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Breaking the deadlock

'SA's only hope a social contract between opposing groups'

IF ENVIRONMENT affects quality of life, then one might ascribe the quality of discussion during a four-day conference on the economy in Bellagio, Northern Italy to the beauty of the surroundings.

Clearly, what was equally important in focusing the minds of the 19 delegates, was the urgent need for far-reaching and meaningful measures to address poverty in South Africa.

The conference theme - The New Rules of the Game - came into immediate focus on day one of the proceedings when University of the Western Cape economist Pieter Le Roux raised some questions for consideration.

What changes to the rules imply? Can the rules of the game in fact be changed? Can change be brought about by an accord, or must it be through the imposition of a new power structure through revolution? All kinds of accords can be made between different parties, but how to find agreement of a broad nature?

Citing one of the great social theorists of the day, Cambridge sociologist Anthony Giddens, Le Roux said if the hard-line free marketeers or old style historical materialists were right in their claims that the rules of the game could not be changed and that there were immutable economic or historical laws, then there was no hope.

The difference between the human and material world was that humans were able to reflect and modify their behaviour.

According to Giddens, people were not objects helplessly bound by certain rules. Rather, "people create their own future, not

There was some hard talking - and serious listening - when top SA economics specialists gathered in Italy in April for a conference hosted by Idasa and sponsored by the Rockefeller Foundation. **SUE VALENTINE reports.**



Sindisa Mfenyana of the ANC with Chris Stals, governor of the Reserve Bank.

under conditions of their own choice, nor under the outcome they intend".

ARGUING strongly for a social contract between opposing groups as the only hopeful possibility for South Africa, Le Roux said unless South Africans reflected on their positions, the alternatives were a post-Allende Chile scenario, a Pol Pot type radical dictatorship or a Lebanon.

Against the backdrop of these broad parameters, there was a general willingness among all conference delegates to add their expertise through 10 to 15-minute presentations building

a vast colourful and detailed canvas of South Africa's political and economic needs and how best to meet them.

What set this conference apart from so many others in the same vein, was the quality of participation. Delegates, such as Chris Stals (governor of the Reserve Bank), Max Sisulu (head of ANC economic planning), Sindiso Mfenyana (national executive committee of the ANC), Japie Jacobs (advisor to the minister of finance), were not only voicing their objectives and criticisms, they were also listening to each other during the week's proceedings.

IT WAS Chris Stals who made headlines when offering a description of the South African economy.

The growth rate was around 1 percent, while the population was increasing at a rate of 2,5 percent. If this continued for another five years, no government would be able to govern the country, he said.

Stals said that the lack of economic growth could not be solved by monetary policy, although the period of transition did give the Reserve Bank the chance to create a stable environment for economic growth. Time was of the essence, however.

No high growth rate could be achieved until three conditions had been addressed: the political uncertainty in the country which inhibited business and international confidence; social unrest; and international action against South Africa in the form of sanctions.

In his presentation to the conference, the advisor to the Minister of Finance, Japie Jacobs,

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raised the question of what should be immediate policy objectives in a country which needed one million houses immediately and in which 42 percent of the labour force was engaged in the informal sector or subsistence existence.

He said at present, 38,2 percent was spent on economic upliftment – housing, education and social pensions. One important factor for poverty alleviation in the rural areas was that there was no delivery system for assistance to people in these regions.

He said an economic growth rate of at least 4 percent was needed to maintain the status quo without losing more jobs. Stability and confidence needed to be restored, but this could not be done with the stroke of a pen.

The ANC's Max Sisulu agreed that confidence needed to be created, but said that it was difficult because the government lacked legitimacy. He said the policies and practises of the government had been "systematically destroying the economy through apartheid".

Questioning the government's claims that it was alleviating poverty, Sisulu said people needed to see this being done through a re-allocation of resources and so on.

'If we want success, now is the time to act'

The ANC and other groups were wary of participating in consultaion with the government and its agencies, because so often they were ignored in the implementation. "By participating we give credibility to certain organisations. We need to change the rules of the game," he said.

The executive director of the Black Management Forum, Lot Ndlovu, said there was widespread agreement that more black people needed to be employed at management level (2 percent of all managers in South Africa were black), but ultimately little seemed to be done to realise these intentions.

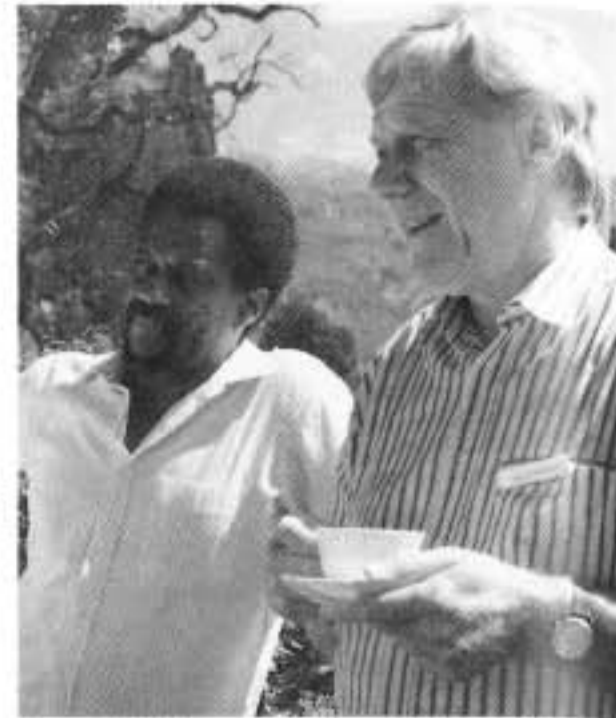
He said good management practice included a living wage, access to opportunities, social upliftment, equity participation, skills development, an active democratic value system, labour intensive policies (even with high technology), partnership schemes and regional contributions to rural areas from where migrant labour might be drawn.

"The business of business is not just business," he said, emphasising the need for commerce to play a role in the wider environment.

UCT sociologist and chairper-



Ben van Rensburg of Sacob with Lot Ndlovu of the Black Management Forum.



Max Sisulu of the ANC with Alex Boraine of Idasa.

son of the editorial of the *SA Labour Bulletin*, Johan Maree, said there was an international trend – in sound, modern economies – towards increased worker participation in the management and ownership of enterprises.

He suggested two possible forms of worker participation. A system of "employee share ownership plans" (Esops) existed in the United States whereby workers bought shares in companies where they worked. Economic performance at these firms was at least as good as at similar standard firms, and sometimes better.

At the level of labour organisation, workers were also encouraged to participate in the adjusting of time, the restructuring of the labour process for certain tasks, and so on.

Maree said an appropriate form of industrial relations that was accepted and adhered to needed to be established. Some techniques advocated bypassing the unions, but far preferable, he said, was to involve workers in the consultation process from the outset.

University of Stellenbosch economist, Sampie Terreblanche, reminded delegates of the inequalities of apartheid and the need for,

in Nelson Mandela's words on the day of his release, "fundamental restructuring".

At the bottom line was the fact that South Africa was not a democracy. In the last general election in 1989, 6,3 percent of the total electorate had voted for the National Party.

Vast numbers of South Africans had been dispossessed of their property and they lacked

'A shared vision is needed on a set of socio-economic proposals'

economic access and opportunities. The media capability of the ANC was less than 10 on an index of 100.

Structural reform or transformation included: political reform, bureaucratic reform, economic reform, social integration and a change in the ideology and perceptions. Of these, political and bureaucratic structures needed to be changed almost immediately, he said.

In a further analysis of the South African economy, Reg Munro, general manager of Old Mutual, said economic thinking had moved from the neo-classical view that resources determined the potential of a state to the revisionist view that believed that advantages and capabilities could be created. Resources, therefore, were not all important, strategies could make a difference.

Resources could, in fact, be a curse, he said. Because of certain wealthy resources, other industries were often neglected and needed protection. Economics therefore became inward looking.

What was needed was that the country should change from being an inward-looking, con-



Delegates at Bellagio: Back Row: Rudolf Gouws (Rand Merchant Bank), Johan Maree (UCT), Lot Ndlovu (Black Management Forum), Reg Munro (Old Mutual), Frans Barker (National Manpower Commission), Sindiso Mfenyana (ANC), Ben van Rensburg (Sacob), Max Sisulu (ANC), Sue Valentine (Idasa). Front Row: Sampie Terreblanche (US), Japie Jacobs (finance advisor), Chris Stals (governor of Reserve Bank), Alex Boraine (Idasa), Sally Bowles (Rockefeller Foundation), Greta Steyn (Business Day), Archie Nkonyeni (Nafoc), Bongji Kunene (UZ), and Pieter le Roux (UWC).

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sumer economy to being an outward-orientated, producer nation. However, Munro cautioned that "no country has found a way to convert natural wealth into a strong, outward-looking manufacturing sector". This was what was needed in South Africa.

While the country had made a significant contribution to the international body of scientific literature, the lack of funds spent on research and development meant that money still flowed out of the country to pay for licenses and patents which had been developed elsewhere.

In the USA, manufacturers spent an average of 2,5 percent of their budget on research and development. In South Africa, the SA Apple Growers' Association spent 0,5 percent on research and development, but SA's largest manufacturer, Barlow Rand, spent just 0,12 percent of their budget on research and development.

It was not enough, when speaking about changing economic strategies, to call for deregulation. There needed to be active government concern for the development of manufacturing. While there should not be a reliance on foreign capital, it was vitally necessary and should be sought. Ultimately, said Munro, the decline in the gold price would help to force the economy into a more outward looking, manufacturing orientated system.

HE POSED the question whether South Africa's will to survive was strong enough to bring the country together. "If we want success, now is the time to act," he said.

Offering a scenario in which some of the country's most urgent needs could be addressed, Munro said two phases should be implemented.

The first involved massive investment in the black community in the form of housing and electricity, the other harnessed resources and expertise to develop an outward oriented manufacturing sector.

It was essential that the country "change gears" to achieve a higher sustainable growth rate; that it become more producer oriented; raise social standards and develop democracy.

On the fourth day of the conference, delegates divided into three groups to examine in more detail certain key questions. These included how to create an outward looking economy, how to open access to resources and opportunities, and how to move to a more stable political environment to encourage economic performance. Some of their conclusions appear in an accompanying article.

Overall, the urgency of addressing the situation in the country was deeply felt by all. How the ideas from Bellagio will filter back into South African society will depend on the 19 delegates. Certainty cannot be assured, but a holistic approach is essential. Indeed, as Chris Stals commented during the conference proceedings, "everything in economics depends on everything else". □

Sue Valentine is Media Co-ordinator at Idasa

ABSURDITY AND OBSCENITY

... and meanwhile there are the glistening valleys and a silver wind

Perhaps I should call this: The first observations of a semi-educated monkey. I have difficulty transcribing the flood of images; like a dull-witted ape I mutate gestures and movements in an attempt at adaptation. For the first time since 1973 I have the chance of travelling through the land. Our peregrinations take us to the periphery (Venda, KaNgwane, the Boerestan around Pietersburg . . .) and my apprehensions also criss-cross the country.

Some regions I know only from postcards or from accounts of the horrors perpetrated there; I meet people – the stinking rich for instance, or the dirt-poor, and all those Robben Island graduates – with whom I'd never had the privilege to become acquainted. Overwhelmingly the unfolding landscapes are deployed before us so that distances, resonances, dimensions and deeper drifts oblige you to broaden your outlook.

The journey is very often disconcerting. Perhaps the extremes of emotions and actions encountered are symptomatic of the Great Release: hospitality and assassinations, reconciliation or even collaboration, and hate. It is conceivable that this country has always been in a turmoil of dislocation, confusion and madness. Would it not also be fair to assume that apartheid was intended to enforce a pattern of rationality upon a reality which could not be integrated?

**'To them apartheid was not,
and is not, the crime against
humanity as experienced
by the majority of
South Africans'**

But any attempt at macro-economic or large-scale political engineering must certainly by now be doomed to failure. I doubt whether the necessary transformation of attitudes, let alone

Poet BREYTEN BREYTENBACH makes some sense of the flood of images that confront him as he returns to the country on an extended visit.

relationships, can still be motivated by ideological considerations. A Democratic Party politician tells me, perhaps with a measure of self-blinding optimism: "Politics here are now no longer black-white, but grey and nice."

Maybe the gentle slowness and the kindness of local life as one re-discovers it, are but control mechanisms for surviving in an insane environment. South Africans are schooled in the techniques of the cut-out – how to categorise aspects of public life and render them invisible. In fact, despite a self-effacing simplicity of manner, South Africans are particularly sophisticated: they know the knack of holding illusion and harsh reality in balance, they move effortlessly between the integration of violence and personal decency, between the institutionalised brutalisation of society and a concerned commitment to change.

Besides, at least over the weekends, the shadows of blood disappear under the passion for sport and a love of nature. From time to time though, a father will wipe out all of his immediate kin, people systematically drink themselves into the grave, and healthy men unexpectedly succumb to heart attacks, cancer and high blood pressure. People don't just kill other people, they stab and stone and hack and burn them.

What stands out like a salient truth is that the Great Adjustment must be made: a radical review of how financial resources ought to be apportioned; an integration of skills and privileges and responsibilities which will make of the decisions-taking power field a truer reflection of this country's real composition and especially of the interests