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Alternative Information & Development Centre
Strengthening Alliances for a Wage-led, Low-Carbon, Sustainable and Equitable Development Path for Southern Africa

Growth and Inclusion (GAIN) and the New Economic Policy Framework

A Critical Perspective

BRIEFING PAPER
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A Critical Perspective on the Growth and Inclusion (GAIN) Strategy and New Economic Policy

Briefing Paper | June 2026

Executive Summary

What is GAIN?
The Growth and Inclusion strategy (GAIN) is a new implementation framework for South Africa's ongoing economic reforms, recently approved by cabinet and soon to be put into practice. GAIN does not represent new policy ideas, but pulls together existing reforms under Operation Vulindlela and new policies such as the forthcoming Industrial Development Strategy, unifying the Ramaphosa administration's broader economic reform programme under one implementation framework.

What is the direction of the new economic policy?
GAIN represents a package of economic reforms designed to increase growth without increasing public expenditure. They aim to do this by:

- Getting the private sector to invest in infrastructure through concessions, public-private partnerships and other forms of private sector participation;
- Reforming network industries such as water, electricity, and freight rail;
- Enforcing stronger "commercial" operating models for SOEs and municipalities, targeting efficiency and greater cost recovery;
- Developing industries in new sectors where South Africa may have a competitive advantage, such as green hydrogen
- Increasing business confidence

Summary of Critiques:

1. Economic policy is being dictated by fiscal policy, as GAIN assumes that public spending and revenue have reached their limits. This fails to recognise the damage done to the state by years of austerity and the spending needed to reverse this in order to improve service delivery and create jobs, while underplaying the risks.
2. GAIN does not address South Africa's triple crisis, particularly mass unemployment. The new economic policy approach aims to make the existing economic structure work better - it does not address the reasons why this economic structure produces inequality and jobless growth, kicking the can of structural transformation further down the road.
3. SOEs and local governments should be instruments of national development, not businesses. SOEs such as Eskom and Transnet perform critical roles, many of which can't be passed to the private sector because they are not profitable. Competition might force SOEs to run more like businesses, but it will also pressure them to neglect their developmental mandate and sideline programmes

such as Free Basic Electricity, while
deepening harmful labour practices.

Overview

Over the past six years, South Africa has been implementing the most significant economic restructuring since GEAR. Although these reforms have been introduced in a piecemeal fashion, the general themes of this policy orientation have remained consistent, with the 2026 State of the Nation Address summarising it as follows:

> *Through this plan, we are working to revive growth by creating the conditions for firms to invest by maintaining a clear and stable macroeconomic framework, investing in infrastructure that works, creating a conducive regulatory framework that supports growth and enables competition, and a focused and forward-looking industrial policy.*[1]

The Presidency has recently announced its intention to introduce an overarching framework in 2026, called the Implementation Plan for Growth and Inclusion (GAIN). At the time of writing, the GAIN document has not been publicly released, but it has been approved by cabinet. However, a leaked presentation began circulating near the end of 2025, and representatives from the Presidency have presented its key features in various forums, prompting an early response from some, including the SACP and economists.[2] [3] This briefing will discuss and analyse GAIN on the basis of this information, as well as the already-implemented policies falling within its framework. It was written with the intention of stimulating public debate and informing engagements with GAIN and new economic policy in forums such as NEDLAC and parliament.

Background

By 2019, the incoming Ramaphosa administration faced a range of economic challenges, including the state of SOEs such as Eskom and Transnet, which had impacted the rest of the economy. It was also becoming increasingly clear that the ambitions of the National Development Plan (NDP) would not be met - many of the key indicators, such as unemployment, had actually worsened since the NDP's publication. In late 2019, Tito Mboweni published a paper developed by the National Treasury's economic policy unit, titled *Economic transformation, inclusive growth, and competitiveness: Towards an Economic Strategy for South Africa*. This document outlined five interventions that its authors considered key elements of a new economic strategy. These were:

1. Modernising network industries (water, electricity and transport, particularly rail freight);
2. Lowering barriers to entry and addressing distorted patterns of ownership through increased competition and small business growth;
3. Prioritising labour-intensive growth in sectors such as agriculture and services, including tourism;
4. Implementing focused and flexible industrial and trade policy; and

[1] https://stateofthenation.gov.za/assets/downloads/260212_SONA_2026.pdf, 9.
[2] https://www.politicsweb.co.za/documents/gain-strategy-reproduces-the-same-old-economic-fra
[3] https://www.thecommonsense.co.za/Economics%20&%20Policy/exclusive-government-considers-new-gain-strategy-plan-to-lift-growth

5. Promoting export competitiveness and harnessing regional growth opportunities[4]

Despite the outcry from within the ANC, many elements of this new economic strategy survived, finding expression in the 2020 COVID-19 Economic Reconstruction and Recovery Programme (ERRP). At the same time, Operation Vulindlela was established as a joint initiative of the National Treasury and the Presidency in October 2020, with the aim of supporting the implementation of particular reforms under the ERRP that were believed to be the most important and achievable by the Treasury and Presidency.[5] These particular focus areas were to improve governance, overhaul the visa system to encourage tourism and skilled workers, but most importantly, to reform the network industries: rail freight, electricity, water, and telecommunications. A key feature of OV has been its strong backing by domestic capital. Adrian Enthoven stated that over 160 CEOs representing R11tn of JSE market capitalisation actively supported the program, with around 20 of them being actively involved on a daily basis in working groups.[6] Mining capital has been a particularly strong supporter of OV, given the fact that export logistics and electricity constraints have been bottlenecks to the sector's profits in recent years.

Operation Vulindela was successful in driving through some aspects of the reform agenda. In energy, the lifting of the embedded generation threshold in 2021 effectively created a parallel market of bilateral electricity contracts, while the Electricity Regulation Amendment Act (passed in 2024) cements the unbundling of Eskom and the establishment of an independent transmission company that is mandated to manage the electricity market and to ensure that Eskom is not advantaged over independent power producers. In the transport sector, the Freight Logistics Roadmap from 2023 similarly outlined the creation of a rail Infrastructure Manager that is to be unbundled from Transnet and made responsible for "crowding in private investment through concessions, leases, joint ventures and other mechanisms", a process beginning with the 25-year concession of Durban's Pier Two to Philippines-based International Container Terminal Services Incorporated in 2025. The standard approach of this new economic policy is not to privatise or sell off state assets themselves, but to introduce elements of private operation or ownership in parts of network industries, while pushing formerly dominant SOEs into competition with new players.

A 2023 evaluation of the ERRP found that while some of the short term goals were met, many of the long term structural reforms of the ERRP were not fully implemented, and economic gains were not yet visible. Among the key lessons this evaluation noted were the effectiveness and need for central coordination, the need to further accelerate public sector infrastructure delivery while restoring investor confidence, and the constrained fiscal environment that limited

4 https://www.treasury.gov.za/comm_media/press/2019/towards%20an%20economic%20strategy%20for%20sa.pdf

5 https://sona22-content.stage-v1.co.za/assets/downslong-termhort-termloads/ov-conf/01.-operation-vulindlela-framing.pdf

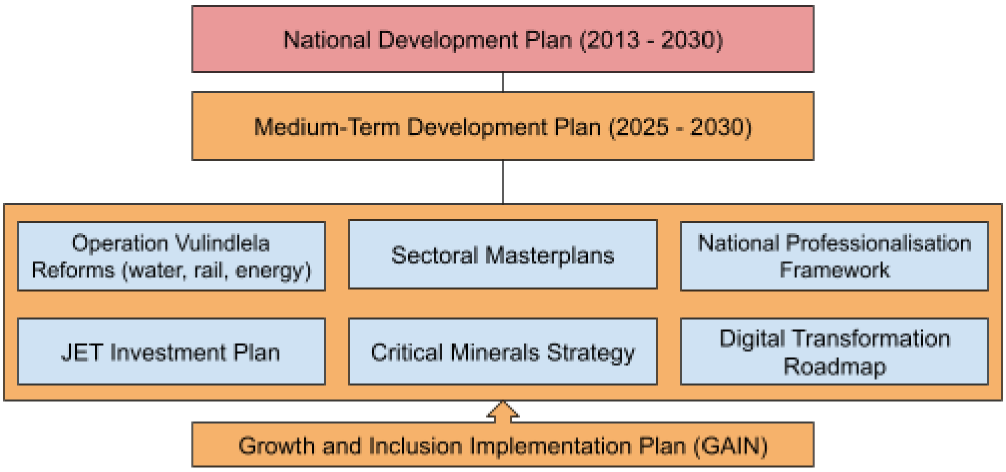
6 https://www.thecommonsense.co.za/columns/after-10-years-of-decline-has-south-africa-turned-the-corner

spending on key programmes and in turn undermined the ERRP's ambitions.[7] The final recommendations were for the ERRP to be rolled into the Medium Term Strategic Framework for 2024 - 2029.

The 2024 elections and subsequent formation of the Government of National Unity (GNU) led to revisions in this plan, and the MTSF was turned into the Medium Term Development Plan (MTDP), published in 2025. The MTDP essentially aimed to synthesise the policy trajectory of the ERRP and OV with the National Development Plan, including the emphasis on reforming network industries, while also incorporating broader economic priorities such as industrial development and border security. Importantly, the MTDP calls for the "development of an integrated economic growth strategy" to guide implementation.

This is where the Implementation Plan for Growth and Inclusion (GAIN) steps in. Due to be implemented in 2026, GAIN does not represent a totally new economic policy, but instead functions as a coordination and implementation plan for various policies, aiming to coordinate and oversee the implementation of the Medium-Term Development Plan across all departments towards a common economic growth agenda. Driven by the Presidency in collaboration with the National Treasury, it aims to unify the Ramaphosa administration's economic policy programme.

Existing Plans and Policies under GAIN:



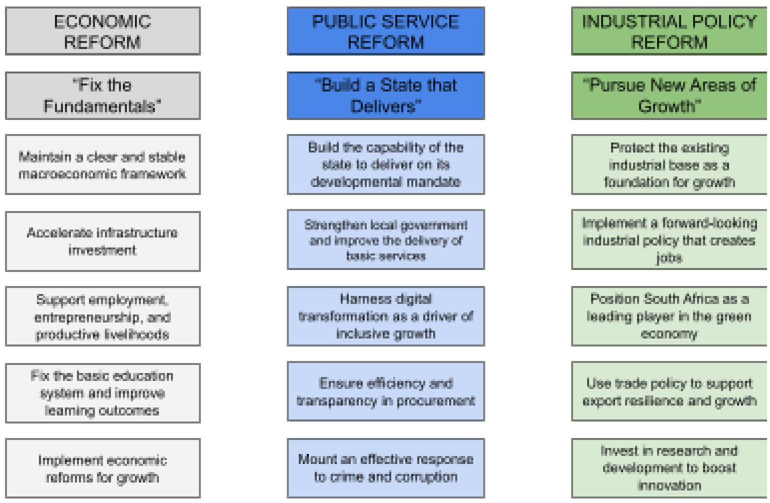
Key Elements of GAIN:

- GAIN unifies the Ramaphosa administration's broader economic reform programme under one framework
- It provides guidance for the design and implementation of policies across different departments in support of the MTDP and broader reform programme. For example, the DTIC's forthcoming industrial strategy will be designed in accordance with GAIN

[7] https://static.pmg.org.za/231110_ERRP_Evaluation_Presentation.pdf

- Situated primarily within the Presidency, with influence and support from the National Treasury
- Three key focus areas:
  - Economic reform, with a strong focus on reforms to enable private sector participation and investment in infrastructure and “network industries” such as water, electricity, and rail;
  - Public service reform, with a focus on changes to local government structure, digitalisation and public sector performance improvement;
  - Industrial policy reform, with a focus on protecting existing industries while supporting export-led development in ‘green’ industries, agriculture, and particularly digital and financial services
- Priority is to restore growth within the existing economic structure; the belief is that growth must come before economic transformation is possible
- Strong focus on “crowding in” private sector investment in infrastructure as much as possible, through a number of interventions enabling public-private partnerships, concessions and the introduction of competition to SOEs in network industries

KEY PILLARS OF GAIN



Main Objectives:

The starting point for GAIN is the fact that South Africa is stuck in an unsustainable trajectory of low economic growth combined with rising unemployment, resulting in a shrinking GDP per capita. The overarching goal of GAIN is to restore economic growth to 3.5% per year by 2030 - the “magic number” estimated as the minimum needed to achieve development aims. Investment in fixed assets is expected to increase from 14% to 30% of GDP. GAIN aims to achieve this through accomplishing the following tasks:

- Remove structural blockages to growth:

    - Accelerate infrastructure investment through reforms to "network industries" to enable private sector participation, concessions, and competition in rail, ports, electricity, and water infrastructure
    - Address "skills deficit" through reforms to SETAs, TVET colleges, and improvements to Basic Education
    - Strengthening state capacity and service delivery
- Maintain a stable fiscal environment by achieving a budget surplus to contain public debt, reallocating spending towards priority areas while reducing expenditure through the Targeted and Responsible Savings (TARS) programme
- Shift from increasing public sector employment to increasing private sector employment, particularly enabling informal sector and self-employment through support to SMMEs (including access to capital, and deregulation such as exemptions to labour law provisions)
- Increase capital investment through maintaining an investor-friendly environment
- Restore growth by exploiting South Africa's competitive advantages in emerging high-tech sectors such as green manufacturing (centred on green hydrogen), renewable energy and electric vehicles, while expanding export-oriented mining (especially critical minerals), services, automotive and agricultural industries.

Analysis and Critique:

There are many elements of GAIN and the new direction of economic policy which are likely to attract a broad consensus. In terms of GAIN's pillars, the need to improve education, local government service delivery, employment, or to protect the industrial base is obvious to any South African. In terms of specific reforms, measures such as digitalisation in the public sector or support for the localisation of renewable energy manufacturing through trade and industrial policy are likely to enjoy broad support from all sectors of society. However, given that GAIN has been approved by Cabinet and is being pushed toward implementation, it would not be useful for this briefing note to focus on areas of agreement. Instead, our analysis will provide a critical perspective on GAIN and the policies within its ambit, focusing on both high-level strategy and concrete interventions.

No Alternative to Fiscal Consolidation?

GAIN is premised on two main arguments. The first is that public spending has reached its limit, and fiscal consolidation (closing the budget deficit) is the only rational option. Presentations on GAIN rightly point out that public debt has been growing faster than the economy, and debt-servicing costs have begun crowding out other public expenditure. However, GAIN adopts the National Treasury's position that fiscal consolidation is the only solution to the debt problem, achieved through the reduction of spending in underperforming programmes, the reallocation of budgets to priority areas, and the application of Targeted and Responsible Savings (TARS) methodology.

This serves as a justification for the private-sector orientation of GAIN: if it is agreed that the government and SOEs cannot invest any more money, then the only way to expand public infrastructure and fix the network industries is to get the private sector to invest its capital. The focus on developing mechanisms to concession or open up network industries such as rail and electricity to private competition follows from this. Similarly, with the emphasis on enabling public-private partnerships (PPPs) in public infrastructure through de-risking methods (including credit or profit guarantees), designed to attract private capital. GAIN's focus on increasing private sector employment instead of public sector employment also stems from this logic. It seems that instead of fiscal policy being developed around broader economic policy, broader economic policy has been developed around fiscal policy.

However, there are alternatives to fiscal consolidation. The Alternative Information & Development Centre (AIDC) has made numerous submissions on the National Budget, outlining other possibilities for funding the improvement of the public service as well as other growth-creating expenditure. Some examples include:

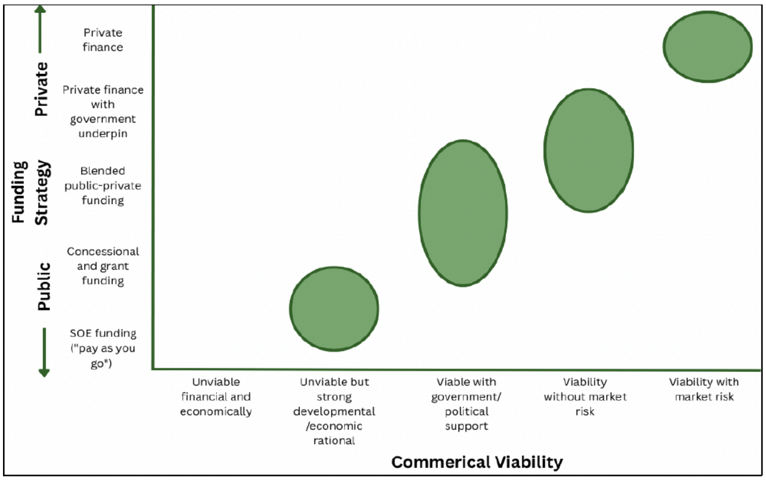
- Reforming the tax system to reduce inequality and increase revenue, through the introduction of a net wealth tax, halting inflation-related adjustments to tax bands and subsidies for medical aid for high-income individuals, among others.[8]
- Measures to redirect capital into productive investment, such as the introduction of prescribed assets for pension funds or a Financial Transaction Tax to discourage speculative trading.
- Mandating the Government Employees Pension Fund to invest in low-interest government bonds providing a stable and sustainable source of deficit financing.

Similar and additional proposals have been made by trade unions and other civil society organisations over the years, but these have not been seriously considered by the National Treasury. In cases where they have been taken up - such as the 2025 proposed freeze on personal income tax bands or the 2023/24 use of the Gold and Foreign Exchange Contingency Reserve Account - they were either not revisited, or dropped when other tax revenue exceeded expectations. While these proposals all come with political trade-offs, so does the current trajectory. **The fundamental problem is that economic policy is being developed on the basis of a fiscal framework that has not seen robust engagement beyond ritualistic parliamentary hearings.**

It is also important to note that blended finance is not a risk-free alternative to public finance. The general idea is to allow projects with commercial viability to be taken on by the private sector, saving public investment for commercially unviable but developmentally important projects. This may pose risks to SOEs, which we will discuss in the next section, but broadly speaking, this approach is sensible if regulated and implemented where appropriate. However, the suggestion is that public funding can be used to make almost viable or risky projects become commercially attractive for investors. For example, the state might provide insurance or guarantees for investors to reduce the risks of a project, such as with the recently-established R9bn Credit Guarantee Vehicle for electricity transmission projects.

[8] See the AIDC's *Tax in the World's Most Unequal Country* (2025) for more information.

National Rail Master Plan Funding Viability Spectrum



These guarantees can be highly problematic, such as in the case of offtake agreements where the state commits to purchasing a certain amount of goods or services from a company over a period of time, regardless of whether they are needed, and usually at a set price. This can lock the state into costly subsidies while creating perverse incentives for firms. These blended finance mechanisms are also often "hidden" on the government's balance sheet, generally showing up as "contingent liabilities" rather than ordinary debt or expenses. When deployed at a large scale, this can quickly become problematic - especially in times of high economic or political uncertainty, where various guarantees can be invoked.

Fixing SOEs and the Public Sector:

The second argument behind GAIN is the historic poor performance of the public sector, and particularly SOEs. When combined with the Treasury's fiscal constraints, this leads the economic reforms to a focus on enabling private investment in sectors traditionally under the public sector. A natural focus area has been on the network industries, where the poor performance from critical SOEs like Transnet and Eskom resulted in the collapse of rail freight volumes and unprecedented loadshedding from 2022 to 2024, which crippled the economy. Operation Vulindlela, established in 2020 to support the ERRP with strong backing from business, was instrumental in driving through reforms to open up the electricity sector, ports, and freight rail to private competition. One of the focus areas for Phase II of Operation Vulindlela is on water, through enabling concessions of water infrastructure at a local government level, and improving the ability of municipalities to recover costs through the sale of basic services. The rationale is that when the right mechanisms are put in place to reduce the risk and create a business case for private investment in infrastructure, then the private sector will be capable of more effective service delivery in these network industries, while competition with SOEs and other private operators will drive increased efficiencies.

Much has been made about the success of this initiative, as seen in the end of loadshedding since 2024, and signs of a reversal in the decline of freight rail volumes, from the 2022/23 low of 149MT to 168MT in 2025/26. But what is behind the turnaround in these sectors? While rooftop solar and the rise of a bilateral market for independent renewable power played an important role in absorbing demand during the period of intensive loadshedding, the fundamental factor behind the end of loadshedding is the improvements made to Eskom's generation performance. Eskom's Energy Availability Factor has increased to 64.36% from a low of 55%. At the end of the holiday season in January 2026, the utility began the year with the highest reserve capacity in 5 years,[9] and as of April, it still sits with over 2GW of excess supply.[10] The appointment of effective leadership, a corruption-busting campaign, and changes to procurement policies have been critical in placing Eskom on this improved trajectory. Similarly, although the media has hailed private sector participation as crucial to Transnet's turnaround, most concessions have not gone into effect yet, and improved performance is more concretely due to the implementation of its own recovery plan in conjunction with improved governance and capital investment in infrastructure.

Why is this distinction important? GAIN has been heavily informed by the success of the Vulindlela initiatives, but these have mostly come through the success of SOE turnaround strategies. True private sector participation is still largely untested - rail and port concessions are only coming into effect in 2026, and the South African Wholesale Energy Market is still far from being established. A crucial aspect of GAIN is to deepen private sector involvement in network industries, but this has the potential to undermine the progress that has thus far been made in SOE turnaround efforts. Given that the bulk of Eskom and Transnet's financial problems are not due to operational inefficiencies but instead historic debt mismanagement, it is unclear how private competition would improve their position. On the contrary, competition is likely to put more pressure on their finances as they lose market share, while further disincentivising these SOEs from undertaking unprofitable but socially or developmentally important expenditure. Where concessioning takes place, it will likely be first in the most profitable or commercially successful segments of the network industries - while SOEs will still benefit from dividends or profit-sharing mechanisms from concessions, these benefits are likely to be lower than under full-ownership except in extreme cases, limiting the ability of SOEs to cross-subsidise services for people who are unable to pay cost-reflective tariffs. This will make it more difficult for SOEs to service their debt and potentially resulting in the need for bailouts.

[9] https://www.ewn.co.za/2026/01/13/eskom-enters-2026-with-highest-reserve-electricity-capacity-in-five-years

[10] https://www.eskom.co.za/eskom-sustains-a-reliable-power-supply-as-generation-performance-strengthens/

Deepened private sector participation in network industries is likely to result in infrastructure provision being increasingly governed by commercial pressures rather than a developmental mandate. This means that private players are incentivised to prioritise developing infrastructure in commercially viable areas, while neglecting services for those who cannot pay. While conditions for concessions as well as programmes such as Free Basic Electricity or Free Basic Water may counteract this, the fact that private companies are accountable to external shareholders and investors means that they will always be under pressure to maximise revenue and minimise costs. One case study of a water system concession at the local government level noted that despite the gains in water quality and revenue collection, it was found that the private company was not implementing any of the provisions intended to support indigent residents.[11] This is extremely problematic given South Africa's still-unaddressed historical inequalities and the urgency of dealing with the socio-economic crisis in neglected rural areas. Similar risks exist with commercial infrastructure - rail or electricity providers are incentivised to contract with the highest bidder, favouring large, dominant firms over smaller firms. Commercial pressures may also result in exploitative labour practices such as outsourcing, casualisation, or poor working conditions. For example, in 2017, the International Transport Workers Federation (ITF) released a report condemning International Container Terminal Services (ITCSI), the company which received a 25-year concession for Durban's Pier 2, stating that "severe labour violations can be found throughout ICTSI's global network".[12] Such risks are less prevalent under public employment, given generally greater transparency and higher rates of unionisation.

Finally, private-private partnerships are not a solution to public sector financial and administrative mismanagement because these capabilities are also needed in order to manage such partnerships effectively. The IMF notes that while PPPs may assist in alleviating some of the initial financial burden of service delivery, "PPPs require more complex and costly administration, both in tendering and contract management" and that "PPPs are financially more complex than traditional public investment projects and require a deep understanding of all potential sources of risks for government".[13] Without such capabilities in place, there is no guarantee that private sector participation will not be mismanaged in the same manner as public sector service delivery.

Our argument is not against any and all private sector participation, but instead to argue that, firstly, this is not a solution to service delivery issues, and secondly, that the GAIN framework underplays the risks and challenges thereof to SOEs and public service delivery more broadly.

11 https://repository.lboro.ac.uk/articles/journal_contribution/Public-private_partnerships_in_the_water_and_sanitation_sector/9438653?file=17060126

12 https://www.itfglobal.org/en/news/itf-committed-ensuring-ictsi-does-not-extend-its-emerging-patterns-labour-violations

13 https://www.imf.org/-/media/files/publications/dp/2021/english/mrbpppiea.pdf

The introduction of either private competition or complex PPP oversight responsibilities is likely to put further strain on the financial position of mismanaged or recovering municipalities and SOEs while replicating poor service delivery outcomes, particularly for indigent South Africans. Instead, government economic policy must place greater emphasis on improving the capabilities of the public sector, including the rebuilding of key SOEs in network industries. The costs and benefits of limited private sector participation can be assessed once local municipalities and key SOEs are able to effectively deliver on their core mandates. It should be noted that Operation Vulindlela, falling under GAIN, includes a review of the local government funding model "to ensure that local government revenue matches its responsibilities". We call for a funding model review to be expanded to key SOEs such as Transnet, PRASA and Eskom, but aimed at ensuring that developmental mandates are not sidelined for the sake of commercial sustainability.

Structural Transformation and the Triple Crisis:

The "triple crisis" of widespread poverty, inequality and unemployment is well known as a defining feature of South Africa, which any economic strategy has to reckon with. The triple crisis is rooted in a combination of the legacy of Apartheid-era discrimination and dispossession, the collapse of basic public service delivery, and the structure of the South African economy itself. This last point is vital. South Africa has undergone a process of premature deindustrialisation in the post-Apartheid era, with manufacturing's contribution to the GDP falling from 21% in 1994 to 13% in 2024. It is widely understood that manufacturing and industrial development more broadly are crucial engines of development, with the experiences of countries like China demonstrating the potential for industrial development to combat inequality, create jobs, and support the provision of basic services.

In the absence of industrial development, growth has taken place largely in the financial services sector, which doubled its size and share of employment between 1994 and 2008, and in mining and its related industries. South Africa's export diversity and economic complexity declined significantly between 1994 and 2015, with the country's productive structure remaining centred on commodities instead of developing new capacities in new areas.[14] The South African economy also remains highly concentrated, with dominant firms frequently involved in cartel behaviour, whether in construction or bread making.[15] The dominance of upstream industries like mining also poses a challenge for beneficiation, as it creates a trade-off between, on the one hand, selling raw minerals at global market prices to maximise export earnings, and supporting downstream industries with lower-cost inputs to support

14 https://commerce.uct.ac.za/sites/default/files/content_migration/commerce_uct_ac_za/1093/files/South%2520Africa_Economic%2520Complexity%2520Paper_10June2019.pdf.

15 https://www.emerald.com/jfc/article/32/5/1041/1252421/Combating-cartel-behaviour-in-South-Africa-lessons

industrialisation. Attempts to achieve the latter are likely to be met with fierce resistance given the significant influence wielded by mining firms.

However, the starting point of the GAIN strategy is that economic growth must come before structural transformation, and it therefore prioritises the removal of constraints to growth under the existing economic structure rather than changes to this structure itself. The assumption is that the resulting economic growth will create jobs at scale, while increasing tax revenues and creating space for greater spending on social protection, health, or education - the Presidency has described this approach as "pull-up" instead of "trickle down". As a result, GAIN's constituent policies double down on export-oriented growth, specifically focusing on enabling greater export volumes of minerals and high-value agricultural produce. This also explains GAIN's industrial policy approach, which seeks to target high-value emerging sectors in which it is possible for South Africa to exercise some comparative advantage over other countries, such as green hydrogen and limited beneficiation of critical minerals.

The successful implementation of GAIN will almost certainly result in increased economic growth over the medium term, but whether this growth will result in socio-economic or structural transformation is a different matter. Under the current economic structure, growth taking place in sectors like mining, heavy or high-tech industry, and financial services tends to be capital-intensive, generating relatively few jobs, with the benefits thereof accruing to a small minority. These existing and planned industries are not deeply integrated with the rest of the country's economic structure, with the potential for developing labour-intensive linkages being limited. For example, should plans for a Northern Cape green hydrogen hub be successful, then this could lead to an increase in export revenues from trade with Europe and the creation of a high-income, high-technology industry. However, possible linkages would be primarily backwards to platinum mining and specialised electrolyser production, with potential forward linkages remaining either theoretical, such as hydrogen-powered vehicles, or similarly isolated, such as green steel for export. It is not clear how this would translate into meaningful employment growth, at a time when the working-age population is growing at 500,000 per year.[16] It seems that GAIN's assumption is for the increased tax revenue from these sectors to support public services, which, coupled with an expanded informal sector thanks to deregulation, would provide the bulk of the gains in terms of employment, but this has not been explicitly laid out thus far. The National Treasury's historic practice has been to use increases in tax revenue to offset tax breaks through either reductions to the corporate tax rate or above-inflation increases to personal income tax bands.

This is itself a major problem with the GAIN framework: much as with economic policy in general over the past decade, mass unemployment is not treated with the crisis-level urgency that it deserves, framed as one among many benefits of economic development instead of the foundational problem to which economic policy should respond. For economic policy to truly address the triple crisis, it needs to pay far greater attention to the issue of structural economic (and societal) transformation. No country has created employment at the scale we need through simply creating an enabling environment for private sector investment. Economic and particularly industrial policy must prioritise efforts to build linkages between industrial

[16] https://www.statssa.gov.za/publications/P0211/P02114thQuarter2025.pdf

development and improvements in the living conditions of ordinary people, and not just the development of niche export industries. Such an industrial policy will need to find ways to intervene in the terrain of South Africa's political economy, challenging the historic dominance of the export-oriented mineral and heavy industries as well as financialisation as it has manifested in South Africa, explicitly driving diversification and development out of the gravitational pull of these two economic centres. Otherwise, growth under the current economic structure will continue to be disconnected from the structural crises in South African society.