The Case for Failure: Institutional and Economic Collapse

Credit: Tony Stone

A democratically elected government (should) represent all citizens by following laws, protecting rights, and holding fair elections and all that is outlined in the Constitution of South Africa. That said, it is also true that wealth and abundance naturally follow wherever true love goes.

Recent research, including the latest South African Social Cohesion Index, shows that the national social fabric is stabilising and experiencing a gradual recovery after a long period of decline. The overall national score sits at 56 out of 100, up slightly from 51.7 in 2023.

The primary drivers of social division are not necessarily interpersonal or racial hatred, but are rooted in economic hardship and political disillusionment. However, racism, constantly spewed out and driven by ANC, EFF and MK Party politicians, spreads hatred, causes deep emotional pain, and divides communities. It hurts individuals and weakens society as a whole. Trust in political leadership and local government is exceptionally low. Distrust in major political parties' hovers between 50% and 54%. Nonetheless, the track record of the African National Congress (ANC) government in creating a sustainable environment for prosperity is highly mixed, featuring significant institutional failure against service delivery and economic failures.

Citizens consistently rank poverty, extreme income inequality, and unemployment as the absolute biggest barriers to true reconciliation and unity. Following the post-2024 political shift, the public views the Government of National Unity (GNU) with mixed caution. Roughly one-third of the country has high confidence in its effectiveness, one-third is neutral, and one-third expresses low.

While the ANC has established world-class legal frameworks and social safety nets, its execution has been deeply hampered by infrastructure crises, corruption, and low economic growth. Since the establishment of the Government of National Unity (GNU) in 2024, there has been a heavy focus on structural reforms to reverse these deep-seated challenges.

Constitutional and Legal Framework responsibilities

South Africa's Constitutional Assembly,-led by Cyril Ramaphosa (ANC) and Roelf Meyer (National Party), authored one of the world's most progressive constitutions, including Section 24, which guarantees every South African the right to an environment that is not harmful to their health or well-being. While robust laws like the National Environmental Management Act exist, actual implementation and enforcement remain weak due to a lack of state capacity and corruption at municipal levels.

- **Environmental Stewardship and Energy:** For over a decade, severe mismanagement and corruption at the state power utility, Eskom, led to chronic electricity blackouts (load-shedding) that devastated businesses and crippled economic growth. Through aggressive operational maintenance and structural reforms, the government successfully stabilized the power grid, achieving a major milestone of over 470 consecutive days without load-shedding. The energy availability factor (EAF) rose to its highest level since 2020. Even so, South Africa experienced intermittent to debilitating load shedding for roughly 17 years, starting in late 2007 and effectively pausing in spring 2024 through mid-2025. The damage to the economy was substantial. It caused trillions of rands in cumulative economic losses, severely restricted job creation, and dramatically slowed South Africa's Gross Domestic Product (GDP) growth.
- **Social Inclusion and Equity:** The ANC's biggest success, if one can call it a success, is its expansive social grant system managed by SASSA. 26.5 million people, 40% of South Africans receive monthly financial support, which, yes, does drastically reduce absolute starvation. But it presents a massive structural challenge for the country's economy: There are roughly four grant recipients for every single individual income taxpayer in South Africa. Despite massive post-apartheid rollouts of housing, water, and electricity, local government failure through cadre deployment and sheer incompetence has left many municipalities struggling to deliver clean water and reliable sanitation.
- **Economic Resilience and Employment:** The government has failed to build a highly productive labor market. South Africa's official unemployment rate stands at a critical 33.6**%**, one of the highest in the world, with youth unemployment scaling past 60%. Taking into account disgruntled, unemployed people who have given up looking for a job, South Africa's expanded unemployment rate is 43.8%. South African GDP growth has historically

bounced sluggishly between 1% and 1.5%. On a year-on-year basis, the economy grew by 0.9% compared to the same period last year. Economists note that the country requires sustained growth of closer to 6% over two decades to structurally eliminate its unemployment crisis. Under President Cyril Ramaphosa, the government is currently pushing Phase Three of its economic partnership plans, aiming to accelerate structural reforms in logistics, transport, and water to lift GDP growth toward a 3% target. Will it happen? Possibly, but its doubtful.

What the government is supposed to be doing

A government is supposed to create a sustainable environment for social and economic prosperity by balancing environmental protection, social inclusion, and economic stability—often called the three pillars of sustainable development. But this is not happening. In terms of South Africa's core constitutional and legal frameworks, the ANC government was supposed to establish and uphold robust regulations that control pollution, manage waste, and protect natural resources. Implementing legal mandates, such as a constitutional right to a healthy environment, to hold public and private sectors accountable. Ensuring policy consistency, anti-corruption measures, and inclusive decision-making that builds public trust and attracts investment. Unfortunately, the ANC has not been fulfilling their responsibilities primarily through endemic state corruption, political interference in state institutions, policies that undermine the rule of law or simply doing nothing to rectify a broken system.

- **Environmental Stewardship:** Protecting ecosystems, water systems, and biodiversity so natural capital remains available for future generations. Due to cadre corruption and incompetence at municipal level, we have waste water treatment plants pumping raw sewerage into our rivers and dams. On one hand the ANC has Incentivized renewable energy projects (like solar and wind) to lower demand on Eskom, carbon emissions and cut dependence on volatile foreign fuel markets. But Eskom's structural tariff updates are widely viewed by energy experts, civil society, and opposition parties as a coordinated effort to financially penalise and limit the benefits of private rooftop solar. Independent reviews, municipal audits, and environmental watchdog reports show that the ANC government routinely treats eco-friendly initiatives as secondary to resolving immediate crises like electricity and water shortages. While specific green projects have succeeded via the Expanded Public Works Programme (EPWP), the general state of waste systems and town planning reflects severe underinvestment, municipal collapses, and a heavy reliance on outdated practices.
- **Social Inclusion and Equity:** Guaranteeing public access to quality education, healthcare, and essential basic services. Despite taking up a massive chunk of the national budget, the quality of public education is highly unequal. International reading studies show that nearly 80% of Grade 4 learners in South Africa cannot read for meaning in any language. Hundreds of rural schools still lack basic infrastructure. Despite multiple court orders and government deadlines, many schools still use dangerous pit toilets, lack reliable electricity, and do not have libraries or science laboratories. The ANC government legally mandates community involvement through extensive public participation frameworks, but implementation has been heavily criticized as "tokenistic" or structurally flawed, often sidelining marginalized and rural populations in actual planning. One thing the ANC government has done, through its tripartite alliance with the Congress of South African Trade Unions (COSATU) is support safe working conditions, fair wages, and social protection programs.
- **Economic development and growth:** The ANC government is supposed to foster long-term economic growth by backing green technologies and resource-efficient business models. But, has it? No, it has not successfully fostered long-term economic growth through these sectors; despite creating highly advanced policy strategies, it has failed to translate them into sustained economic performance due to massive infrastructure bottlenecks and policy uncertainty. The ANC government has promoted sectors like sustainable agriculture, eco-tourism, and renewable energy installation to generate stable livelihoods but these efforts have yielded mixed results—frequently producing short-term, low-wage jobs rather than stable, long-term careers. The ANC government has used subsidies, grants, and tax incentives to steer private enterprise toward sustainable practices without stalling productivity. But while large businesses and heavy industries have used these incentives to adopt cleaner technologies, the broader economy has suffered. The combination of rising energy costs, severe infrastructure bottlenecks, and policy uncertainty has caused South Africa's overall economic productivity to contract, as shown by the recent quarter-on-quarter GDP drop of -0.2%.

The ANC's failure to govern effectively

Critics, opposition parties, and a growing number of frustrated citizens argue that the ANC has fundamentally failed to govern effectively. This perspective is driven by severe setbacks in the country's economy, infrastructure, and safety.

- South Africa suffers from one of the highest unemployment rates in the world. As of 2026, the official unemployment rate stands at **33.6%**, with youth unemployment soaring past **47%**. The economy has barely grown, contracting by 0.2% in the second quarter of 2026, leaving millions trapped in poverty.
- Decades of poor management and neglected maintenance have crippled state-owned enterprises. The country has endured years of severe rolling power blackouts (loadshedding) via Eskom, widespread water shortages, and a logistics crisis at national ports and railways managed by Transnet.
- **The** era of "State Capture" systematically hollowed out public institutions. Billions of rands meant for public services were stolen, and local municipalities across the country have neared total administrative collapse.
- Violent crime, murder, and extortion rates remain among the highest globally, making many South Africans feel unsafe in their own communities

So, why do we have these problems?

Are whites in the western world inherently innovative and entrepreneurial. No, innovation and entrepreneurship are not tied to genetics or race. Instead, they are shaped by a mix of history, geography, access to money, laws, and education. When we see high levels of business success or new inventions in the Western world, it is the result of these social and economic factors working together over a long period. In other words, successive governments governing effectively, which the ANC has not been doing.

What actually drives innovation and entrepreneurship.

Building a new business or inventing a new technology requires money. This is the money needed to start a business. In the West, strong banking systems and venture capital (investors who fund new ideas) make it easier to get loans and investments. The failure to successfully develop and grow a majority of black businesses over the last 32 years is not due to a shortage of public funds, but rather the systemic mismanagement, theft, and political manipulation of those funds. Economic data and state investigations show that the South Africa's ANC government has allocated hundreds of billions of Rands to economic transformation. However, the money has frequently been weaponised by a corrupt network of politically connected elites. This practice has locked out ordinary black entrepreneurs and left the wider economy in low-growth. BEE has simply made the elite rich. Now the ANC-led government of national unity (GNU), faces an incredibly tight national budget. To fund expanding social programs and infrastructure repairs, the state is actively pursuing several direct and indirect fundraising mechanisms.

Because South Africa has a highly concentrated tax base—where roughly 7% of the population pays 92% of all personal income tax—these revenue-seeking policies naturally fall heavily on middle-to-high-income earners, a demographic that historically includes a significant portion of white citizens. When an economy overtaxes its upper and middle classes, it often triggers a cycle of economic stagnation where the very tax revenue the government is trying to collect begins to shrink. Because a small, highly skilled group of people pays the vast majority of personal income taxes, placing too heavy a burden on them changes how they live, work, and invest. This dynamic leads to several major structural problems for the wider country such as "brain drain" skills emigration, destruction of middle-class spending power, shrinking the tax base (the Laffer curve effect) and yet more job losses for low-income workers. We can see these things happening already.

Summary of Macroeconomic Impacts

Economic Dimension	Immediate Response to Overtaxation	Long-Term Macroeconomic Result
Labor Market	Skilled professionals emigrate to fairer tax systems.	Critical shortages of doctors, engineers, and corporate leaders.
Business Investment	Capital is moved to safer offshore markets.	Factory production stalls, and local infrastructure degrades.
Consumer Market	Middle-class households cut out non-essential spending.	Widespread business closures and job losses in retail and hospitality.

State Finances	The formal tax pool shrinks as taxpayers leave the system.	The government faces widening budget deficits despite higher tax rates.

The legal and political systems, the rules, of a country play a massive role in whether people take the risk to start a business. The ANC have passed the Expropriation Without Compensation Act that threatens to expropriate white-owned property. Western countries have strong laws that protect private property. If you buy land or a building, the government cannot easily take it away. This includes laws like patents and copyrights. If you invent a new software or tool, the law protects your idea so others cannot steal it. This encourages people to spend time and money creating new things.

Education and Infrastructure is critical**.** Good schools and modern tools create a fertile ground for new ideas. Universities and private companies in the West spend billions of dollars on research and development. Reliable electricity, fast internet, and good transportation systems allow businesses to make, move, and sell products quickly. Under the ANC government, even with the GNU, South Africa does not have reliable electricity (cable theft is a problem) or an efficient transportation system, though it does feature fast and highly advanced internet networks. The country's economic infrastructure is highly fragmented. While the private sector has built world-class digital connectivity, the state-managed sectors—specifically electricity and rail transport—have suffered from years of catastrophic failure, corruption, and maintenance backlogs that continue to drag down overall GDP growth.

Throughout history, different regions of the world have taken turns being the leaders in technology and trade. In the past, regions like China (which invented paper, gunpowder, and the compass) and the Islamic world (which advanced algebra, medicine, and navigation) were the global centers of innovation. In the 18th and 19th centuries, Europe became the leader in manufacturing and industry. This shift created immense wealth and set up the global economic systems we use today. Under apartheid South Africa created atomic bombs, innovated the arms industry, built heavy industries, mining and agriculture. But over the last 32 years, the post 1994 South Africa, which focused on social issues, neglected economic development. The ANC actually destroyed The national electricity grid (Eskom), freight and commercial rail (Transnet), the sovereign defence industry (Denel) and local municipal governance.

The level of government involvement varies by country, but history shows its massive influence:

Strategy Type	How it Works	Example
The Direct Planner	The government explicitly chooses which industries to grow and directly funds them.	**South Korea & Taiwan:** In the late 20th century, their governments heavily backed electronics and semiconductor manufacturing, turning companies like TSMC and Samsung into global giants.
The Ecosystem Enabler	The government focuses on funding research, protecting laws, and letting the free market decide winners.	**Silicon Valley (USA):** Driven by massive U.S. defense spending during the Cold War, which created the engineering talent and tech foundation that private venture capital later expanded.

The risk of over-regulation

Whether South Africa is over-regulated is a major topic of debate among economists, business owners, and politicians. The short answer is yes, in terms of red tape for small businesses and the labour market, but no when it comes to enforcing those laws. South Africa has some of the most advanced, world-class regulations on paper, but a severe lack of state capacity means the rules often slow down honest businesses while failing to stop crime, corruption, or environmental damage. So, while government is crucial, too much control can have the opposite effect. If a government creates excessive bureaucracy (often called "red tape"), makes it too expensive to hire workers, or taxes new businesses too heavily, it can stifle the very innovation it wants to encourage. The most successful economies find a balance between supportive infrastructure and market freedom.

South Africa's regulatory Balance Sheet

Sector	Regulatory Style	Real-World Economic Result
Labour & Employment	**Highly Over-Regulated:** Complex dismissal rules and rigid wage-setting agreements.	Protects existing union workers but discourages companies from hiring unskilled youth.

SMME Business Startup	**Abundant Red Tape:** High administrative barriers and complex licensing systems.	Stifles informal entrepreneurs, keeping GDP growth locked in a low-cycle contraction.
Banking & Finance	**Strict but World-Class:** Rigid capitalization rules and tight oversight.	Creates a highly secure investment environment and reliable digital trade.
Local Bylaws & Environment	**Excellent Laws / Zero Enforcement:** Complete lack of municipal policing and state monitoring.	Widespread illegal dumping, sewage crises, and municipal infrastructure decay.

Collectively, the bottom line, is that the ANC has been an ineffective government. This is the conclusion reached by a large majority of economists, political analysts, and the South African electorate, though a full assessment depends on whether one looks at social access or economic performance. Bear in mind that the nation has been divided by political party racial hatred and division. Love for all has been absent. Hence wealth and success have not followed.

The argument that the ANC has been an ineffective government is strongly supported by the country's current macroeconomic metrics. Decades of systemic corruption, institutional mismanagement, and policy uncertainty have left South Africa poorer.

South Africa's real GDP per capita hit an all-time high of roughly R78,437 in 2008. Today, that figure has dropped to roughly R74,400. So, on average, South Africans are roughly 5% to 7% poorer today in real economic terms than they were at their wealth peak in 2008. This is thanks to Jacob Zuma, Cyril Ramaphosa, and the ANC.