

REVIEW

Joubert Botha

has been an academic all his life, both in South Africa and overseas in Britain, Holland, Germany and Canada. He holds a doctorate from the City University of Amsterdam on monetary economics. He was a Senior Lecturer at UCT from 1959-1964, a Professor and Head of the Economics Department at Wits from 1972-1999, and Managing Editor of the SA Journal of Economics from 1973-2000, where, in his own words, "I battled through all those years of apartheid, when very few academics from overseas dared publish in the SAJE. I once asked for a review copy from a publisher in New York, only to get my letter back with a scribble in pencil: 'We don't deal with people from your country.' Now all doors are open to us!"

South African Economy and Policy, 1990-2000.

An economy in transition

This book concentrates on developments since the momentous changes in economic policy in the decade of the nineties, especially since the democratic election in 1994. It is the most extensive single volume on the South African economy to date. As the time span is narrow, the twenty-nine chapters – covering almost 600 pages and written by twenty-one well-known economists – delve deeply into changes in the various industries covered.

This limits a review largely to observations of a general nature. The introduction by Stuart Jones gives a very able summary of the unfolding events over the decade. That in itself is difficult for, as he rightly observes, it was a decade of revolution, with politics "capturing the headlines and completely overshadowing" the important economic changes. A number of politically orientated economists soon publicly applauded these welcome changes which, as Jones implies, were somewhat premature in the light of subsequent developments. His outline is forthright and candid – "warts and all" – the underlying theme being the consequences of appointing to top positions party-loyal individuals totally unqualified for advanced administration at national, provincial and even local levels. The book, implicitly, purports to show what that entailed, although the various authors wisely steered clear of describing, let alone analysing, events on a mundane level.

Initially the most urgent question – which held everyone in suspense at the time – revolved around systemic aspects: uncertainties about the economic policy of leaders whose ideologies had been moulded over many years in socialist countries. In a succinct overview first chapter, Philip Mohr mentions the dramatic manner in which the change had come about. In January 1992 at the Davos meeting in Switzerland, Nelson Mandela, confronted by the *laissez faire* sentiments of global economic leaders, suddenly "discarded his prepared speech and adopted a much more moderate stance" (p.19). One can imagine the upheaval a prepared pro-socialist address would have caused among delegates, many of whom were representing private interests of world renown, all still stunned by the then-recent cataclysmic implosion of the economic order in the socialist countries.

That set the tone for what was about to happen in South Africa. But it was merely the beginning. Every relevant organisation, through seminars and published strategies, came to the fore with suggestions and plans for a future economic system for South Africa, from the left wing ANC/Cosatu/Communist Party alliance on the one side, to the free market ideas of organised business on the other. This is ably recorded by Mohr (pp. 18-21), who does not, however, spell out in greater detail the arguments advanced by the major political parties, especially those advocating a socialist state. This is unfortunate. It is interesting – and important to students – to come to grips with the essence of the arguments pro and contra in the various published

documents, especially in those whose authors were obviously left unimpressed by the disastrous fairly recent upheavals in Eastern Europe.

The editors themselves made important contributions to the book. Robert Vivian wrote on the specialised, technically complex and very important question of retirement funds and the insurance industry, a major channel of national savings into productive activity. It is a rare field, not known for its interest among academic economists; hence the few whose views and analyses have so far appeared in print.

Stuart Jones wrote no less than eleven chapters and summaries, some of them technically difficult, and all displaying his wide interest in various fields. His grip on the financial sector is remarkable for his description and in-depth analysis of the kaleidoscopic changes in the private banking sector, of the stock exchange, trade and mineral policies, etc. As the doyen of economic historians in South Africa, Stuart has kept the flag flying against heavy odds for a place for economic history in university syllabi. His contributions display the wide sweep of knowledge which one has come justifiably to associate with economic history as an intellectual discipline.

The reader could expect the authors to have contrasted briefly – very briefly – the current situation with that of the past. The structure of the book renders that difficult because of the ten separate chapters on policy in Part III, which in a way cover ground similar to that of preceding chapters on single industries.

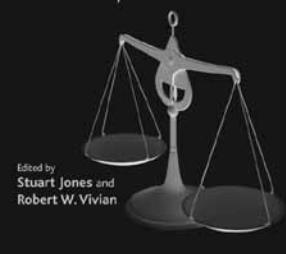
This is true especially of agriculture and demography, both fields that had undergone substantial, dramatic, structural changes since 1994. Very early on in the book appears a detailed chapter on agriculture, with nine tables and thirteen graphs on the statistics of the period, but no emphasis on the veritable revolution that that sector had undergone since 1994. Mention of this is made in Part III, albeit in catalogue fashion, without the kind of sober analysis which one could have reason to expect. Only then is the background to the events covered in Chapter 3 put in some perspective. There is no discussion of the plight of farming under a regime imbued with the principles of central control within the framework of a socialist state. This must largely be deduced from the figures in the tables and graphs.

Much the same holds for the chapter on demography. There is no discussion within the broader framework of the wholly unwelcome demographic changes since 1994, with unknown millions of unskilled immigrants entering the country, either as refugees or as work-seekers – and that in a country suffering from what is regarded as having the highest rate of unemployment, and HIV/AIDS, in the world – or the equally unknown millions of mostly highly qualified emigrants in search of greener pastures elsewhere.

In fifteen tables on conventional issues, much is said on straightforward questions such as fertility rates and connected matters, leading to the lame conclusion: “The single most important development was the continuing drop in fertility, representing a drive to sociological modernisation” (p.46).

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SOUTH AFRICAN
ECONOMY AND
POLICY, 1990–2000
An economy in transition



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The drastic, virtually immeasurable change in the composition of the population and the work force is simply swept aside by the inane and undefined expression of a “drive to sociological modernisation.” When does a country become sociologically “modernised” – following a “drop in fertility rates”? What has been government policy in this respect, if any? To what extent has the demography changed, and unemployment been aggravated, by the influx of unskilled emigrant labour and the efflux of qualified workers? On these highly relevant matters the author is silent.

This raises an important question in regard to style in the writing of economics. When economic events are “completely overshadowed” by politics (*supra*), analysts could be expected to consider the arguments within the governing political framework, perhaps even to the extent of descending to the level of analysing economic agendas of the contending political parties. That is not, of course, “pure” economic analysis. It represents the equally important application of economic principles to burning issues of the day, analysed in terms of the general economic desideratum of efficiency, productivity and equity. The reader might have expected less emphasis on conventional statistical details – some indifferently analysed – and more on related systemic questions under the new dispensation, and the occasional official grumblings for more State control and the nationalisation of strategic industries.

The book, on the whole, constitutes an important and substantial contribution to South African economics literature, thanks to what must have been a Herculean editorial task.