How we deal with that reality is the most important issue for our future.

**Ann Bernstein:** A very important framework for our discussion today: can our democratic achievement be reversed; and the devastating reality of SA as a country with an expanding population living in desperate poverty.

I want to start with the Covid-19 pandemic. What is your view on South Africa's performance? We were very slow off the mark in acquiring vaccines, and we now are very slowly rolling them out. We are doing much worse than many other poorer countries, and we are one of the worst in Africa. What is your view on how we have performed in a very difficult situation, and what might you have done differently?

**Trevor Manuel:** It was very hard to plan for this pandemic as we have never before experienced the scale and depth of the Covid-19 crisis. However, I do not think that we did particularly well in engaging the military and the police in our early interventions. These forces were ill-equipped, and that clearly showed. Looking across the whole period, there is now almost a sense that we have come to relax rather too much. The intensity of the response that was there throughout July and August last year is no longer there, and this is reflected in the third wave numbers.

I have also been quite concerned about the poor communication around this crisis. That we have all our Covid-19 communication conducted in English, a minority language in South Africa, is disastrous. Also, the idea of putting six epidemiologists on TV for two hours during primetime with PowerPoint presentations, speaking to an audience where quantitative skills are hard to come by, has hardly been an effective way to communicate the dangers of the pandemic.

The issue around vaccines is, however, more complex. The big challenge we have been contending with right from the start is vaccine nationalism. The two countries which make up North America acquired large quantities of vaccines, placing them in a position where they could dole them out to all their citizens. None of this was seen as a contradiction a few weeks ago when the G7 met, while poor countries continue to battle to secure vaccines. We have also seen recent reports that the Sinopharm and Sputnik vaccines appear to be less effective than the Pfizer and J&J alternatives. Then, when Aspen was ready in Gqeberha to distribute 2 million doses of the J&J vaccine, their plans had to be scrapped due to concerns that a core component of the vaccine was contaminated in a factory in Baltimore, USA.

All of these issues have impacted our vaccine rollout, and it is important to recognise the challenges not of our own making. At the same time, you are correct that the Department of Health could have done better. The overall organisation of the rollout leaves much to be desired, and the split in our Constitution between national and provincial responsibilities has not helped.

**Ann Bernstein:** As far as I can tell, there has been no serious communication campaign to rural people, to poorer people, and to people who do not have internet access. For instance, I was at the Alexandra Health Clinic the other day – they had a lot of vaccines and fabulous staff, but no one to vaccinate, which is truly startling.

While vaccinations are clearly the first step to getting South Africa back on track, the economy was not doing very well before the pandemic. What is your view on the government's Economic Reconstruction and Recovery Plan? Do you think a state-centred programme, which in many ways is what it is, is the right approach when a large proportion of the state is so incredibly weak and corrupt?

**Trevor Manuel:** Government has received a lot of good quality advice. The President's Economic Advisory Council produced a very competent report in November last year that set out a series of challenges and opportunities. This work is absent in the Economic Reconstruction and Recovery Plan, despite being done around the same time that the Plan was being prepared. Business4SA similarly delivered outstanding work that shone a light on what needs to be done. That was not adequately reflected in the Recovery Plan either. This is a deep tragedy. The Thabo Mbeki Foundation in February this year drew attention to the paucity of detail in the Economic Reconstruction and Recovery Plan, which is very worrisome.

Let us go back to something that is quite important – the National Development Plan. The NDP drew a number of strands of life in South Africa together, and I think every chapter lends itself to a lot more detailed work. Interestingly, the Bureau for Economic Research (BER) at the University of Stellenbosch did an exercise where they looked at the performance of each of the NDP chapters. One of the issues that emerged from their work is that, of the 23.3 million hectares the NDP earmarked for transfer through the land reform programme, 67% of that has been transferred. This is quite remarkable. Looking at the debates occurring around amending Section 25 of the Constitution, you would not for a moment believe that we have advanced two-thirds of the way to where we want to be.

This is why it is important that evidence informs policymaking. On the issue of land reform, the Thabo Mbeki Foundation put out a statement a week ago that the ANC has actually moved away from its original understanding of the role of land reform in a non-racial, democratic South Africa. If you accept the BER analysis, we have to ask questions about why we are putting so much energy into a matter that seems to be well taken care of, and which needs to be advanced in a manner that considers both current and future owners.

**Ann Bernstein:** I agree with you that we should shift to a much more evidence-based policy debate in the country on many topics, including land reform, where the role of market acquisition is often underplayed, and where a lot of the land that has been given to people or redistributed is often not being used very effectively. The State sits on an enormous amount of land that it has yet to redistribute. So, the facts and the nature of the discussion are often in contradiction and do not make much sense.

Another challenge is the apparent lack of a sense of real urgency within government to match the scale of the economic and fiscal crisis and the terrible situation that we are in. I have heard you say in public that you think it is possible for the ANC, the President, and the government to move much faster on reform, and that if the President were to do that, he would be backed by the ANC because there is no other alternative. Does this accurately represent your stance, and what is your assessment of the speed with which we are trying to turn this ship around on so many fronts?

**Trevor Manuel:** Operation Vulindlela is based on a set of documents that address the topic of accelerating economic performance. The documents are very competent and hit all the right notes, but the worrying feature is that there is resistance even to this absolutely necessary initiative. We are sitting with a Cabinet that is not a collective unit, but rather a 'confederation of tzarisms'. We saw this recently when the Minister of Minerals and Energy got up in Parliament and talked about 10MW, while Operation Vulindlela was trying to drive a much more ambitious agenda. It took too long to get to the 100MW number, with the President's announcement in June.

Similarly, Operation Vulindlela calls for the accelerated return of commuter rail in our cities, but it does not seem as though the Department of Transport is focused on getting Prasa up and running and securing the infrastructure owned and operated by Prasa. The South African Airways deal, likewise, seems to ignore Treasury and all the functions and responsibilities articulated in the Public Finance Management Act. That is not the way to proceed in building the country.

These divisions need to be dealt with, and I hope that this is not being avoided because the ANC conference happens next year. That would be a disastrous approach. It would be much better to make the right decisions now, which will then generate lots of backing when the decisions bear fruit. There will be a groundswell of support if the right decisions are taken.

**Ann Bernstein:** Well, I could not agree more. I want the President to turn to the country to back him in the big decisions he has to make. But let us come to something that you have hinted at – can South Africa make progress with so many compromised members of Cabinet, who are either not able to do their jobs, or are facing allegations of corruption? You once told me that 'people are policy' – that you can have great policies, but unless you have effective leaders wanting to implement them and wrestle through the problems, we are not going to get anywhere. So, why are we unable to move faster at getting competent people into the Cabinet? And if we cannot achieve this, can we still hope to make real progress?

**Trevor Manuel:** I think it is a challenge not just for national government; it extends across all three tiers. The Auditor General's report released on 22nd June makes it clear that national government will have to take more responsibility for delivering the services ordinary people expect, as local government is failing to do that. It is not just far-flung rural municipalities like Chris Hani or Alfred Nzo that are the problem. Should Johannesburg have a mayor like Geoff Makhubo on the strength of his own admissions at the Zondo Commission? Should we tolerate that? Should we wait until the step-aside rule kicks in when he is criminally charged. There should be a groundswell of opinion that drives bad people like him out of all levels of government.

There is a very topical debate taking place at the moment around the role of deputy ministers. I have strong views on this matter. Let us consider that Dr Mkhize, the Minister of Health, has stepped aside. As a result, we have the Minister of Tourism taking over his responsibilities. There is no impediment to President Ramaphosa acknowledging that, in a pandemic, you need a competent Health Minister who knows how to run a health system. Meanwhile, the Deputy Minister of Health, Dr Phaahla, seems to be somebody like that. He should be elevated to the Cabinet so he can single-mindedly focus on the pandemic. Should Dr Mkhize be in a position to return, Cabinet can be reshuffled again. These are decisions that must be taken, and they must be taken soon.

But there are additional issues besides trying to deal with people that are in cabinet. When we worked on the NDP we devoted a lot of time and attention to building a capable and developmental state. There are a few issues that are at the front and centre of this.



You have to stabilise the political administrative interface, you must make public service and local government administration careers of choice, you must develop technical and professional skills, and you must strengthen delegation, accountability, and oversight.

If we look at the political-administrative interface, it seems like ministers are overstepping their bounds. The Minister of Police appears happy to operate without a commissioner of police. Ministers have effectively taken over the role of directors general and other officials. They operate by decree. I think this weakens the state fundamentally. You cannot have Ministers so powerful that they bypass competent technical public service skills. This has been the case since 2009, and the situation has not been arrested during the last three years.

**Ann Bernstein:** I heard you talk on a recent panel about how the Cabinet used to operate, where you described the system of top officials and clusters of Ministers that were involved in deliberative processes before anything came before the Cabinet, and that this does not seem to be the case anymore. Could you say a few words about that?

**Trevor Manuel:** Well, let us go back to the Constitution. Section 92 confirms that Ministers and members of the Cabinet are collectively and individually responsible. The highest form of that collective responsibility has to be the budget. And so, part of what we had designed was a system of progressive decision-making effected over an annual cycle. By the time the Minister of Finance tabled a medium-term budget policy statement in October, it was owned by the whole Cabinet. Everybody had to be bound by the decisions in the budget because they formed the framework for government action throughout the year. So, when the Minister of Finance got up to table the budget in February, he knew that Cabinet gave it its fullest backing. That is not what you see now. In addition, Ministers, MECs, and senior officials used to sit together on a regular basis in what were called MINMECs, this provided for the necessary coordination for Cooperative Governance. This now appears to be a distant memory but we now have a group of uncooperative individuals – the confederation of tzarisms I spoke of earlier – and this is undermining the quality of governance.

**Ann Bernstein:** What is your view on an issue that the ANC seems divided on – cadre deployment? The NDP talked of professionalising the state, I presume with people that are fit for purpose. Where do you stand on the issue of cadre deployment?

**Trevor Manuel:** Let me draw a parallel from the Companies Act. Once a board is appointed, it must act in the interest of the company, and not just the interests of shareholders but all the company's stakeholders. I think government must follow the same principles.

If we consider Eskom the link is even clearer. Eskom's company operations are governed by the Companies Act. So, the Board must have oversight, and part of that oversight is the appointment of executives. But then there is also a Minister, who should respect the role of the Board and not attempt to leap-frog them. The Minister should, in fact, follow and support the decisions of the board. Then you also have accountability to Parliament to consider. The CEO of Eskom might be called to the Portfolio Committee on Public Enterprises, or that of Minerals and Energy, and might be summoned by the Standing Committee on Public Accounts. The question of to whom executives are accountable needs to be resolved.

Then, in the ANC, you have a committee chaired by the Deputy President deciding who should serve on boards, including the boards of regulators. This is completely bizarre. One cannot have an outside agency making decisions when they do not know what factors to consider, or who the best person for the job would be. This system has failed and will continue to fail unless it is arrested by the ANC immediately.

**Ann Bernstein:** Let me pose a rather difficult question, which is one that I wrestle with and which I think is a big challenge for society. We know that the State has been, to a large extent, undermined and corrupted, and is consequently really weak. However, we need a state to implement reform and to help get South Africa and its economy going again. What do we do now when we have very immediate tasks relating to rebuilding the economy, but do not have the right people in Cabinet, nor in all tiers of government?

**Trevor Manuel:** There are a number of issues to consider here. We need a workable social compact, which was called for in the NDP. We are all responsible for making sure that nobody goes hungry, that there are opportunities for employment, and that everybody can aspire to a reasonable quality of life.

It is fundamentally important now to fix public finances. At the moment there is debate around what the fiscal ceiling should be, but we have to implement savings and reduce debt.

We also have to reduce the cost of the public service. As Minister of Health, Zweli Mkhize spoke about 1.25 million health workers in the system. The real number though is just under 604,000. How can the Minister be overcounting health workers by a factor of two? There might be people employed in Departments of Health that have nothing to do with health. The structure might be all wrong. This has to be fixed. Unless we can ascertain the numbers of public servants appointed against job content, we will never resolve the costs of the public service.

The Minister of Finance stated that 95% of public servants earn more than the bottom 50% of registered taxpayers. There is something wrong with the system, which needs urgently to be remedied. Until we do that the state will not be able to produce quality services.

**Ann Bernstein:** If you look back on the horrors of what happened in government over the last decade, do you have any regrets? Was there more that you, or anybody else, might have been able to do in the period after 2011, when it became clear that the Guptas were essentially running part of the Cabinet and making appointments to SOE Boards?

**Trevor Manuel:** There was hearsay, but I had very limited knowledge of what was actually going on. Nothing was asked of me by President Zuma or by anybody else in relation to the Guptas. I was not asked to provide resources for their breakfast, lunch, or suppers. I was not asked to place advertising in their so-called newspapers, and I was not asked to meet with them. I have no regrets about being unpopular with the Guptas.

The big chunks of money that have been transferred corruptly were laundered out of the large SOEs, namely Eskom and Transnet, as well as bodies that were set up specifically for this purpose. You could be in government and not know that those things were happening. To get to the truth we need the cooperation of the people who were actually involved in the corruption and laundering.

With the release of the Zondo Commission report, we will have to go after this matter, to close down the opportunities that people have had to amass wealth by illegal means and impose real consequences. Once there are consequences for actions, the behaviour of people will change. If we leave those matters unattended to, there will be no reason for people to be well-behaved. We have to take action very soon.

**Ann Bernstein:** Do you think the ANC can be fixed? People talk of it now as a gang of marauding thieves who will not become fit to govern effectively or with integrity any time soon.

**Trevor Manuel:** The thing that worries me about South Africa, which seems to be the case in other parts of the world, is whether party politics is salvageable. For example, in the United States, is the Republican Party redeemable? The same can be asked about the Tory party of Boris Johnson in the United Kingdom. In South Africa, the big problem is what is the alternative party to look at if we give up on the ANC? Can you look to the DA with any seriousness to carry out a commitment to democracy and non-racialism? I do not think so. Could you look to the fascist EFF and begin to align yourself with their policies? I think not. Has the IFP recovered from its history and internal strife? Not really.

To me, the solution does not lie in political parties. In the same way that we were amongst the first countries in the world to achieve a peaceful transition, we need to think of other ways, outside of party politics, to deliver on the commitments laid out in our Constitution.

I do not know what the answers are, Ann. I do not know exactly how to bring about a better system of accountability, but I like the proposals from the Constitutional Court on the right of individuals to be elected, as well as the proposals coming out of the committee investigating the amendment of the Electoral Act of 1998. There are a number of aspects in our Constitution that we have to rethink and, in doing so, keep in mind that the goal has to be strengthening the lines of accountability. At present, Parliament is not delivering the accountability that a democracy like ours needs.

**Trevor Manuel** in conversation with Ann Bernstein

**Ann Bernstein:** That is a very interesting note on which to close. There are a lot of issues I would like to discuss further with you, but we have reached the end of our time. Trevor, thank you very much for being so frank with us, and for a fantastic discussion on some very tough and difficult issues facing the country, the ANC, and all of us.

**Trevor Manuel:** Thank you very much, to you and CDE.

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