

RACISM is NOT the problem

*Dismantling race-based policies that stop
South Africans from reaching their full
potential*

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Dear CEO,

We write to you with a heavy heart. Our neighbours have been attacked, we fall asleep to the sound of screams and gunshots, we wake up amidst debris and tallies of irreparable loss. This is no exaggeration here in the heart of Johannesburg, nor are we rising from the very worst. The mayhem of the last few days was preceded by mayhem drawn out for years. Violent protest has increased, according to SAPS data, by a factor of three in the last decade to ten violent actions per day, on average, nationwide, preceding the pandemic. The cycle of poverty, violence, destruction of wealth, and more poverty must be broken.

You know this already. Furthermore, you know that shifting the deckchairs, rearranging personnel, jailing a few scapegoats, or making yet more rhetorical promises will not suffice. South Africa must be one nation, undivided, under the Rule of Law. It is in law, in those rules which bind us all, that the tools must be found to break this vicious cycle.

Various laws today discriminate on the basis of race. These laws were passed under the noble intention of addressing the wicked legacy of apartheid, a system that proved not just immoral but also ungovernable. No one ever proposed that the current race-laws are ideal, but their inception was popular, and its goal good. What do most people think about these laws now?

In an effort to find out we hired an independent polling company to survey a random, demographically representative sample of South Africans in all nine provinces at the end of 2020. Here are some headline results. Unemployment, crime and corruption were the most commonly identified problems, 70% said more jobs and better education are "the best way to improve lives", and 80% preferred "merit" to race as what should be used to decide jobs. Beyond that, the preference for a suite of policies that offer sustainable rebuild was mesmerizing.

Would tax-funded vouchers for schooling, health care, and housing be more effective in helping you to get ahead than current AA and BEE policies, which focus on management posts, ownership deals, and preferential tenders?

	Total	Black	Coloured	Asian	White
Yes	72,1%	73,5%	76,7%	73,4%	55,4%
No	17,2%	15,0%	17,5%	21,2%	34,2%
Don't know	10,7%	11,6%	5,8%	5,4%	10,4%

With the exception of white survey respondents, notice that three quarters of South Africans prefer a tax-funded voucher system to BEE. This is significant for two major reasons. First, the argument that BEE cannot be scrapped because doing so would trigger a popular backlash is shown to be wrong, grounded on the false premise that social and professional media represent the views of ordinary South Africans, when in fact the gulf is rather extreme.

Second, the argument that tax-funded voucher systems cannot be implemented because they lack popular support is shown to be utterly devoid of truth. So, the economic question rises, could vouchers provide a sustainable safeguard of peaceful growth in South Africa?

Tax-funded voucher systems begin with the premise that the government's duty is not only to enforce law and order but also to, inter alia, redistribute wealth in such a fashion as to increase the opportunities of the most disadvantaged to produce greater wealth overall. The latter aids the government's ability to enforce law and order, and vice versa. This means the government must collect taxes progressively and redistribute wealth productively.

The second premise is that if a particular government lacks the capacity to administer projects of productive wealth redistribution efficiently, either because of widespread corruption, lack of skills, or a poor incentive structure, then it may delegate execution of uplift programs into the hands of citizens through tax-funded vouchers.

Simply put, if a government is better at collecting taxes than it is at spending them for a function then a tax-funded voucher system is apposite. We have little doubt that you would, at this moment, interject by saying that South Africa is any different.

In terms of schools an education voucher of roughly R24,000 per pupil per year should be granted from the fiscus to parents whose earnings fall under a particular ceiling. Parents can then redeem vouchers at an accredited school of their choice, rather than, as at present,

being forced – as so many are, because of their circumstances – to send their children to government-administered public schools, most of which are defunct.

The voucher would cost slightly less than the current cost per pupil per year at public schools, saving the indebted fiscus valuable revenue, while producing significantly better results for pupils. This has been demonstrated in parts of the Global South that have been so bold as to implement school vouchers. We urge you to endorse this practical policy, so that legislators might heed the popular call through your voice.

Similarly, housing vouchers would be redeemable solely for housing-related purchases – and would go to some 10 million South Africans between the ages of 25 and 35, who earn below a ceiling of, say, R16,000 per month. If each beneficiary was granted approximately R110,000 over ten years (allowing couples to pool that and double it) this would cost the fiscus a little over R100 billion over a decade. This would readily be met without growing the budget by reducing the government’s attempts to build shoddy RDP houses that do not come with title deeds.

The formula is calibrated *mutatis mutandis* across sectors in a series of Institute of Race Relations (IRR) policy documents under the banner of EED, Economic Empowerment for the Disadvantaged. We are eager to supply these documents for your consideration.

Morally, it cannot be justified that current millionaires and the children of multi-millionaires and billionaires qualify under law as “disadvantaged” in a country where most youth are so profoundly disadvantaged that they cannot even find a job at R3,500 per month.

Every moral fibre in one’s being recoils at such a terrible misalignment of legal categorization and facts on the ground. This we take as granted.

Economically, it cannot be justified that in a country whose sovereign debt has been junked, whose net wealth has shrunk for three years running, and whose GDP per capita in real terms has declined for almost a decade, continues to enforce race-laws that hamper inclusive growth. We have little doubt that one needs to be reminded that extant race-laws alienate local and global investment, but if evidence is needed to persuade you on this point, we would be eager to provide this too.

Politically, the status quo cannot be sustained either for the ruling alliance or the body politic at large. One need only look out the window, or if one is more luxuriously ensconced, consult footage of the trashing of South Africa’s so-called industrial and retail hubs in Kwa-

***Racism is NOT the problem* pulls the spotlight from tired myths to hard realities that must shine out if we are going to reverse this country’s course from calamity to commonsense collaboration.**

Zulu Natal and Gauteng, to see the upshot of a vicious cycle that leads from poverty to destruction and back again through the viaduct of lawlessness.

As we see it, the only reason to mute the call to scrap BEE and replace it with EED can be found by recalling what Prime Minister Louis Botha said to ANC co-founder Sol Plaatje, when the latter proposed (a partial) abolition of race-laws pertaining to property soon after the union of this inauspiciously founded country.

Since Botha could find no moral, legal or public interest argument against Plaatje's proposed amendment, he resorted to telling the truth. "If I went to Parliament now with a Bill to amend this law [the 1913 Land Act] they will think I'm mad."

The truth today is that if you, a person of such prominence, commanding such high esteem in the upper echelons of South Africa, were to be so radical as to propose common sense, so maverick as to break the current mold, by espousing EED over BEE then many of your well-heeled peers would think you have gone quite "mad". Such is the force of the status quo.

To quote someone once derided as a madman for putting faith in the goodwill of our people: It always seems impossible until it's done. First a minority elite will laugh at you, then they will fight you, and eventually they will join you, and South Africa will finally prosper.

We call on you to lead, to endorse the grandest and most popular policy shift since the abolition of apartheid. Champion the mission to scrap BEE and replace it with EED. If not you, then who?

Regards,

Gabriel David Crouse

Director

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