



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

Nationalisation: reaching beyond the rhetoric

By Sue Valentine

THE thorny issue of nationalisation was discussed by conference delegates at length in what at first appeared to be a "debate of the deaf".

Although no agreement was reached, progress was made insofar as delegates moved away from the extreme stereotyping that has characterised exchanges between the two "sides" thus far and started listening to each other.

ANC researcher Rob Davies stressed that he was not authorised to make specific pronouncements on ANC policy. However, he said nationalisation was only a small part of what the ANC was looking at.

ANC thinking was not committed to punitive action through nationalisation. Any intervention in the economy would take place through legal and constitutional mechanisms. "We are not motivated by revenge," he said. "Our watchword is affirmative action."

Nationalisation was likely to be embarked on when it contributed to restructuring the economy and meeting the needs of the people, but as yet nothing could be spelt out as to what would be included in the state sector, he said.

"The general view is that the major utilities should remain in state hands. We see the utilities as having a major role in redirecting the economy. We don't believe efficiency is improved by privatisation."

Davies said the ANC opposed recent moves by the South African government to privatise public companies. Such action was unacceptable and any privatised enterprises would be subject to re-nationalisation in the future. However, the ANC's belief in a mixed economy approach implied that whatever sectors were promoted by the state, space should also be left in the economy for private capital.

Anglo American Corporation's Michael Spicer reacted to the "unknown" dimensions of ANC policy, saying that certainty was needed if foreign investment was to be encouraged.

He said the curse for the South African economy would be if foreign investors were left unsure about developments in the country and thus adopted a "wait and see" approach.

Anglo American economist Aubrey Dickman said there was agreement on the problems facing the South African economy, but

the reason the right sort of growth had not occurred was that the market was distorted. He said if business did not meet the needs of the people it would not survive. It could not afford to go in for experimentation.

The all-important first year in a post-apartheid society would be critical for the new government which would be expected to deliver the goods, said Dennis Davis.

To do this a stable, socio-political environment was needed. He said the double bind in which South Africa was caught up - the need not to threaten investment by nationalisation, but the simultaneous need for a just system which would avoid an explosive break-up caused by the socio-political conditions in society - had to be confronted.

JCI economist Ronnie Bethlehem said



Pieter le Roux (UWC) and Dennis Davis (UCT).

business had to acknowledge the "legitimate" concerns of the ANC - that the insistence on privatisation by business could be interpreted as a desire to strip the state of economic leverage, or a strategy by whites to perpetuate apartheid by shifting it to the private domain.

He added, however, that from a liberal/conservative view, there was disillusionment over the role of the state and its ability to intervene beneficially.

"We must persuade people to withdraw from the notion of conflict between the state and the private sector. It is an alliance. Only through the growth of the South African economy do we have any chance of meeting the needs of the country," he said.

Offering a summary of the discussions on nationalisation, academic Colin McCarthy quoted Milton Keynes saying the short-term was important because in the long term we'll all be dead!

Short-term results were important, but how the economy would or should be adjusted in a politically democratic South Africa remained a question. Equally important was the need for the development of skills. Steps and proposals were urgently needed to address this problem, which was the result of long-term neglect.

"The re-distribution of wealth must be given priority. However, there are conflicting opinions on how to do it in a time period that will satisfy people . . . if you have a democratic government with elections every five years, then the government has five years in which to produce sufficient re-distribution of wealth."

Saunders added that business should spend less time telling Nelson Mandela about the pitfalls and more time telling him that five years was enough time to secure re-election and introduce re-distribution.

Offering his summary of the discussion, McCarthy said there was a clear necessity for co-operation between the different groups in South Africa. Labour, the government and business would need to embark on more discussions. Trust and mutual respect needed to be developed. The public good would be served only if the bona fides of each side were accepted.

He added that the cost of experimentation was high. While doctors buried their mistakes, economists tended to get off scot-free when they offered poor professional advice.

"The outcome of bad economic advice is worse than anything one can contemplate. Unemployment, instability and poverty have a high social cost," he said.

Among the practical suggestions offered during the last session of the conference were tax system revisions and the investment of pension funds in social reconstruction.

Dave Geary of Investec/Metboard suggested that if five percent of the pensions industry (currently valued at about R130 billion) was channelled into the development of housing, some R6,5 billion would be released to help meet immediate needs.

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telecommunications as instruments of policy to redress the inequality of living standards. Nationalisation beyond this point, such as in regard to the mines, was a point of debate in Cosatu. It may make no sense in that the present levels of state income through taxation may be the maximum that can be demanded. On the other hand, he said that there was a strong feeling that the resources generated by the industry could never be effectively used while the industry remained in the hands of the four or five conglomerates which presently dominate the economy.

Erwin said this view held that the record of these conglomerates showed an inadequate commitment to social need before profit and that the mining conglomerates had been the major exporters of capital over the last 10 to 15 years.

Whichever was the most appropriate approach, Erwin made the point that resources generated in the mining sector would need to be more equitably and efficiently utilised inside the South African

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