

***It is generally accepted that South Africa's post Covid-19 economic recovery is largely dependent on the social compact among government, business, labour and civil society. However, historically the conversations among these social partners, especially between government and big business, has often been described as the conversation among the "deaf". What should be the key attributes of such a compact for it to yield the desired outcomes?***

The covid-19 pandemic has laid bare the deep inequalities that exist around the globe and with this dilemma, an opportunity to reconfigure how our social structures, institutions and systems operate has arrived. The inherent failures of the market mechanism again illustrate why governments need to make impactful interventions in the economy as businesses have again decided to look left when people's lives and livelihoods are being disrupted. Additionally, the relationship between government, labour and business in South Africa has been declining, particularly from an investment point of view and this fault hinders the political aspirations of voting citizens. This view is supported by SACP General Secretary, Dr Blade Nzimande who lamented that "the financial sector should end its investment strike because these were monies from stokvels of ordinary citizens". Other South African businesses include Anglo American and Naspers, both who have delisted from the JSE respectively, taking their capital elsewhere. The social unrest, poor economic outcomes and political instability have made South Africa a political risk country, thus hampering investments levels. To reverse the situation, a clearly defined government contract stating the powers, roles and limitations of its social partners is needed so that all key players can understand their role in the development of South Africa and its citizens. Consequently, stakeholder engagement and public participation are some important aspects in the future of the country is governed. Social compacts have been implemented throughout the globe in different countries, with South East Asia incorporating elements of employer responsibility towards achieving the socio-economic objectives of the government. Thus, government should use regulations to ensure that workers, business, civil society are part of the social contract that will catalyse economic development in the country. Another example of a progressive social system is in China which has five social schemes from housing to injury insurance of which both employer and employee make monthly contributions to. In South Africa, government and union leaders can negotiate for employees and employers to make contributions towards a housing fund, which will also address the lack of housing in urban areas. Also, government can subsidise workers who have extended family financial obligations by decreasing their tax rates. As seen in China and Nordic countries, social compact is used as a key economic development strategy that will unlock the economic potential of a country due the mutually beneficial relationships that government alongside its partners establish. This is ever important in the context of South Africa, who's economic state is worsening and business confidence at an all time low. The future and development of South Africa and its citizens heavily relies on the relationship that different actors in the political economy have with each other and for the country to enjoy sustained levels of long term development, a social contract is a need so that the pressure that is put on the fiscus to provide and achieve socio-economic objectives is removed from the government only and spread across society. While civil society is steadily becoming a reliable public voice in the political and economic landscapes of the country, more still needs to be done to ensure that the thinking and culture within these organizations is line with empowering households and also keeping the political and economic elite in check. For example, an organization such as OUTA challenging tax crimes committed by individuals and businesses. However, the booming of civil society in South Africa should not be based on targeting certain members of society, but on promote the values of the constitution.

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