

DEMOCRACY IN ACTION

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Economy: justice AND growth

By Sue Valentine

POLITICAL organisations, labour and business should meet regularly to forge an economic policy that delivered both justice and growth.

This was agreed by a group of 25 top businesspeople, academics and ANC delegates to a recent three-day conference at Lake Constance organised by Idasa and the Friederich Naumann Foundation in West Germany.

Missing, unfortunately, were delegates from the trade union movement, who were unable to attend at the last minute.

Nevertheless, debate was honest and enthusiastic, encouraged perhaps by the beauty of the southern German spring and the spectacular backdrop of the lake.

The early stages of the discussion saw some ideological posturing and knee-jerk reactions to the mention of certain "key" concepts. But consensus was reached early on that a non-racial, democratic political system would be meaningless without economic restructuring.

THE unprecedented talks over three days in Cape Town early in May between the government and the ANC, which resulted in the joint Groote Schuur Accord, produced a number of statements from both sides which gave rise to real hope for freedom and democracy in South Africa.

The question now is whether both the ANC and government can deliver the goods in terms of those principled public commitments.



Conference delegates and organisers at Lake Constance.

From the outset there was general recognition of the link between economic privilege and political power – and of the fact that in South Africa there has been a large investment in infrastructure while the development of human resources has been largely ignored.

ANC researcher Tito Mboweni emphasised the "gross internal, regional inequalities" which need to be examined.

Thought should be given as to how the

the last 15 years, the South African gross domestic product had declined by 15 percent per capita. In real terms, South Africans were back at their 1969 rates of gross domestic product.

In 1988, 44 percent of South Africans were unemployed. This figure was likely to reach 50 percent by the end of the century, he said.

Vast amounts of money were needed for an attempt towards parity in the amounts

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Can they deliver the goods?

By Barry Streek

There seems little doubt that the South Africa of tolerance is what President F W de Klerk and Mr Nelson Mandela intended by their various statements.

But the aftermath of the Groote Schuur negotiations, with the AWB boasting about its commandos and training camps, the gruesome murder of two black people in

Mamelodi by two white men, the bloody conflict in Welkom, the continuing violence in Natal and the widespread concern in the black press about the use of violence and intimidation against opponents, was not encouraging.

It may have been too soon for the message from the talks to have sunk in among the people, but those developments demonstrated that both the government and the ANC face a serious and difficult challenge

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Aubrey Dickman (Anglo American), Ronnie Bethlehem (JCI) and Tito Mboweni (ANC).

Sampie Terreblanche (University of Stellenbosch) and Vella Pillay (ANC).

Growth AND justice

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spent on black and white social pensions, education and health services.

Expectations were generally too high, he said. Blacks expected to receive amounts set for whites and whites expected to receive grants that were not commensurate with South Africa's resources.

"We have to talk about restructuring the whole thing. We cannot talk about duplicating any of the existing white services," he said.

The conference agreed that foreign capital was important, for the simple reason that South Africa did not have sufficient gross domestic savings to finance a quantum growth in jobs. There was also concern over the decline in South Africa's industrial base and the general lack of skills.

"South Africa is the only de-industrialising industrialised country," said Stellenbosch University academic Colin McCarthy.

Although there was agreement that both economic equity and efficiency were needed, there was a difference in opinion

on the need for a "trade-off" between the two.

This notion, introduced by Sampie Terreblanche of Stellenbosch University, holds that a choice has to be made between, on the one hand, equity and access to opportunities, and on the other, efficiency and economic growth.

Not all delegates shared the optimism of ANC economist and planner Vella Pillay, who suggested that additional funds would become available once the apartheid system - with its duplication of structures and facilities - had been abolished.

The centrepiece of ANC policy should be the mobilisation of South African labour power and energy, he said. "There is no reason why we should not have the transformation that makes South Africa the powerhouse of Africa."

Pillay also raised the issue of land and the need to address the question of achieving a balance between the urban and rural areas. He said the abolition of the Group Areas Act and the Land Act would do nothing

until prices were brought down.

University of Cape Town academics Francis Wilson and Dennis Davis stressed the enormous land hunger that existed. One possible solution was for the state to allow small holdings to be established outside the major urban areas.

DRAWING the conference's attention to some of the more practical aspects of politics and economics, Tongaat-Hulett chief Chris Saunders said, somewhat provocatively, that politics was about power and economics about profits.

In the light of figures which showed South Africa has the highest Gini co-efficient (the sharpest contrast between rich and poor) in the world, it was natural that black leaders should set a high priority on narrowing the gap.

Saunders said that any government was faced with two problems: the re-distribution of wealth and the need to consider the time scale - what was relevant for the short, medium and long term.

Cosatu: Searching for a product

By Gary Cullen

COSATU is considering a policy package to transform South Africa's economy from a high cost, low wage, low employment economy to a low cost, high wage, high employment economy.

So said Alec Erwin, a member of the Cosatu economic trends group, in his address to the second "Future Forum" hosted by Idasa in Durban in April.

He said there was increasing agreement from all quarters that the South African economy is in need of restructuring. The economy is beset by serious structural problems which are reflected in low growth levels, serious problems of unemployment, a housing shortage, a poor educational system and excessive wealth inequalities.

According to Erwin, the question is "how should such a restructuring take place and who should initiate or lead that restructuring". This, he said, was where one began to get considerable disagreement.

Cosatu's view is to concentrate on restructuring

the productive capacity of the economy and to place less emphasis on the role of the state.

He said that the key to this strategy was the manufacturing sector. The task being to turn around from a high cost, low wage, low productivity situation, to a low cost, high wage and high productivity scenario.

This should be done according to a strategic plan where certain industries would be developed jointly by the state, private capital and the trade union movements. This would be designed to improve productivity, reduce relative costs and make, "certain selective industries more competitive on international markets".

The strategies to effect this change needed to include an investment policy, a policy to increase employment levels, a strategy for technological development, a manpower training policy, education policy and patterns of land usage.

Turning to the role of the state in the restructuring process, Erwin said that Cosatu was not preoccupied with nationalisation, but was rather looking at a package of poli-

cies. However, if restructuring was to be effected over the next five to 15 years, nationalisation would have a role to play. He argued that state industries or services should remain nationalised.

Citing the example of electricity supply, he said the particular history of South Africa was such that electricity had been systematically denied to many black areas. Given the present income structure, if the supply of electricity was left to market forces, the vast bulk of those who presently do not have electricity would remain without. There were already townships where the electricity grid had been laid but where residents could not afford the connections.

The road system was cited as a similar case. In the past, the major roads have systematically skirted the black areas. If the provision of roads was privatised, this imbalance would remain or even worsen because only the profitable roads would end up being maintained.

The state, Erwin argued, needs to maintain control over services such as health, education, electricity, water, transport and