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understand the disadvantages that such a process will entail for their own constituencies. 'Restructuring' means diverting resources from some (predominantly import-substituting) industries and sectors to other (predominantly export-oriented) industries and sectors. It means altering the production process, the labour process and the allocation of economic surpluses between wages, distributed profits and investment. The up-side of this is better growth and the reduction of unemployment in the longer-term. The down-side is the unemployment and disruption that would inevitably follow in the short-term if 'radical restructuring' is implemented.

**T**AKE THE automobile industry for example. It is conventional wisdom that owing to the high level of protection, the automobile industry has too many producers for the limited size of the market. This means that production runs are too short to allow for adequate advantages of scale.

In the interests of economic efficiency, it would make sense to scrap protection and allow the cold winds of international competition to force the industry to consolidate around fewer producers. Do you think that the trade unions or industrialists in the industry are going to take that idea lying down? Of course not. When 'restructuring' is looked at more practically, it becomes clear that specific interest groups — who seemingly support the general idea now — will later become vocal and obstructive in their opposition to it.

This problem is going to make its presence felt in the recently initiated macroeconomic bargaining forum. After its first meeting in January, representatives of both labour and capital talked positively about the 'common ground' they had found on the issue of restructuring. Given that both unions and management have an interest in maintaining industrial protection (to protect profits and jobs in the short-term), the nature of that restructuring is bound to be limited. Even though economic growth (and hence the interests of those

currently without jobs) would be promoted in the longer term by radical restructuring, powerful interest groups such as organized labour and employers will object to it.

Interestingly, Bruce Scott (one of the Nedcor-Old Mutual scenario planners) observes in his contribution that restructuring is best done *before*, the transition to democracy takes place. He argues that under democracies, those with vested interests are able to influence policy and hence would limit the inevitably painful process of restructuring. Given that no transition from inward-oriented to export-driven growth has taken place under democratic regimes, this analysis must be taken seriously. It is thus disturbing that both the ANC and the Nedcor-Old Mutual scenario planners seem to believe that radical economic restructuring in South Africa must and can be done democratically through consensus.

**T**HIS, UNFORTUNATELY, is a sham. Given that those who will benefit from restructuring are currently in the minority, while those workers and capitalists who will lose are highly organized constituencies, it is safe to conclude that restructuring will be limited if democratic consensus is to be the guiding process. One doesn't have to be a political-economist to recognize that there is tension between the ideal of democracy and the interests of rapid restructuring. This is a nasty fact of life, and these days when no-one wants to appear anti-democratic in any way, very few will admit to it.

This is most unfortunate as it leads to bad political strategy. The demand from the left that no restructuring of the economy must take place before the transition to an interim government is, in my opinion, seriously misguided. It is in the long-run political interests of the ANC to have De Klerk start the painful restructuring now — and let the National Party deal with the resulting flack! In a few years time, when the economy is on a better footing and a democratic government is installed, the ANC will be able to reap the rewards. ●

**GREAT SO  
FAR! BUT  
NOT YET  
GREAT  
ENOUGH**

**T**HE BOIPATONG tragedy and its aftermath are yet another sad example of the South African political malaise. We urgently need a political arrangement to give us a credible government representative of the entire population — a black-white coalition of national unity that has both Mr Mandela and Mr De Klerk in the leadership.

This is only possible if these two main players on the political scene commit themselves jointly to the basic rules of parliamentary democracy to which they have pledged themselves separately. They should make a personal, unprecedented and visible statesmanlike gesture before it is too late.

by  
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It has been said that an economic upswing is a prerequisite for a political solution. The steadily declining path of our economy suggests the opposite. No lowering of interest rates, no "kick-start" or any other gimmick, is likely to make our economy take off while uncertainty about the succession to the present minority government persists. The longer this uncertainty lasts and the greater it becomes, the greater the danger of the economy suddenly sliding further. Another set-back could have tragic consequences when set against the background of the falling gold price, persistent inflation and the drought.

The State President and Mr Mandela still travel the world separately, which forces them to highlight their differences. They would both be far more convincing about South Africa's future — to their



respective hosts and to the South African public — if they were seen working together, despite disagreements on many issues.

These disagreements and the widely differing policy views of all the other major parties in South Africa will, of course, never go away altogether, as shown by even the best democratic countries. But pragmatic compromises can be reached only once there is a clear determination to work together on an equal basis and within a framework that makes co-operation possible.

In the words of Mr De Klerk's landmark speech in February 1990, we must have "a dispensation in which every inhabitant will enjoy equal rights, treatment and opportunity in every sphere of endeavour — constitutional, social and economic". He added that the country's future was "linked inextricably to the ability of its leaders to come to terms with one another".

Codesa I and II nearly arrived at this result but too many cooks (and perhaps too many advisers) have spoilt the broth. At the very moment when — in line with world developments — there was near agreement on how to level the playing field and on the rules of play, we are sliding back alarmingly towards ideological confrontation.

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To have abolished practically all apartheid legislation is a truly remarkable achievement by a government and party which put the policies on the statute book. But to remove something that obviously had broken down is only part of the answer to our problems. As long as the government does not include people legitimately elected by the yet-voteless blacks it will remain unrepresentative. On the other hand, any future majority government would be equally unrepresentative if it were constituted to exercise unrestricted rule. Yet this concept of unrestricted rule heads the agenda of many leaders of the voteless.

Entrepreneurs, investors call them what you will — the people of enterprise and innovation who alone create employment and real wealth — will not start or expand activities in times and areas of uncertainty. The wealth they manage to create is the only source of taxation which pays for education, health and

other state services. There is no other source. But such people put their skills, savings and borrowings at risk only if there is a reasonable expectation that the state and government are likely to remain stable and if the law applies equally to all citizens.

Wealth is not created by "the state". Eastern Europe and most of Africa have demonstrated this for all to see. The saying "We pretend to work and they pretend to pay us" expressed the true nature of the failed socialist/communist experiments of the "workers' republics".

The ANC's latest statement suggests this insight has been understood. The people in our deplorable townships know that governments cannot deliver. They all know that the creation of their very townships is the result of a costly, failed experiment. They also know that, when conditions are right, an individual *can* walk out of poverty by effort and enterprise.

South Africa's greatest enemy is poverty. To reduce or possibly eliminate it must be our principal aim. It cannot be done by government edict, whatever government is in power. It can only be done by work and wealth creation. Those who are anxious, willing and able to get the economy going — and that includes the workers and the unemployed — have little say in the matter. They depend entirely on the politicians to create the

conditions of confidence and stability without which progress is impossible.

South Africa has everything going for it. In the last two years almost unbelievable progress has been made in bringing people of all colours together in common endeavours to mutual benefit. It happens in sport, in small business and in large corporations, in health care, education and all other fields. And it is a success. The country is poised to give added momentum to these efforts.

The outside world is ready to assist. Yet all this progress can be lost if the near agreement at Codesa is not taken to a successful conclusion.

Two great South Africans — F.W. de Klerk and Nelson Mandela — have shown exceptional statesmanship in taking their constituencies to the present position. Will they be great enough to take what was begun two years ago to the point where the new South Africa becomes a reality? ●

## In Search of 'Acceptable' Democracy:

DAVID WELSH has recently written two articles concerned with the problem of "majoritarian democracy", with particular reference to its inadequacy in deeply divided societies. His conclusion in both (one published in *Reality*, May/June 1992) is the same — Mandela's wish for "an ordinary democracy" in South Africa cannot be achieved, and he advocates we avoid the "tyranny of the majority" by adopting a system of "institutionalised coalition government".

He states that "the more common basis of democracy in deeply divided societies has been the broad based coalition found in the classic European con-sociations — Netherlands, Belgium, Austria, Switzerland and Luxembourg," — and further that "however states like Lebanon, Sudan or Nigeria attempt to restructure democracy, one thing can be confidently predicted: majoritarian systems that exclude significant political players from a share of power in the national government have no chance of succeeding". In his *Reality* article: "We ignore the possibility of the crystallised majority/minority syndrome at our peril. How we achieve constitutionalised coalition may not be a function of the constitution; perhaps it will be more fruitful to think in terms of pacts solemnly agreed to by the major players."

Running through his arguments are two threads: First, that the majoritarian principle may be adequately translated as winner-takes-all, and, second, that ethnic divisions lead to largely ethnically-based party-political divisions. These minimise the floating vote, and can result in permanent exclusion from government of minority groups.

The first thread gradually transforms itself into a near synonymy between "winner-takes-all" and "the majority may ride rough-shod over minorities". "Winner-takes-all" becomes defined as "non-democratic".

