

Deputy Finance Minister Mcebisi Jonas - ethical leadership and inclusive growth

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Deputy Finance Minister Mcebisi Jonas believes South Africa is at a critical juncture in its history and is in dire need of “remarkable leadership” to lead the country forward.

Addressing a capacity crowd at a Gordon Institute of Business Science (GIBS) Ethics and Governance Think Tank gathering, he said the country must reach a new consensus for inclusive growth, but cautioned that corruption was a severe constraint to progress.

Inclusivity and escaping the low growth trap

Growth must be inclusive, Jonas insisted: “We must agree that radical change is necessary. A new consensus is needed to bring the necessary stability for long-term investments in the face of contradictory, confusing and sometimes foolish public pronouncements,” he said.

Inclusive growth cannot be a conversation driven solely by the ruling party or government, as it requires real trade-offs between various sectors of society in order to reach a consensus. Ways to break up industry concentrations and state monopolies must also be considered.

There is a body of evidence to support the fact that high levels of inequality are not good for growth, Jonas said. “We must maintain a more progressive tax system in order to build a sense of social solidarity.”

Jonas said that South Africans should acknowledge and appreciate the successes achieved as a country, which included continued macroeconomic stability. However, he pointed out that the country’s growth model has its limitations. The economy stumbled after a reduction in commodity demand, “which showed us that we haven’t ignited our growth engines. We need to identify where the economy can be made more competitive” and sufficiently prioritise economic growth.

“The narrow view or definition of redistribution won’t create new wealth and new assets. Training, education, access to capital and markets will, as well as the blossoming of technoparks and incubators,” Jonas said.

“Quality leadership is fundamental to escaping the low growth trap,” he added.

Ethical leadership and moral contagion

“With remarkable leadership, we were able to navigate the extreme social tension of the early 1990s. Remarkable leadership is needed again to galvanise us,” Jonas said.

Director of the GIBS Ethics and Governance Think Tank, Gideon Pogrand said the effect of unethical behavior is insidious, contaminating business, government and society. While the bad actions of leaders are especially contagious, he explained that good conduct could also have extraordinarily far-reaching effects. “Moral truths are most persuasively conveyed when they are lived and embodied,” Pogrand noted.

Jonas said there is a need to depoliticise the provision of basic services and education: “We must mature our politics in order to meet basic needs and promote stability. We must think bigger than the silos we come from, galvanise society and encourage practical inputs.”

Populism and political short termism were also potentially damaging. “We must fight against short term posturing and deal with populism, as it can be dangerous. These are real issues. We have to make sure needs are met, but issues such as fiscal expenditure can’t be dealt with in a populist way, the consequences will be dire.”

Corruption as a constraint

Corruption was restricting South Africa’s ability to create a professional, developmental state. “We must allay the asset-grabbing mindset, which is all about propping up an elite, and not about growth and redistribution,” Jonas said.

“Innovation and increasing productive capacity is the surest way of defeating corruption in the long term. Education and increasing productivity is how you transform your economy.”

Corruption and rent-seeking had become a “phenomenon,” and the proper regulation of the relationship between business and the state is the larger issue which needed attention.

Jonas said he was encouraged that South Africa was a society “alert to the assaults on democratic institutions.” However, he maintained the need for continued outspokenness, and said that media coverage of the issues was critical. “There must be media reports, but there must also be consequences. In order to defend our democracy and defend our gains, we have got to find a role to play in the public space and to encourage a more active citizenry.”

The scale of widespread corruption in the country was worrying, Jonas said. “People are alert to it at the moment, but we must drive a very hard, robust campaign and maintain a level of awareness of issues.”

“While it is necessary to manage populism, we must do the same for conservatism, as the other extreme. We must transform. Leadership comes back to the core, and leadership will differentiate the countries that succeed from those who don’t,” Jonas concluded.

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