

# 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.



# Reconciliation: a task for all

**DR BEYERS NAUDÉ** received a standing ovation at the Summer School in Cape Town when he made a moving appeal to South Africans of all races to make the difficult and problematic task of reconciliation a priority in their lives.

"There is a time for confrontation," said Naudé, "but there is also a time for reconciliation." The time had arrived for a process of deep and meaningful reconciliation to start in the country, he said.

He likened reconciliation to a "process of inner healing" which needs to take place in the lives of millions of people, to give birth to new attitudes and a new willingness to bury the past.

Addressing the topic of reconciliation in the final session of the "Issues in Transition", Naudé, respected church leader and Idasa board member, said apartheid had "driven so many wedges between us that reconciliation will take a long time, but we've got to do it".

"Let us tackle this task, let us have faith in the potential of our country."

Disappointment and frustration would undoubtedly be part of the reconciliation process "but I have no doubt that it can be done", said Naudé.

He warned that reconciliation at grassroots level was also essential for the success of the negotiation process. "If the process of negotiations fail, do we realise what the implications are for our country?"

South Africa had never in its history experienced such a rapid and meaningful process of transition and many were understandably confused and overwhelmed as a result of these profound changes.

However, South Africans should grasp the challenge of reconciliation as a new responsibility, creating in the process a new culture of faith in the future.

Naudé said reconciliation was needed not only between black and white in the country,



Reconciled: Beyers Naudé and Alex Boraine at the Summer School.

## 'There are many small ways in which to express concern, willingness to reconcile...'

but also between blacks ("apartheid has spawned anger, distrust and hatred in the black community") as well as in the white community where estrangement and feelings of bitterness and resentment are causing divisions.

Everyone in the country - individuals, the government, political parties, business, social institutions - had a contribution to make to reconciliation, and symbolic gestures like whites visiting townships and expressing concern were very important. "There are many small ways in which to express concern, willingness to reconcile... it doesn't need much publicity but it grows."

Reconciliation, said Naudé, implied taking

seriously all forms of anger, frustration, dissatisfaction and fear that people may be experiencing. "We must understand something of the depth of the the pain and suffering that the policy of apartheid has inflicted on millions of our people."

Whites need not take personal responsibility for all the suffering in the black community but unless the policy of apartheid was openly condemned as the cause of this suffering, meaningful reconciliation would be impossible.

The fears of the white community, even if these were not always legitimate, need to be openly discussed. This implied a greater challenge to blacks "but it can happen", said Naudé.

Whites, on the other hand, often wrongly believed that they had to make all the sacrifices in a new South Africa. Blacks had been making a meaningful contribution to the country for years and whites had to inform themselves of this.

## win over angry students

The minister then replied that the problem could not be addressed with available resources, which would only cover "slight improvements". However, he believed that the government could discuss its difficulties regarding resources with those who are aggrieved and negotiate a process by which to address their expectations.

Dealing with the issue later in his own address, Rensburg said it was totally unacceptable to consult the education community after policy has been formulated. He added that although there was massive resentment over skewed resources in education, the department was falling into the classical trap of believing that by equalising resources it would have

solved the problem.

The education renewal strategy, he said, was conceived within the Department of National Education and composed entirely of government officials. "Under these conditions, the strategy is a recipe for trouble, and my advice to Minister Pienaar is to acknowledge that 75 of the 76 submissions received pointed out that it was an illegitimate exercise," said Rensburg.

Preparing for the "really new" South Africa was not merely a matter of pragmatic adjustment but required a fundamental change of approach, he said.

"And this needs to be signalled to the people of South Africa."



Louis Pienaar