

# Inclusive society with dynamism of capitalism and heart of socialism is within reach

By [Luvuyo Madasa](#) and [David Blyth](#)

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Twenty-five years into democracy and South Africa continues to make headlines for all the wrong reasons. The May edition of *Time* magazine showed a picture taken by Johnny Miller, naming South Africa the [world's most unequal country](#). A recent article by Advocate Thuli Madonsela highlighted the factors key to ["the mess of the enormity of our social disparities"](#).

Among other desperate realities is that economic growth measured by GDP and GDP per capita is languishing, unemployment - especially among the youth - is at record levels and social unrest grows. South Africans who are excluded from the mainstream of the economy continue to lose their faith in the constitutional order.



As social cohesion and the economy deteriorate, South Africa's business, political and social leaders are retreating into their ideological laagers. From one side, we hear the cry for more redistribution of wealth to help uplift the poor. From the other, there is a plea to unshackle business and allow it to create wealth and jobs. The country's history and the vested interests at work are making it difficult to cross the divide between the two. That is why making any meaningful strides towards inclusive economic growth begins with acknowledging the root causes of the enormity of our social disparities.

Our social order and capitalist system were originally designed to benefit a racial minority and exclude the majority of the population. There is some cynicism about the role that capitalism and free markets could play in rebuilding the economy. And because the corrupt elements in our society have used the cry for radical economic transformation and redress as cover for their activities, there is skepticism about socialism in some corners.

Yet it is becoming increasingly clear that neither socialism nor capitalism can, on its own, address the challenges we face. Unfettered capitalism – with no instruments to share the surplus it creates – will merely exacerbate inequality, benefit those who already have wealth and lead to social upheaval. And without growth, there will not be enough resources to uplift the underprivileged majority through mechanisms such as social grants, decent public education and a well-funded public healthcare system.

## **Beyond ideology**

It is now time for people on both sides of this traditional divide to look beyond ideology and to become at once more pragmatic and more idealistic. How can we aim to have the best of both capitalism and socialism, to grow our economy and to share the prosperity created by that growth?

Our vibrant society needs to find a way to reconcile these two polar views: corporate profit and social value. The profit motive is a powerful one that drives growth, innovation and investment – prerequisites for creating the surplus one needs to uplift a wider society. But it should not be pursued without a focus on social consequence and social value.

Our constitutional order and succession of democratic governments have, of course, created mechanisms such as black economic empowerment and progressive taxation to help redistribute surplus to people and communities that are disadvantaged or left behind. But these legislative and regulatory tools cannot achieve their full impact unless business looks beyond a compliance mindset to one that is about creating profit with a more purposeful intent in mind.

## **Marriage of profit and purpose**

We need to see a shift towards marrying social and profit motives – a move towards scaling social entrepreneurship that seeks to create profit by solving real social challenges. This is not just about giving through empowerment or social investment initiatives, but about helping more people to participate in the mainstream economy. It needs to go beyond marketing and messaging – it needs to be embedded into the vision, purpose and, most importantly, the actions of the business.

We are exhorted to grow the pie, so that there is more to share. We are also often told to teach people to fish so that they can feed themselves. But this is to think small. We in business must question how we can contribute more by reviewing the whole value chain and the wider ecosystem within our industries. In this way we can help people to reimagine their place in the world and to seize the opportunity to build better lives for themselves.



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## Reimagining the system

Some of the questions we should be asking include: How do we work with other public sector, business and civic partners to scale our social investments and empowerment initiatives? How can we use our supply chain to create opportunities for the community? How do we give excluded people access to our value chain? What is our role in building community and personal economies, which will in turn support the growth of our businesses? What role do our products and services have to play in creating vibrant economies?

We believe that the best hope for a prosperous South Africa is for people with different ideological inclinations and from different strata and segments of society to work together to re-engineer the system. It is within our power to create an operating model where growth is generated and wealth is shared – perhaps an Africanised version of the Scandinavian social democracies – if we set our minds to it.

If we fail, more conflict, state capture and further collapse of the economy will surely follow. But if we succeed, we can create a society of ubuntu through inclusion and equal opportunity, one where there is abundance, growth and social cohesion. This is something we can only do if we all work together, setting aside our traditional biases to create a new hybrid model that shows more direct impact and improvement for both business and social cohesion.

## ABOUT THE AUTHOR

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