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## Economic Policy, Growth and Equity.

# Democratic Party Economic Policy Manifesto

### "A SOCIAL MARKET ECONOMY"

The Democratic Party seeks to establish a Social Market Economy which respects the principles of private ownership and incentives and which offers rewards for entrepreneurs.

It recognises the existence of unacceptable wealth, income, opportunity and skills gaps and the necessity of giving urgent attention thereto, and to the elimination of racial discrimination in the provision of social and State services.

- The objective of the policy is to eliminate poverty and provide adequate rising living standards for all.

The Party therefore commits itself to the fundamentals of a social Market Economy.

1. Political Freedom is an essential ingredient for the operation of a just economic system.
2. There must be true equality of opportunity for all citizens including that of acquiring and owning property, so that they may enter the economic system on an equal footing. This will entail:

- (a) major development programmes to address existing poverty, inequality and distortions in the economy;
  - (b) the absence of discriminatory laws and practices on the one hand and the provision of non-discriminatory State social services;
  - (c) making racial, religious, language and similar constraints on economic activities unconstitutional;
  - (d) the provision of equal access to:
    - (i) education of the same quality for all, as well as the opportunity of education for disadvantaged adults;
    - (ii) reasonable health facilities;
  - (e) improving the quality of life so as to provide the basis for stability.
3. The wide gaps in income and wealth in South Africa require special corrective action to enable those in a disadvantaged position to better their situation. This aim can best be achieved by education, training and, where appropriate, corrective action in respect of such fields as land resettlement, housing and other socially

orientated services. Steps such as vocational training need to be undertaken on a major scale to provide an answer to the frustration of the generation which has had inadequate education and training.

4. The extreme poverty of certain regions requires special development activity in these areas, and to create opportunities for work, to reduce deprivation and to improve the quality of life are urgent priorities. Inward industrialisation with adequate State input, but designed to encourage private initiative, is an essential ingredient of policies to deal with these conditions, to create stability and to ensure greater economic growth.
5. Continued economic development inevitably implies increasing levels of urbanisation. It is important that provision be made for this process, that an environment be created in which both the public and private sectors contribute, in which the State provides infrastructure and assists with the provision of land and housing for the needy, and where individuals are helped to house themselves.
6. Before wealth can be consumed or redistributed it must be created. Policies should, therefore, be directed to encourage wealth creation by the individual. This entails positive policies for economic growth in excess of population growth, particularly in those sectors of the economy which alleviate the lot of the impoverished and act as a mechanism to reduce income and wealth gaps. Encouragement must be given to the starting and successful continuation of new, particularly small, business and industrial activity and to make access to skills and capital more readily available.
7. Nationalisation is rejected as a general rule. However, the State has a role in the provision of necessary services which private enterprise cannot or does not adequately provide.
8. Adequate planning is required to deal with society's future needs. However, the State's functions in this field should be essentially indicative, not compulsive. A command economy is rejected in favour of a Social Market Economy.
9. As the living standards of most South Africans will in the main be determined by their earnings from wage labour, it is essential that the concept of economic justice is also extended into this area. This means:
  - 9.1 The recognition of
    - (a) The individual's basic right to work. Therefore all possible steps must be taken to give every person the opportunity to work. Where jobs are not available, then the State should use fiscal, monetary and other measures to assist in job creation.
    - (b) The principle of equal pay for work of equal value should be fully accepted.

There is also a need for a logical evaluation of job responsibility and the determination of a just level (or range) of remuneration.
  - 9.2 The establishment of a relationship between capital, management and labour based upon the recognition that each has an interest in the welfare of the others. Processes towards industrial democracy should be encouraged. As many as possible should

share in the ownership of the means of production, and to this end, the ownership of shares by workers and the public at large should be facilitated. Opportunity to attain management positions must be created.

10. A market system should operate to achieve the goals of productivity and efficiency and give incentive, but it should do so within the constraints of social conscience and the requirements of a healthy environment.
11. A concerned society provides for those who cannot do so adequately for themselves, whether by reason of sickness, disability, advanced age or inability to obtain employment. While encouragement should be given so that wherever possible individuals make their own plans, the State must play its role in providing for those who cannot.
12. There must be equality of bargaining power in the market place to prevent exploitation, injustice and abuse. This entails.
  - (a) rules of conduct prescribed by law which may be necessary to prevent the exploitation of consumer and worker;
  - (b) competition that is fair and uninhibited by cartel, monopoly or other abuse of power concentrations;
  - (c) public scrutiny of the exercise of concentrated economic power, in the same manner as political power is subject to scrutiny, to prevent abuses.
13. The State obtains its funds from taxation, borrowing and income from certain activities conducted by it and, in turn, performs the function of re-allocating the resources so obtained. Taxation should be applied in such a manner as to maintain incentive on the one hand, and on the other to enable the State machinery to function, and to provide those non-discriminatory social services which are necessary.
14. It is essential that the necessary activities of the State be conducted in as economical a manner as possible. Therefore, all government expenditure must be closely monitored and reduced wherever this is feasible. The aim should be to hold the share of the public sector in the total economy to as low a percentage as possible, so as to allow the productive private sector to develop optimally.
15. The State's fiscal and monetary policies should, in particular, be directed to:
  - (a) the creation of employment opportunities;
  - (b) the retention of the internal purchasing value of currency and the appropriate relationship with other currencies in the international markets;
  - (c) the maintenance of economic stability;
  - (d) the increase of living standards in both relative and absolute terms;
  - (e) an independent central bank, free of political interference.
16. The country should participate in a Southern African Economic Community for the benefit of all its members without affecting their national integrity.
17. A sound economic system can only flourish in a free and democratic society in which the human rights of all are protected and safeguarded. An economy will flourish when people feel free and are secure. Freedom includes an absence of poverty. □