



STATEMENT

SONA clear-eyed on the challenges before us, but falls short of offering real solutions

13 February 2026

The Institute for Economic Justice welcomes the President's acknowledgement in the State of the Nation that "[w]e are still far from where we need to be", that for "too many people, life remains hard", jobs "scarce", and opportunities "out of reach". We welcome the acknowledgement that crime, corruption, local government failure, hunger, and child stunting remain very significant barriers to building a thriving society. Prior to the SONA, the IEJ warned that the emerging narrative of South Africa having 'turned a corner' risked obscuring these challenges and the harsh reality experienced by the majority of South Africans. We were relieved to see that the President refrained from preemptively declaring victory.

However, it was disappointing that the SONA failed to use the economic and fiscal space that has opened up to announce critical developmental interventions to get our economy moving, to provide access to badly needed income in the context of increased hunger, and to stimulate mass job creation. The SONA also failed to articulate the necessary urgency. For instance, while the Social Relief of Distress grant is lauded for keeping millions of South Africans out of food poverty, its transformation into basic income support remains mired in slow-moving cabinet and Parliamentary processes that the President must urgently unblock.

Now is the time to ensure the government ramps up social and economic public investment to drive economic growth and industrial diversification, expands adequate income protection to the millions who need it, and massifies public employment programmes. Without these interventions, calls for job creation and income security, as important as they may be, ring hollow.

The IEJ is deeply concerned that the approach articulated by the President in the SONA, particularly on the role of the state, will not, and cannot, meet the challenges we face. IEJ Executive Director, Dr Gilad Isaacs said:

While the President persistently speaks of a “capable and developmental state” the concrete path he is leading us down does not deliver this. A developmental state actively channels the society’s economic resources (minerals, finance, land, and labour) towards strengthening particular sectors, like manufacturing, tourism, construction, infrastructure, education and care services, agriculture, and agro-processing, to drive job creation and structural transformation. A developmental state adopts proactive macroeconomic planning to address the country’s major challenges: deindustrialisation, unemployment, inequality, poverty, and low growth.

The concrete measures the President articulates amount to the state stepping back from its responsibilities. Rather than ‘developmental’ the President proposes a regulatory, competitive, and derisking state that hopes that by merely supporting the right institutions and markets, and derisking private finance, the private sector will invest where it is needed and the benefits will ‘trickle down’ to the rest of us.

The overwhelming majority of late-developing countries have only achieved the rates of growth and employment South Africa needs through using the economic and institutional power of the state. While the state the President proposes is certainly better than the one we had under state capture, it will never manage to meet the critical challenges he describes, challenges which destroy the lives of this country’s inhabitants.

With this in mind, the IEJ calls on the President to embark on a serious engagement with South African and international economists and policy experts who have studied global development experiences. Such experts are not locked in the false belief that ‘getting institutions and markets right’ (as important as that is) will be enough to build the society we want. This engagement should have the aim of developing a coherent package of interventions aimed at achieving structural transformation. We cannot keep on doing the same things (which have also failed in other countries), yet expect different results. Given the modest improvements in the economic environment, now is the time for bold interventions that are aimed at significantly shifting our economic trajectory.

We attach to this statement a briefing note that we prepared prior to the SONA, which concretely outlines the gulf between government’s current approach and building a truly capable and developmental state.

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