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Effortlessly bridging the ideological divide

Chris Barron **Published:Jun 17, 2007**

But Chris Barron reveals that the former telecommunications minister is disappointed at the slow pace of freeing up the industry

Jay Naidoo: Board member, International Telecommunications Union

THERE is a certain irony in the recent appointment of Jay Naidoo to the board of the International Telecommunications Union, whose goal is to increase telecommunications connectivity and reduce the digital divide between developed and developing nations.

This is because as Minister of Telecommunications until 1999 Naidoo was blamed for adhering to policies that widened the divide, both within South Africa and between South Africa and the developed world.

Many argue that telecommunications and broadband costs are still so destructively high because Naidoo extended Telkom's monopoly for another five years.

After leaving politics Naidoo co-founded a diversified management and services group called J&J, and perhaps it is poetic justice that he has lost a lot of business because of Telkom's stranglehold on local telecommunications.

Moving with the times: Jay Naidoo is fighting for the liberalisation of telecommunications.

"The private sector has begun to see the masses as a business opportunity rather than a burden"

In Cape Town for the World Economic Forum he confesses to being "disappointed" that progress to free up the sector has been so slow. But nobody was better placed to accelerate this process than he was. Could he as minister have done more to lay the foundations for liberalisation, perhaps?

"No, no, that's a loaded question," he objects. He did what was "appropriate at the time".

Was it a mistake to extend Telkom's monopoly?

"Our priority at that point was extending universal service, to take a telephone to every home and shop, school and clinic." Telkom, he insists, was "the only way we could have done it".

But cellphones, which arrived in South Africa in 1993, would have been a much better and cheaper way.

"We miscalculated because the cellphone industry overtook the fixed-line industry."

That was his "one mistake", he says. And, he has felt the cost of his mistake. J&J is involved in the call-centre industry but because of telecoms costs in South Africa it is losing out on big opportunities.

"We [in SA] have a tremendous advantage, even over India, and if we could get appropriately cost[ed] telecommunications we could be creating tens of thousands of jobs in business process outsourcing."

As it is these jobs are going to India. And by the time our costs do come down it may be too late.

"That is the dilemma that we face," agrees Naidoo. He says he is particularly disappointed by the lack of progress "as government will not be required to put one extra cent into investing in telecommunications infrastructure that will create affordable broadband access" .

“Let me repeat that. In our economic environment we would be able to attract massive investment without government having to put in money if we had had appropriate legislation that encouraged competition.”

Naidoo congratulates himself for finding a private partner for Telkom in 1997 when 30% was sold to US-based SBC Communications and Telekom Malaysia.

And when this stake was sold he was disappointed that his own J&J Group did not get a look in, in spite of it being “first offered” to him by the CEO of SBC Communications, Ed Whitaker, he says.

The winners were people with much stronger ANC connections.

“I would have wanted to see a public process.”

Naidoo made a big thing about observing a cooling-off period after leaving the telecoms department before going into the telecoms sector.

“ I made a very conscious decision that I would not get involved in the telecommunications sector for five years.”

After dropping out of university (Durban-Westville) Naidoo, 52, worked in a community organisation with Pravin Gordhan (now head of SARS) before joining the union movement, becoming head of Cosatu, a government minister and finally a rich businessman.

Last month he was appointed to the Board of Old Mutual.

I grunt sceptically when he says that he is the same person who listened to Steve Biko as a young student activist.

“Okay, maybe I drive a more comfortable car and travel business class instead of economy class but that doesn’t change who Jay Naidoo is, you know.”

One can’t imagine the young commie unionist of those days insisting, as he does to me now on the subject of crime, that: “to say that poverty causes crime is completely missing the point”.

He lists crime as SA’s greatest challenge, before even joblessness.

However, listening to the way he talks about the work of the Development Bank of Southern Africa, of which he is chairman, the Global Alliance for the Improvement of Nutrition, of which he is also chairman, and the Bill Clinton Global Initiative, of which he has just been made a director, one is inclined to give him the benefit of the doubt when he says that his “passion” is still “poverty eradication”.

What clearly has changed, though, is his opinion of the private sector and the potential of capitalism as a force for good. The key to eradicating poverty is the growth of entrepreneurship, he says.

“Our biggest challenge in the country today is about building productive individuals who can make their own living.”

Naidoo, scourge of the private sector in the ’80s, says it has begun to see the masses as a business opportunity rather than a burden. “Increasingly, the private sector is seeing the base of the pyramid as a potential market, not as a potential liability. That’s an important switch.”

He is seeing “much greater innovation” from the financial services sector in reaching out to “that base of the pyramid, constituencies that in the past were not on the radar screen of any financial institution”.

The old Jay Naidoo might have been more cynical about this but of course in those days he wasn’t a director of Old Mutual, was he?

His thinking hasn’t changed, he insists.

“At the end of the day people on the ground need products and services that are affordable, accessible, that meet their needs and priorities and give them the protection that many of us in the

more affluent part of the market take for granted."

Talking of the old Jay, what about the current strike and the violence?

"People have legitimate expectations."

Have they crossed the line between what is legitimate and what not?

"That is for the leadership to decide. At the end of the day we have very wise leaders on all sides of this dispute."

Although he is still an ANC member, Naidoo left the national executive committee several years ago. He steers clear of politics and won't be drawn on the state of the tripartite alliance or the succession battle. He keeps as low a profile as possible, he says.

"You have to know when to hand over, know when to pass the baton."

His laugh suggests that, as usual perhaps, he is not just thinking about himself.

In brief

Marital status: Married to a French-Canadian, Lucie Pagé, with three children, whose first language is French

Current reading: The Monk who Sold his Ferrari by Robin Sharma

Defining moment: When he proposed to his wife. She said she'd "think about it"

Relaxation: Cooking. A south Indian crab curry using coconut milk

Personal philosophy: "I believe in people"

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