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' hill house
l penzance road
'mowbray
7700 I
e? (021)117-3127 I D
Q? 522351 .
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REG. NO: BIOOOI'QI'OB
PRESS RELEASE
iuzsssssuran m: m- (5!..le mmnuuz, EXECU'I'PJE DIR'EL-ZCHIH-t 13F Innssn, FROM
vulnjz-N, ITALY, Tmmv 12. M&L
CONCLUSIONS OF ECONOMICS CONFERENCE ATTENDED BY TOP
F(EF'RESBEN'TFX'I"IVES OF GOVERNMENT, BUSINESS AND THE AND
A conference under the title "The New Rules of the Game" was held
in Bellagim, Italy frmm April 8 __ 12.
The conference was organised by the Institute for a Democratic
Alternatitve for South Africa (Idaea) and epmsored by the
Rackefeller Foundation. A list of delegates awe enclbeed at the
end Hf this release.
theh an initial introduction paper by Pref Pieter le Rcux,
Univereity of Weatern Cape economist, most of the participants
made initial etatements en their undeбетanding Of "the P018 of
the gtgt: in a Future ecansmic system in South Ririca .
Diecueeimh tmiowed each preentation.
additional papers by HP Reg MURPD Of Old Mutual ("A review of
ecehwmni strategy and performance" and "Bhanging Gears") and by
PPG? Frahtle Wilson 0% the University 53 Cape men (The Extent
and Implicatisn Of Maldietyribution) were also delivered.
On the fourth day 9% the conference, the delegates divided into
tthree groups tn discuse actions needed in the political,
ecmnbnic and eocial spheres. The fitst group fmtused on the
factmrs inhibiting econmmic growth (as outlined by Dr Chris Stale
earlier in tie week): vi: political uncertainty, social unreet
and endemic violence, and attitudee of the international
community, Specifically eanctians.
THIS SROUP RECORDED THE FOLLOWING IMPORTANT CONCLUSIONS:
% There is an urgent need for bold and imaginative action to take
Soqth Africa beyond the Jolitical and ecgnomig deadlock that
preeehtly_exi5ts.
ththe Qolitical level the initiatives 0% Mr Mandela and
Eggsideht De_E;eh5 are in danger of being_deawailed unless there
a .._..._-_
is a cleah and unambigus CQmmitment to a Paggd move towards the
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ending of white WEEUPQLY Ebwer and_gp alternative democratically
El 62939.3..9913tment -
A: an economic level, the caheequencee of no significant growth
and the further impovewiehment of millions cf people in the urban
Instiluxe For A Democratic Alternative For South Nrica
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and rural areas of South Africa will make the country unmanageable by any political party within five years. In the light of this impending crisis, the most urgent need is to get political uncertainty by getting the negotiations to proceed. We must end the apartheid by establishing a multi-party

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However, in order that this can happen, urgent attention must be given to the burning problem of security; it is totally unacceptable that a police force in any country should not be able to prevent the killing of thoughtless citizens. In townships, the only real guarantee of the legitimacy and validity of negotiation is the behaviour of the police. The perception remains of a police force out of sympathy with the welfare programme of the state president. Further, it is essential that the state responds adequately and urgently to the allegations made by political groups.

In addition, in order to once and for all put to rest the ongoing allegations of "third force" and lack of impartiality in the security forces, a judicial commission should be established with powers to lead evidence.

Second to subpoena witnesses which would include the relevant cabinet ministers.

A second area which demands urgent attention is the question of information channels to the state, including Mr de Klerk.

By the very nature of the South African society, it is easy for such information channels to be inadequate and distorted. In addition, if negotiations in politics are to succeed, a regular flow of reliable information must be available to the public so as to enable a coherent public debate on all the issues to take place. This is not possible so long as the 1980 in particular remains under the control of the government. The Board of Control of the CEC should be changed immediately so as to reflect

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As far as economic issues are concerned, it is imperative that the process of decision-making should be changed to take into account the needs of the total community. Furthermore, the legacy of apartheid must be addressed.

To do this thoroughly, we must rid our society not only of the shackles of apartheid, but the pillars themselves. Special and far-reaching attention must be given to the housing shortage, primary health care, education and deep-seated poverty cycle which can only exacerbate the violence in our society.

It follows that there is a need for specific anti-apartheid programmes for example a pilot programme of community training centres: but this should be undertaken together with a more rapid movement towards the one-city-one-tax-base concept.

Within the context of arguing strongly for an array of policies to deal with poverty, an equally strong appeal is addressed to

all Lgttiee and groups for re enewed effor-ts aqajnst mi.ndlese
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la the final analxsis, whether Qt not these progr-ammee and
Qr-DEDeal.e ar e in any wax effective in resolving the _crieie will
_larggumeaeTfe depend on whet_hervtflex lflertmthg_111 of an 18:
P" Old living in a towneh_p.
thev Give him or her ureat.er eeCull.tv a eens e D Eolitical
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the litmue test!
9 second set 0% questions relate more directly to the macro
economic Situation. How do we enable South Africa to become an
entwardalooking economy and how do we give access to resources
and to OpnortLlnity for- all South AfricaneT
iwetly, there 15a r-ange u4-0ther-9r-oblemewhlgh CQEiKibUt9_EP
the 300 DP Eehfor-mance- of the economy; _
These Lminclude:
_ the quality and nature of educatimn and training
_ rising unit cost of labour
_ inadequate'availability of skilled labour
- ekew distribution of income
1 concentration of economic power
_ rapidly increasing current government expenditure and diesaving
by government
" compahatively niganePsonal and corporate tax rates
- the balance of payments constraint
- cmmparatively high inflation rate and therefore potential for
financial instability
_ inadequate expending on development andlreeeahch
_ present structure of exports means rawlmaterials and
commodities leave the country. The most rapid growth in world
thade hae been, and will continue to be, ln manufacturing.
The conference On the whole accepted the scenario exercise and
Eggpesal presented by Hen Munr-o which advangeg a two:Er onge ed_
lpQLQach to the countrz'ee economic problems._ On the onehandl
there should be a "1:1C1:star-t" ln the form of housing and
electrification Eroqr-ammee and on -the other there should be a
major dr-i.ve to increase the ability of the eccanomx t0 ugart
cometitivelx.
Regarding the first aspect of the approach, care should be taken
that increased government expenditures which will flow from this
are matched by cutbacks in other areas euch as defence, 50 that
the burden does not rise unduly and the budget deficit is kept to
a level which does not threaten financial sthbility.
As increased spending in these fields will indirectly but
inevitably raise the demand for imports, the ground should be
prepared-immediately for the attraction of foreign investment and
loan capital.

However, little reliance can be placed

on the drive to improve the

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gpath Africa's gxgnht capacity: x_ghgld be Egcked imgggigtelv and vinoreueltv.

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Fundamental to increasing the export capacity is the creation of an environment which is conducive to an "outward orientation". This includes an undervalued exchange rate, a competitive fiscal policy, tight monetary control and positive interest rates opening up domestic markets to the international community to raise the competitiveness of South Africa's

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democratic industry.

The group examining these issues further suggested that a general commitment to increased productivity and spending on research and development be sought nationally. It also advocated the creation of a body comprising representatives from government, business, labour and the universities, as well as representatives from

institutions such as the IDC and the AIR.

The brief would be to monitor and manage the export drive. It would call for proposals and identify the sectors and products which have the potential to successfully break into world markets.

There was some difference of opinion as to the nature and extent of this body's powers, but general agreement was reached regarding the urgency of a vigorous manufacturing export drive. A further requirement for addressing the economic crisis was a change in the culture: the attitude of government and

its various departments and organs.

Free compulsory grammar education age neegimlong with vocational guidance centres in education and affirmative action

a human resource audit and manpower development

There should be joint ventures in the business sector

between black and white businesses, along with the getting of

the greater participation of blacks in the holding of

the boards of directors and in the staff through contacts etc. i

It was also recommended that black people should mobilise among themselves through mechanisms such as stokvels or mutual societies. Official recognition without undue regulation should be accorded these structures to facilitate effectiveness.

social charter or compact in South African society. The nature and content of the political and economic crisis in the country meant there was little time for prolonged struggle common ground had to be found immediately.

should it be an airx:fairx liberal idea of eggeensuel nor should it attEmEt to cojgpt Beagle.

The nature of any compact is Such that it is dynamic and changeable. It should expand and contract.

A national compact needs willing participants who have the power to disrupt the pwucees as well as the power tu deliver the goods. On the macho economic level a compact would include participatne such a5 political parties, including the government; the public eectmr and state mrgans; the business sector; trade unions; and the "fourth estate" __ the urban and rural pour.

The bread goale on which agreement could be reached wmuld include the suspension of the armed struggle for power; a commitment to a negotiated democratic system; the need for pmlitical'agreement to deal with the economic crieis; a commitment to uprooting poverty and job creation programme to combat unemployment.

A "reconditinn far Peachin a com act is that the different Bartigipante move closer to each other in terms 0% how thex_gee the problem;

Programmes most likely to sdcdeed will include "win-win" schemes by which all groupe benefit. All groups which can deliver a cmnetltuency (DP who could disrupt) the process should be included.

The precise types of programmes would include Clear, realieable goale with visible and tangible resultexwhich will be experienced in as ShDPt a time a5 possible by people on the ground.

Longer term projects would include housing and electrificatimn programmes, educatimn systems to enhance economic growth and people's participation.

Possible obstacles to achieving any of these aims include: unequal access to expertise and intermation; the ability of ghnups to administer technical details; the ability to deliver different constituencies. A lack of trust can derail the whole process. Succes will breed success. Failure will breed catastrophe.

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LIST OF DELEGATES

DP Chris Stale, Governor of the Reserve Banki

DP Ben van Reneburg (Sacnb)

Mr Max Sisulu (ANC Economics Department)

MP Reg Munro (Old Mutual)

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Er A v Jacobs (adviser to Minister Of Finance)
DP F Barker (National Manpower Commisison)
Mr Rudolf Gouws (Rand Merchant Bank)
Prm\$ Pieter le Roux (UWC)
Mr A S Nkmyeni (Nafcoc)
NB angi Hunene (University of Zululand)
MP Lot Ndlovu (Black Managemant Forum)
Fmr\$ Francis Wilson (UCT)
Dr Johan Maree (UCT)
Pwmf Sammie'Terreblanche (US)
M5 Greta Stayn (Businegs Day)
MP 6 Manyane (AND)
H5 8 Bowles (Rockefeller Foundation)
43 B Valentine (Idaaa Media Department)