



THE ROLE OF CD (SA) FORUM IN THE NOBLE / ETHICAL EVOLUTION OF SOUTH AFRICA

Dr Reuel Khoza

3 May 2017

Table of Contents

1. Introduction
2. Prisms to view ethics
3. Justification for a CD(SA) forum
4. Some philosophical reflections on ethics and morality
5. A brief comment on the recent credit rating downgrade as an ethical case in point

1. Introduction

- **Ethics:** The discipline dealing with what is good / bad, right / wrong or with moral duty and obligation.
A group of moral principles or a set of values.
- **Morality:** Act of or relating to principles or considerations of right and wrong action or good and bad character.

Ethics / Morality is cardinal to desirable / wholesome / ideal modes of behavior: individual, societal, corporate, economic, political, etc.

Relative or Absolute, Parochial or Universal??

2. Prisms to View Ethics

- Normative: Philosophical, considers what ought to be, and develops systems of decision making relating to what is right / wrong, good or bad.
- Empirical: Social scientific, observes objectively and derives patterns of the desirable / undesirable, ideal / base
- Ethics forms the capstone of the pyramid in any organization that aims to make a positive contribution to society.

- One has to be concerned about the ethics of the modern corporation because there is so much evidence of greed and hypocrisy at the highest levels.

Yet the principles of ethical leadership apply across the board, whether one is referring to a government, an enterprise, an activist body, a church or a neighborhood association. There is no true leadership without service to the community and there is no interest greater than the common / national interest – certainly not self-interest.

- There is no single approach to maintain public virtue and attain the good life, no formula, which is why character and community spirit must pre-eminet. We inherit and adapt our institutions but it is up to leaders and followers to ensure that ethical standards are upheld in public life.
- Attuned leadership takes direction from a deep ethical bond with followers by placing itself at their service, by being reflective and ethically principled. Moral authority can never be built on superficiality, opportunism or ethical ineptitude.

3. Justification for a CD(SA) Forum

- Assembly / venue for CD(SA) Alumni and corporate governance wisdom keepers and guests.
- Source of thought-through commentary on governance: corporate, economic, political.
- Mouth-piece for the profound repository of corporate governance knowledge respected the world over, cf Mervyn King's global reputation and world class standing of IoD South Africa.
- Developing governance expertise / wisdom beyond formal qualifications by sharing observations on governance in practice.
- Providing a forum for local and international experts to share views on governance with CD(SA) members.

4. Some Philosophical Reflections on Ethics and Morality

- 4.1 Discourses on morality and reflection on human nature are the best means we can make use of to improve our minds, gain a true knowledge of ourselves, and recover our souls out of the vice, ignorance, and prejudice which naturally cleave to them.

Joseph Addison - was an English essayist, poet, playwright, and politician

4.2 Many men who spend an hour a day in physical exercises to keep fit refuse to spend an hour a week in the cultivation of their morals and their ethics. We have put so much stress on developing muscles and so little emphasis on developing our souls that our children are beginning to doubt if we have any souls at all.

Allen E Claxton, DD – *an ecumenical leader and a national radio and television preacher in the United States*

4.3 Wisdom, compassion and courage – these are three universally recognized moral qualities of man. It matters not in what way men come to the exercise of these moral qualities, the result is one and the same. When a man understands the nature and use of these three moral qualities, he will then understand how to put in order his personal conduct and character; he will understand how to govern men. When a man understands how to govern men, he will then understand how to govern nation

Confucius

4.4 A state to prosper, must be built on foundations of a moral character, and this character is the principle element of its strength, and the only guaranty of its permanence and prosperity.

***Jabez L.M. Curry** - was an American politician and diplomat who served as an officer of the Confederate States Army in the American Civil War.*

4.5 Never did we have so many investigations of people's conduct. Never was it so dangerous to drive a car on our public highways. Never were the lights of moral integrity burning so dimly in our fair country as at this very moment.

***Gordon H. Baker** – American community activist (1911 – 1991)*

4.6 We understand that there is no distinction between private and public morality, no distinction between private and public behavior, that even our innermost thoughts are acts of leadership. We understand that each waking moment for each one of us, is an act of leadership. We understand that even our most private actions and thoughts are therefore based on principles and morality instead of expediency.

Reuel Khoza

5. A brief comment on the recent credit rating downgrade as an ethical case in point 11

As the then Chairman of the Nedbank Group in 2011, I made the following statement in our Annual Report:

“South Africa is recognised for its liberal and enlightened constitution, yet we observe the emergence of a strange breed of leaders who are determined to undermine the rule of law and override the constitution. Our political leadership’s moral quotient is degenerating and we are losing the checks and balances that are necessary to prevent a recurrence of the past. This is not the accountable democracy for which generations suffered and fought.

The integrity, health, socioeconomic soundness and prosperity of SA are the collective responsibility of all citizens, corporate or individual. We have a duty to build and develop this nation and to call to book the putative leaders who, due to sheer incapacity to deal with the complexity of 21st century governance and leadership, cannot lead.

We have a duty to insist on strict adherence to the institutional forms that underpin our young democracy.”

Half a dozen years later what do we observe?

- We see a national leadership that is devoid of moral authority.
- Leadership that is essentially a house divided; with a disgruntled erstwhile alliance which is increasingly critical of the core leadership, and deserting the “perceived to be” alliance ship.
- Leadership without a compelling sense of destiny; no clear national vision, no clearly articulated purpose.
- We perceive national leadership immersed in politics of patronage, cancerous to our republic’s moral fibre.
- A leadership that squanders seed capital that should be invested for ensuing generations.

- A leadership that persistently assaults colleagues who are known for their integrity, probity, ethical behaviour, diligence and pursuit of excellence; a leadership that instead chooses to elevate mediocrity to the status of virtue. We observe performing cabinet ministers castigated and cast aside; non-performing cabinet ministers promoted and protected.
- We observe a political leadership that displays wanton disregard for oaths of office; leadership that dismally fails to uphold respect, protect and defend our constitution when it is in fact their cardinal duty to do so.
- Half a dozen years later, we behold a captured leadership, ensnared and beholden to foreign forces whose designs are inimical to our national interest; designs bent on corruption and looting on a massive scale; paving a way for creeping kleptocracy.

What are the consequences of President Zuma's recall of Pravin Gordhan and his team from that wholesome investor road show and the subsequent cabinet reshuffle? These include:

- President Zuma's cabinet reshuffle has imperilled South Africa's fiscal and growth prospects.
- Zuma's reshuffle erased 17 years of fiscal and economic progress made since S&P upgraded South Africa's foreign currency rating to reinvestment grade in 2000.
- The high cost of offshore borrowing will be entrenched.
- As South Africa falls off the global investor radar screens, our economy runs the risk of getting stuck in a long period of stagnation.
- The cost of capital is sure to rise resulting in big investors local and international, looking elsewhere for investment opportunities.

- Higher interest rates, now a distinct probability, will make it harder for average families to pay off their vehicles and home loans.
- Banks are likely to increase their rates in the belief that there will be a greater risk of non-payment or defaults.
- Access to credit will be lower.
- The rand is likely to depreciate even more causing an increase in the price of imported goods. If the rand value continues to decrease, inflation will escalate, thus increasing petrol and food prices, making it extremely difficult for most people to make ends meet.

South Africa funds its national requirements from both its own and borrowed money. One of the effects of the credit rating downgrade to junk status will be the increase in the cost of borrowing, hikes in interest rates, etc., leading to shrinking of the national budget with dire consequences for expenditure on health, education, etc.