

Business dogma endangers economy

UCT ECONOMIC historian, Dave Lewis, struck a sobering note in the Summer School discussion on key economic imperatives facing South Africa when he pointed out that transitions

from authoritarianism to democracy had occurred in countries where there was economic growth. There had been no such transition in countries where, like South Africa, the economy was not growing.

"We are attempting a transition where high expectation is perfectly reasonable, but the ability of the economy to meet those expectations is declining rapidly," said Lewis.

Arguing from the belief that the transition period was one in which old dogmas and set positions were examined, Lewis set out to expose some of the dogmas in the economic debate which might stand in the way of reaching a "solution".

It was not those on the left, he argued, who were repeating old dogmas in this instance - if anything, "the left" had tended to change too quickly (possibly a sign of political weakness, alternatively a sign of greater creativity). "The really dangerous dogmatism is on the government side of the table and within the ranks of the unsophisticated South African business community," he said.

The three central tenets of the dogma revolved around the need for a weak state, an unfettered private sector and a subordinated labour movement.

The only agency capable of major reconstruction of the economy was the state. Pointing to developments in the USA, China, the USSR, Korea and Sweden, Lewis said it was foolish to ignore the fact that every act of economic growth during this century had been through state intervention.

MASSIVE housing and electrification schemes were a means of improving the economy which would lead to growth. However, such plans would not materialise if, for instance, Eskom were privately owned; it could happen only if Eskom were controlled by the state.

To those whose efforts were aimed at weakening the state's ability to intervene in the economy Lewis said it was better to spend the energy finding a better role for the state rather than denying it any role at all.

Tackling the business community, Lewis said their belief in and insistence on total freedom was as "devoid of credibility as the belief in the Soviet commandist economy". Asking the question who was responsible for the decline of South Africa's manufacturing sector, or South Africa's dependence on foreign capital, or the country's lack of international competitiveness, Lewis said it was most certainly not the fault of sanctions nor the trade unions.

"The responsibility for the poor performance of the manufacturing sector can be laid at the feet of the managers of this sector," he said.

"Only one fifth of one percent of Barlow Rand, the country's largest manufacturer, is spent on research and development."

A strong trade union movement, far from being

an obstacle to economic activity, could offer a constructive, solid body that was stable in the midst of so much change, argued Lewis.

He said the unions' emphasis on independence and autonomy was one of the safest checks for those who feared a powerful state. "The trick is not to isolate the unions, nor to buy them off, but rather to set up structures to allow the unions to participate."

Underlining the importance of the economy in the process of transition, Lewis said any process that did not take account of the economic context of South Africa would ultimately require the same degree of authoritarianism to implement measures as was required before the change. "Those who stick rigidly to dogmas will be responsible for that authoritarianism," he added.

IN HIS presentation, Charles Simkins, who holds the Helen Suzman chair of political economy at the University of the Witwatersrand, offered a range of facts and figures illustrating South Africa's economic position and what would be needed to tackle the all-important issue - the eradication of poverty.

South Africa's gross national product per capita in 1988 was \$2 290. The per capita GNP in Singapore was \$9 070, in Australia \$12 340, in the USA \$19 840 and in Switzerland \$27 500.

Forty-five to 50 percent of all households in South Africa were below the minimum level.

The country's population growth rate was very rapid (1982 - 30,7 million; 1989 - 36,6 million) but the economic growth rate very slow (1982 - R109,5 billion; 1989 - R121,1 billion). There had been a real drop in gross domestic product of 7,4 percent in the past seven years - as bad a decline as was experienced in South Africa during the Great Depression.

In order to meet present needs a four percent economic growth rate was needed to keep up with an annual population growth rate of two percent. "People need to be transformed from claimants to accumulators," said Simkins.

Essential to the transition was the removal of racial discrimination and the creation of unitary civil service systems as well as a redesign of services.

'There had been no such transition in countries where, like South Africa, the economy was not growing'



Ihron Rensburg

New approach needed to

DISTINCT differences on the legitimacy of the education system and participation in policy formulation emerged between the government and the National Education Co-ordinating Committee in a Summer School debate.

The Minister of National Education, Mr Louis Pienaar, said all interested parties would get an opportunity to comment on his department's "educational renewal strategy" before it was implemented. "If I can get endorsement at all levels it will have legitimisation," he said.

He explained that the task of drawing up the strategy, which is in the process of being formulated and touches on most of the fundamental aspects of the current education system, had been assigned to a number of educational

experts and the ministers of the various education departments. Consultation would follow once it had been completed.

Pienaar was responding to a question by his co-panellist, Ihron Rensburg, general secretary of the NECC, who wanted to know how the minister hoped to convince parents, students and teachers that his department's initiatives were in the best interests of all South Africans.

He was pushed for further clarification by another questioner, who emphasised that, in the education field, the government was dealing with "angry people who feel aggrieved and have immediate expectations", among them students who would not grasp long-term logical explanations.