

71/11/13

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OPENING ADDRESS BY CDE NELSON MANDELA ON THE OCCASION OF THE SIGNING OF A STATEMENT OF INTENT TO SET UP A NATIONAL CAPACITY FOR ECONOMIC RESEARCH AND POLICY FORMULATION CHAIRPERSON, HONOURED GUESTS, COMRADES AND FRIENDS. IN WELCOMING YOU TO THIS MEETING MAY I UNDERLINE THE IMPORTANCE OF THE TASK THAT LIES AHEAD OF ALL OF US COMMITTED TO A JUST AND DEMOCRATIC SOUTH AFRICA. NOT ONLY DO WE HAVE TO FORMULATE ECONOMIC POLICY TO MEET THE CHALLENGES OF A DEMOCRATIC SOUTH AFRICA WE ALSO HAVE TO ADDRESS IMMEDIATE SOCIO-ECONOMIC PROBLEMS OF THE MAJORITY OF OUR PEOPLE.

THE BRUTAL SOCIO-POLITICAL DESTABILISATION AND ECONOMIC POSITIONS ADOPTED BY THE REGIME SOMETIMES APPEARS TO BE A DELIBERATE STRATEGY TO DISCREDIT AND CRIPPLE THE ANC IN THE RUN-UP TO POSSIBLE ELECTIONS FOR A TRANSITION TO A NON-RACIAL, DEMOCRATIC SOUTH AFRICA. ON THE ONE HAND THERE IS A SYSTEMATIC CAMPAIGN TO BLAME THE ANC FOR THE VIOLENCE AND ON THE OTHER HAND THE ANC IS PORTRAYED IN THE MEDIA.AT BEST AS BEING INCAPABLE OF FORMULATING ECONOMIC POLICY AND AT WORST AS PREPARING FOR A MASSIVE NATIONALISATION PROGRAMME. ON BOTH ACCOUNTS THE INTENTION IS TO INSTIL FEAR IN THE MINDS OF OUR OWN PEOPLE AND THOSE SECTIONS OF THE BUSINESS COMMUNITY WHO MAY SUPPORT OUR EFFORTS TO CREATE A DEMOCRATIC SOUTH AFRICA. MONOPOLY CONTROL OF THE MEDIA BY THE STATE AND BIG BUSINESS MAKES IT DIFFICULT FOR US TO PUT ACROSS OUR VIEWS WITHOUT IT BEING MISREPRESENTED. IT IS OUR HOPE THEREFORE THAT THIS INITIATIVE WILL PROVIDE US WITH THE CAPACITY TO RESPOND TO SOME OF THE ISSUES RELATING TO ECONOMIC POLICY.

THE ECONOMY OF THIS COUNTRY ALWAYS HAS AND WILL CONTINUE TO REMAIN CENTRAL

TO OUR STRUGGLE FOR NATIONAL LIBERATION. ON THE ONE HAND THE BLACK  
MAJORITY IS DESPERATELY FIGHTING TO REDRESS HISTORICAL INJUSTICES AND  
PRESENT INEQUALITIES AND ON THE OTHER HAND THE WHITE MINORITY GOVERNMENT IS  
USING EVERY MEANS AT ITS DISPOSAL TO MAINTAIN ECONOMIC POWER IN THE HANDS  
OF THE WHITES AND BIG BUSINESS IN PARTICULAR. THE INTENTION IS OF COURSE,  
TO ENSURE THAT WHITES CONTINUE TO ENJOY A PRIVILEGED LIFE STYLE. WHILE  
ENGAGING US IN THE ARENA OF POLITICAL NEGOTIATIONS THE GOVERNMENT IS  
IMPLEMENTING ECONOMIC STRATEGIES THAT GO WELL INTO THE FUTURE AND MIGHT  
EVEN TIE THE HANDS OF A DEMOCRATICALLY ELECTED GOVERNMENT. THE AIM OF  
COURSE IS TO MAKE IT AS DIFFICULT AS POSSIBLE FOR A NEW GOVERNMENT TO  
IMPLEMENT POLICIES OF REDISTRIBUTION AND SOCI.-ECONOMIC JUSTICE.  
THE SYSTEMATIC EXCLUSION OF THE DEMOCRATIC MOVEMENT FROM THE ARENA OF  
POLICY FORMULATION SIGNIFICANTLY WEAKENED ITS ABILITY TO FORMULATE policies.  
THERE IS THEREFORE, A NEED TO INCREASE THE CAPACITY OF THE ANC AND THE  
ENTIRE DEMOCRATIC MOVEMENT IN THE FIELD OF ECONOMICS. INITIATIVES ARE  
REQUIRED INVOLVING ECONOMIC POLICY RESEARCH, TRAINING IN ECONOMIC RESEARCH  
AND COMMUNICATION OF ECONOMIC POLICY OPTIONS. CONSCIOUS OF THIS PROBLEM WE  
REALISED THAT IT WILL BE NECESSARY TO CALL ON ASSISTANCE FROM OUR  
INTERNATIONAL SUPPORTERS. THUS DURING MY VISIT 'ro CANADA LAST YEAR I ASKED  
THE PRIME MINISTER, MR BRIAN MULRONEY, TO HELP US STRENGTHEN OUR CAPACITY  
FOR ECONOMIC RESEARCH AND POLICY FORMULATION. AT THE REQUEST OF THE  
CANADIAN GOVERNMENT THE INTERNATIONAL DEVELOPMENT RESEARCH CENTRE(IDRC)  
SPONSORED A VISIT BY A TEAM OF INTERNATIONAL ECONOMISTS WHOSE MISSION WAS  
TO MAKE AN ASSESSMENT OF PRESENT CAPACITY AND PRIORITY AREAS FOR POLICY  
RESEARCH. THE TEAM WAS JOINED BY MEMBERS OF THE ANC'S DEPARTMENT OF  
ECONOMIC POLICY (DEP) . THE MISSION REPORT MADE RECOMMENDATIONS CONFIRMING  
THE NEED TO ESTABLISH A NATIONAL CAPACITY FOR ECONOMIC RESEARCH AND POLICY  
FORMULATION FOR THE DEMOCRATIC MOVEMENT IN GENERAL AND THE ANC IN

PARTICULAR. LET ME NOW ADDRESS MYSELF TO THE BACKGROUND LEADING UP TO THIS 'DEVELOPMENT.

AFTER ALMOST TWO YEARS OF VIGOROUS, IF NOT RIGOROUS, DEBATE MOST ECONOMISTS REPRESENTING A BROAD SPECTRUM OF OUR SOCIETY ARE AGREED THAT A MIXED ECONOMY IS A NECESSITY UNDER PRESENT CONDITIONS.

AA MIXED ECONOMY INCLUDES BOTH THE ROLE OF THE STATE AND THE MARKET IN DIRECTING RE-DISTRIBUTION OF WEALTH AND PROMOTING GROWTH OF THE ECONOMY. MANY DEVELOPED AND DEVELOPING COUNTRIES HAVE DIFFERENT FORMS OF THE MIXED ECONOMY WITH VARYING DEGREES OF STATE AND MARKET INTERVENTIONS. IN MANY INSTANCES THE DEGREE OF INTERVENTION DEPENDS ON THE LEVEL OF TRANSFORMATION, READJUSTMENT AND TRANSITION FROM AN ECONOMIC CRISIS SITUATION TO A SITUATION OF STABILITY. HISTORY PROVIDES US WITH MANY EXAMPLES OF STATE INTERVENTION BEING USED AS A MEANS OF PROMOTING GROWTH AND REDISTRIBUTION. THE EXPERIENCE CLOSEST TO US IS THE USE OF THE STATE BY THE NATIONALIST GOVERNMENT TO PROMOTE THE INTEREST OF WHITES IN GENERAL AND POOR WHITES IN PARTICULAR. IN THIS CASE THE BUDGET WAS USED AS AN EFFECTIVE INSTRUMENT FOR REDISTRIBUTION.

IN AS MUCH AS IT WAS POSSIBLE FOR WHITES TO CLAIM A FULL SHARE OF PUBLIC EXPENDITURE IRRESPECTIVE OF THEIR TAX CONTRIBUTION, SO MUST BLACKS BE ENTITLED TO EQUAL TREATMENT BY A DEMOCRATIC STATE. WE MUST RESERVE THE RIGHT TO USE ANY ECONOMIC INSTRUMENT TO STIMULATE GROWTH AND EFFECT REDISTRIBUTION TO REDRESS HISTORICAL ECONOMIC IMBALANCES AND INJUSTICES. IN ADDITION, APART FROM USING THE BUDGET PREVIOUS MINORITY GOVERNMENTS HAVE ESTABLISHED AND ADMINISTERED STATE ENTERPRISES AS INSTRUMENTS FOR ECONOMIC POLICY OBJECTIVES. THEREFORE, IT IS EVIDENT THAT THE PRESENT HYSTERIA THAT CHARACTERISES BIG BUSINESS AND GOVERNMENT RESPONSES TO THE ANC DEBATE ON

ECONOMIC POLICY IS AN ATTEMPT TO FORECLOSE DISCUSSION ON ANY OPTION THAT THE ANC MAY CHOOSE IN ATTAINING ITS POLICY OBJECTIVES. THUS NATIONALISATION IS PRESENTED AS AN ANC POLICY OBJECTIVE WHEN IT IS IN FACT ONE AMONG MANY ECONOMIC INSTRUMENTS THAT MAY BE USED TO ACHIEVE GROWTH THROUGH REDISTRIBUTION. IT IS THEREFORE IMPERATIVE THAT A MAJOR TASK OF OUR RESEARCH EFFORT WILL HAVE TO EXAMINE THE DEGREE AND FORM OF STATE INTERVENTION NECESSARY TO REDRESS THE HISTORICAL SOCIO-ECONOMIC INJUSTICES. IT IS QUITE CLEAR THAT BY POLITICISING THE ISSUE OF NATIONALISATION BIG BUSINESS AND THE MINORITY GOVERNMENT ARE TRYING TO INSTIL AN ELEMENT OF FEAR INTO THE SMALL BUSINESS COMMUNITY, THE PROFESSIONALS, THE INFORMAL SECTOR AND ORGANISED LABOUR. THE TRUTH OF THE MATTER IS THAT THERE CAN NOT BE A CLIMATE OF FREE ENTERPRISE IN THIS COUNTRY AS LONG AS A FEW CONGLOMERATES, WHO, WITH THE ASSISTANCE OF THE STATE, MAINTAIN CONTROL OF ALMOST TWO-THIRDS OF THE ECONOMY. ASPIRING BLACK AND WHITE ENTREPRENEURS HAVE MORE TO FEAR FROM THE RAMPANT CONCENTRATION OF ECONOMIC POWER IN THE HANDS OF A FEW MONOPOLIES THAN A FUTURE ANC GOVERNMENT. UNLIKE THE USA, GERMANY AND OTHER DEVELOPED AND DEVELOPING COUNTRIES, WE DO NOT HAVE ANY SIGNIFICANT 'REGULATIONS AGAINST WHOLESALE MONOPOLISATION. THE SMALL BUSINESS COMMUNITY HAS VIRTUALLY NO PROTECTION AGAINST UNFAIR COMPETITION FROM THE MONOPOLIES.

EXPERIENCES IN OTHER COUNTRIES INDICATE THAT MORE JOBS AND TRAINING OPPORTUNITIES ARE CREATED BY MEDIUM AND SMALL BUSINESSES THAN BY THE MONOPOLIES. IN SOUTH AFRICA THE ALARMING INSOLVENCY RATE AMONG SMALL BUSINESSES IS AN INDICATION THAT THIS SECTOR OF OUR ECONOMY IS LEFT VIRTUALLY UNPROTECTED. FURTHERMORE, APARTHEID LEGISLATION HAS PREVENTED THE EMERGENCE OF A MANUFACTURING AND PRODUCTIVE SECTION IN THE BLACK BUSINESS COMMUNITY.

THE BIGGEST THREAT TO DEMOCRACY, SOCIO-ECONOMIC JUSTICE AND ECONOMIC GROWTH 'IN THIS COUNTRY IS THE MONOPOLY CONTROL BY A FEW COMPANIES OF THE WHOLE ECONOMY. CLEARLY BY ATTACKING THE ANC, THE INTENTION OF THE MEDIA IS DIVERTING ATTENTION AWAY FROM THE ALLIANCE BETWEEN GOVERNMENT AND BIG BUSINESS AGAINST LABOUR AND THE DEVELOPMENT OF SMALL AND MEDIUM BUSINESSES. AN ANC POLICY FORMULATION CAPACITY WILL HAVE TO EXAMINE WAYS AND MEANS OF ENCOURAGING THE GROWTH, DEVELOPMENT AND PROTECTION OF SMALL AND MEDIUM BUSINESS AS AN IMPORTANT INSTRUMENT IN CREATING JOBS AND DEVELOPING TECHNICAL SKILLS TRAINING AND HUMAN RESOURCES. THUS, FOR US, STATE INTERVENTION WILL ENSURE EQUAL OPPORTUNITIES FOR HITHERTO DISADVANTAGED COMMUNITIES AND GROUPS FROM ALL SECTIONS OF OUR SOCIETY. STATE INTERVENTION, THROUGH THE PROVISION OF INCENTIVES, MUST ALSO REDIRECT SMALL AND MEDIUM BUSINESSES AWAY FROM THE SERVICE SECTOR TOWARDS MANUFACTURING AND THE PRODUCTION OF INPUT AND FINAL CONSUMPTION GOODS.

OUR DRAFT RESOLUTION ON ECONOMIC POLICY IDENTIFIES THE OVERALL GOALS WHICH WILL PROVIDE THE GUIDELINES FROM WHICH OUR ECONOMIC POLICY CAN BE FORMULATED. AMONG OTHER PRIORITIES WE WILL HAVE TO CONCENTRATE OUR EFFORTS ON JOB CREATION; RAISING REAL INCOMES; CORRECTING RACIAL AND GENDER IMBALANCES; IMPLEMENTING LAND REFORM; PROMOTING RURAL AND URBAN DEVELOPMENT; PROVIDING HOUSING AND INFRASTRUCTURAL NEEDS AND ENCOURAGING THE GROWTH OF SMALL AND MEDIUM BUSINESSES.

FROM A MACRO-ECONOMIC PERSPECTIVE, AND UNDER NORMAL CONDITIONS, GOVERNMENTS AND ALTERNATIVE POLITICAL ORGANISATIONS HAVE TO TRANSLATE THESE GOALS INTO FOUR MAIN POLICY OBJECTIVES. THESE INCLUDE: THE ISSUE OF RELATIVE FULL EMPLOYMENT; MAINTAINING STABLE PRICES AND THE CONTROL OF INFLATIONARY TRENDS; ENSURING A HEALTHY BALANCE OF PAYMENTS, AND, THE ACHIEVEMENT OF A

STEADY RATE OF ECONOMIC GROWTH. HOWEVER, BECAUSE OF THE LEGACY OF APARTHEID, WE HAVE TO GO BEYOND THESE GENERAL OBJECTIVES. WE WILL HAVE TO FOCUS ON BRINGING DOWN TO REASONABLE LEVELS AN INCREDIBLY HIGH UNEMPLOYMENT RATE (ABOUT 42%) IN THE SHORT TERM. WE HAVE TO REDRESS IMBALANCES IN HOUSING, LAND DISTRIBUTION, HEALTH, EDUCATION, AND SOCIAL SECURITY BENEFITS. WE HAVE TO PROVIDE THE COMMUNITY AND INDUSTRY WITH ADEQUATE MEANS OF TRANSPORT, ELECTRICITY AND FUEL REQUIREMENTS SO AS TO ENSURE INFRASTRUCTURAL STABILITY FOR ECONOMIC GROWTH. THESE OBJECTIVES MUST BE THE FOUNDATION OF OUR POLICY FRAMEWORK.

OVER THE YEARS LABOUR HAS BEEN IN THE FOREFRONT OF THE LIBERATION STRUGGLE AND IS ONE OF THE MAIN COMPONENTS OF OUR CONSTITUENCY. THUS WE HAVE A RESPONSIBILITY TO INCORPORATE LABOUR, WAGES AND INCOME POLICIES AS AN IMPORTANT PARAMETRE IN OUR MACROECONOMIC FRAMEWORK. IT IS ESSENTIAL THAT THIS IS DONE IN CONSULTATION AND COLLABORATION WITH THE LABOUR MOVEMENT. SUCH CONSULTATION AND COLLABORATION WILL ALSO HAVE TO ADDRESS THE SHORT AND LONG TERM IMPLICATIONS OF INDUSTRIAL RESTRUCTURING STRATEGIES TO MEET THE DEMANDS OF STIMULATING PRODUCTIVITY AND INDUSTRIAL GROWTH.

MAINTAINING A BALANCE BETWEEN MEETING SOCIO-ECONOMIC OBLIGATIONS TO THE DISADVANTAGED AND OPPRESSED PEOPLE OF OUR COUNTRY AND AT THE SAME TIME STIMULATING ECONOMIC GROWTH WILL BE A DAUNTING TASK AT THE BEST OF TIMES. IT IS, HOWEVER, NOT IMPOSSIBLE. THE BUDGET CAN BE USED AS AN INSTRUMENT TO ADOPT FISCAL POLICIES WHICH WILL MEET IN THE MEDIUM-TERM, TO SOME DEGREE, OUR SOCIAL EXPENDITURE REQUIREMENTS WHILE GUARDING AGAINST FISCAL INDISCIPLINE. IN THE ABSENCE OF THE CAPACITY TO EFFECT DRAMATIC TRANSFORMATIONS OVERNIGHT, THE EXPENDITURE SIDE OF THE BUDGET BECOMES AN EFFECTIVE INSTRUMENT OF REDISTRIBUTION. ON THE OTHER HAND FISCAL DISCIPLINE SHOULD NOT BE USED AS A MEANS TO MAINTAIN THE PRESENT DISCRIMINATORY

CHARACTER OF THE BUDGET.

NOWHERE HAS THE DISCRIMINATORY CHARACTER OF THE BUDGET BEEN MORE DRAMATICALLY DEMONSTRATED THAN IN THE FIELD OF EDUCATION, HEALTH AND SOCIAL SECURITY. THE HIGH COSTS OF SUCH DISCRIMINATION CAN BE CALCULATED IN POLITICAL AND SOCIO'-ECONOMIC TERMS AND HAS CONTRIBUTED SIGNIFICANTLY TO THE PRESENT STRUCTURAL CRISIS. THIS HAS BEEN FELT MOST SIGNIFICANTLY IN MEETING THE HUMAN RESOURCE AND TECHNICAL SKILLS NEEDED FOR THE ECONOMY. A SURVEY OF THE EDUCATIONAL AND HUMAN RESOURCES STATISTICS OF SOUTH AFRICA WILL REVEAL GLARING DISPARITIES. OVER 60% OF THE AFRICAN POPULATION HAS HAD LITTLE OR NO FORMAL EDUCATION; FORTY-ONE OUT OF A THOUSAND WHITES RECEIVE TERTIARY EDUCATION, WHILE FOUR OUT OF THOUSAND AFRICANS BENEFIT FROM TERTIARY LEVEL OF STUDY. THESE STATISTICS, AS SHOCKING AS THEY ARE, DO NOT REVEAL THE DESTRUCTION OF OUR HUMAN RESOURCES AND THE LONG TERM CONSEQUENCES FOR OUR SOCIO-ECONOMIC DEVELOPMENT.

PROVIDING A CONSTANT SUPPLY OF HIGHLY QUALIFIED LABOUR POWER FOR INDUSTRY MUST SURELY BE ONE OF THE PRIORITIES IN DETERMINING MACROECONOMIC POLICY. WE BELIEVE THAT ANY CAPACITY BUILDING FOR ECONOMIC RESEARCH AND POLICY FORMULATION MUST INCLUDE TRAINING AS ONE OF ITS FUNDAMENTAL TASKS. IN THIS REGARD THE PARTICIPATION OF THE UNIVERSITIES IN THE PRESENT INITIATIVE SHOULD CONTRIBUTE TOWARDS BRIDGING THE GAPS IN RESPECT OF THE STUDY OF ECONOMICS. FOR OUR PART WE WILL DO EVERYTHING IN OUR POWER TO STRENGTHEN THE CAPACITY OF UNIVERSITIES TO MEET THE DEMANDS FOR ECONOMIC RESEARCH AND POLICY FORMULATION.

AS A LIBERATION MOVEMENT WE ARE COMMITTED TO THE EMPOWERMENT OF THE MOST DISADVANTAGED SECTIONS OF OUR PEOPLE. WE BELIEVE THAT THIS PROCESS CAN

BEGIN THROUGH A PROGRAMME OF AFFIRMATIVE ACTION AND BLACK ADVANCEMENT IN 'AREAS WHERE RACIAL AND GENDER IMBALANCES EXIST. WE HAVE TO BREAK THE RACIAL AND GENDER DIVISION AND DOMINATION OF INTELLECTUAL LABOUR BY CERTAIN RACIAL GROUPS. IF WE ARE TO EFFECT A MEANINGFUL TRANSITION TO DEMOCRACY THEN DEVELOPMENT OF OUR HUMAN RESOURCES SHOULD BEGIN NOW.

IN OPTING TO USE THE EXPENDITURE SIDE OF THE BUDGET AS A REDISTRIBUTIVE MECHANISM WE ARE VERY OFTEN QUESTIONED ABOUT THE SOURCES OF REVENUE TO FINANCE SUCH A PROGRAMME. OUR RESPONSE TO THIS WOULD BE TO CLOSELY EXAMINE THE NEED FOR TAX REFORM WHICH ADDRESSES, WHAT THE IDRC MISSION REPORT IDENTIFIES AS, THE EQUITY OF THE TAX SYSTEM; THE REVENUE EFFICIENCY OF THE SYSTEM WITH EMPHASIS ON WIDENING THE TAX NET AND RAISING THE TAX YEILD AND, THE TRADE-OFFS BETWEEN REVENUE OBJECTIVES AND PROVIDING INCENTIVES FOR TRADE AND INDUSTRY .

WE MUST ALSO EXAMINE WHAT SAVINGS CAN BE MADE IN CUTTING OUT WASTEFUL APARTHEID ADMINISTRATIVE EXPENDITURE AND EXCESSIVE UNPRODUCTIVE MILITARY SPENDING .

BY EXPANDING EXPENDITURE ON HEALTH, EDUCATION, HOUSING, RURAL AND URBAN INFRASTRUCTURE AND SOCIAL SERVICES FOR THE MAJORITY, WE ARE ALSO EXTENDING THE INCOMES AND REVENUE BASE AND STIMULATING GROWTH BY OPENING UP THE PRESENT RESTRICTED MARKET FOR GOODS AND SERVICES.

IN OTHER WORDS RESEARCH IN THESE AREAS MAY PROVIDE US WITH SHORT-TERM FISCAL POLICY OPTIONS WHICH WILL REQUIRE A RESTRUCTURING OF THE TAX SYSTEM WITHOUT DRAMATICALLY PUSHING UP THE RATE AT WHICH TAXES HAVE TO INCREASE OR NEW TAXES INTRODUCED.



BOTH THE IDRC MISSION REPORT AND OTHER ECONOMIC ANALYSES INDICATE THAT -CURRENT STATE SPENDING AND SERVICES TO THE PRIVILEGED MINORITY WILL HAVE TO BE DRASTICALLY CUT IN ORDER TO MEET EXPENDITURE TARGETS FOR THE AFRICAN MAJORITY. THIS ISSUE HAS TO BE LOOKED AT IN DETAIL ESPECIALLY WITH REGARDS TO REMOVING ALL PRESENT DISCRIMINATORY ASPECTS OF BUDGETARY ALLOCATIONS. NOTWITHSTANDING THE ABOVE MENTIONED OPTIONS MEETING LONG-TERM RECONSTRUCTION AND REDISTRIBUTIVE DEMANDS MAY REQUIRE EXTRA-ORDINARY TAX MEASURES IN THE SHORT-TERM. SUCH EXTRA-ORDINARY MEASURES HAVE BEEN USED SUCCESSFULLY ELSEWHERE WITHOUT ANY ADVERSE EFFECTS. RESEARCH INTO THIS POSSIBILITY OF FINANCING REDISTRIBUTION MUST BE A PRIORITY ON OUR AGENDA. WHEN THE PRESENT GOVERNMENT CAME TO POWER FISCAL POLICY PLAYED AN IMPORTANT ROLE IN DIVERTING RESOURCES FROM THE PRIVATE SECTOR TOWARDS THE UPLIFTMENT OF THE AFRIKANER COMMUNITY IN GENERAL AND AFRIKANER CAPITAL FORMATION IN PARTICULAR. HIGH TAXES WERE IMPOSED ON PROFITS FROM MINING AND EASY CREDIT AND SUBSIDIES WERE ACCORDED TO AFRIKANER BUSINESSES AND FARMERS. SIMILARLY, WE SHOULD NOT SHY AWAY FROM EXAMINING SUCH PRINCIPLES FOR REDISTRIBUTING WEALTH AND INCOMES. WE SHOULD NOT ALLOW THE MONOPOLY CONTROLLED MEDIA TO INTIMIDATE US INTO LIMITING OUR OPTIONS TO PARAMETERS FIXED BY BIG BUSINESS AND GOVERNMENT. WE HAVE A WIDE RANGE OF SUCCESSFUL EXPERIENCES FROM WHICH WE CAN LEARN USEFUL LESSONS AND FROM WHERE WE CAN DRAW EXPERTISE. ANOTHER AREA OF IMMEDIATE CONCERN IS THE IMPORTANCE OF INTERNATIONAL ECONOMIC RELATIONS IN STRATEGIES FOR RESTRUCTURING INDUSTRY, MINING AND AGRICULTURE. AFTER THE INSTALLATION OF A NEW DEMOCRATICALLY ELECTED GOVERNMENT AND THE

SUBSEQUENT LIFTING OF ECONOMIC SANCTIONS, THE ISSUE OF MARKETS FOR GOODS, SERVICES AND FINANCE WILL BE BROUGHT TO THE TOP OF THE AGENDA. WHILE IT IS TRUE THAT RESTRUCTURING INDUSTRY AND EMBARKING ON PUBLIC WORKS PROGRAMMES WILL STIMULATE GROWTH AND DIVERSIFY OUR INDUSTRIAL BASE THE EFFECTS WILL ONLY BE FELT IN THE LONG TERM. IN THIS REGARD DESPITE THE DECLINING FORTUNES OF GOLD, MINING IN GENERAL HAS IMPLICATIONS FOR ALL OUR MACROECONOMIC BALANCES. IT IS STILL ONE OF THE LARGEST EMPLOYERS; IT IS AN IMPORTANT FOREIGN EXCHANGE EARNER; IT ABSORBS LARGE AMOUNTS OF LOCALLY PRODUCED INDUSTRIAL OUTPUTS; IT IMPACTS ON THE ENERGY, TRANSPORT AND CHEMICAL SECTORS; IT HAS IMPLICATIONS FOR MONOPOLY CONTROL, LABOUR INDUSTRIAL RELATIONS AND PRICE STABILISATION. AS A SECTOR ITS IMPORTANCE CANNOT BE UNDERESTIMATED. RESEARCH HAS TO BE UNDERTAKEN TO EXAMINE THE POSSIBILITIES OF REORIENTING MINING TOWARDS THE BENEFICATION OF MINERALS AND EXPLOITING OUR COMPARATIVE ADVANTAGE IN THE PRODUCTIONS OF MINING TECHNOLOGY AND EQUIPMENT.

MINING HAS, IN THE PAST, DETERMINED OUR INTERNATIONAL ECONOMIC RELATIONS. WITH THE DECLINE IN THE IMPORTANCE OF GOLD AND THE GROWING INACCESSIBILITY TO MARKETS IN EUROPE, NORTH AMERICA AND ASIA WE WILL HAVE TO REDIRECT OUR EFFORTS TOWARDS REGIONAL INTEGRATION IN AFRICA. APART FROM ECONOMIC ADVANTAGES OF SUCH AN ORIENTATION WE HAVE TO CONSOLIDATE THE STRONG TIES ESTABLISHED WITH AFRICAN COUNTRIES DURING THE STRUGGLE FOR LIBERATION. MUCH OF THE UNDERDEVELOPMENT IN AFRICA AND SOUTHERN AFRICA IN PARTICULAR IS A CONSEQUENCE OF COLONIALISM AND APARTHEID DESTABILISATION. MANY OF THESE COUNTRIES HAVE PAID HEAVILY IN HUMAN AND MATERIAL COSTS FOR THEIR SUPPORT FOR OUR STRUGGLE.

IT WILL THEREFORE BE UNTHINKABLE FOR US TO EMBARK ON A DEVELOPMENTAL

PROCESS WITHOUT TAKING INTO ACCOUNT OUR REGIONAL OBLIGATIONS.  
IN THE PAST SOUTH AFRICA SAW ITSELF AS AN EXTENSION OF EUROPE IN AFRICA.  
THE REALITY IS HOWEVER, THAT MANY OF THE DEVELOPMENT CHALLENGES WHICH FACE  
NEIGHBOURING SADCC STATES ALSO FACE SOUTH AFRICA.  
IF THE NEEDS OF ALL SOUTH AFRICANS ARE TO BE MET IN THE FUTURE  
THEN THERE IS A NEED FOR SOUTH AFRICA'S INTERNATIONAL PARTNERS TO RECOGNISE  
THIS REALITY. OUR MACROECONOMIC POLICY FRAMEWORK THEREFORE, WILL HAVE TO  
PLACE HEAVY EMPHASIS ON RESTRUCTURING SOUTH AFRICAN TRADE RELATIONS WITH THE  
REGION AND BEYOND.  
WHILE WE REALISE THAT TRADE ACCESS TO INTERNATIONAL MARKETS WILL INCREASE  
GROWTH, STIMULATE INVESTMENT, DIVERSIFY FOREIGN EXCHANGE EARNINGS AND  
GENERATE SUBSTANTIAL ADDITIONAL EMPLOYMENT A DEMOCRATIC SOUTH AFRICA WILL  
WANT TO PLAY A FULL PART IN ADDRESSING THE CHALLENGES FACING THE WHOLE OF  
SUB-SAHARAN AFRICA. OUR AIM MUST BE TO FACILITATE PROGRESS TOWARDS ACHIEVING  
OAU AND SADCC ECONOMIC GOALS AND BRING MANY DIRECT BENEFITS TO THE PEOPLE  
OF THE REGION.  
FINALLY, IN VIEW OF THE ABOVE OBSERVATIONS IT IS EVIDENT THAT OUR TASK  
TODAY WILL HAVE TO PROVIDE THE DIRECTION NECESSARY FOR EMBARKING ON THE  
PROJECT. WITHOUT AN ECONOMIC POLICY FRAMEWORK WE CANNOT CONTEST ECONOMIC  
POLICIES AND POSITIONS ADOPTED BY THE REGIME AND ITS SUPPORTERS.  
MACROECONOMIC POLICY IS BASED ON THE FUNDAMENTAL PRINCIPLES OF A POLITICAL  
ORGANISATION. WITHIN AN ELECTED PARLIAMENT OPPOSITION PARTIES ARE ALLOWED  
TO INFLUENCE GOVERNMENT POLICIES. UNTIL WE HAVE A NEW CONSTITUTIONAL  
DISPENSATION IN THIS COUNTRY WE WILL OPPOSE ALL POLICIES THAT DISADVANTAGE  
OUR PEOPLE AND WE WILL FIGHT TO GAIN THE MAXIMUM BENEFITS WITHIN THE

12.

PRESENT CONTEXT THROUGH MASS ACTION IF THE REGIME IGNORES OUR PROTESTS. THUS IN SETTING UP THE MACROECONOMIC RESEARCH GROUP (MERG) AS THE INTERIM ARRANGEMENT FOR THE ESTABLISHMENT OF A NATIONAL INSTITUTE FOR ECONOMIC POLICY WE ARE BUILDING TOWARDS THE ELABORATION OF AN ECONOMIC PROGRAMME FOR THE TRANSITION TO A NON'RACIAL, NON-SEXIST DEMOCRATIC SOUTH AFRICA. SUCH A PROGRAMME WILL BE BASED ON REALISTIC POLICY OBJECTIVES AND IMPLEMENTED THROUGH ACCEPTABLE POLICY INSTRUMENTS. FOLLOWING THE IDRC MISSION REPORT RECOMMENDATIONS THE FIRST STAGE IN THE PROGRAMME WILL BE THE CONSTRUCTION OF A MACROECONOMIC FRAMEWORK FOR POLICY FORMULATION. SUCH A FRAMEWORK WILL DIRECT THE POLICY RESEARCH AND FACILITATE THE DEVELOPMENT OF A SUITABLE MODEL THAT CAN BE USED TO MONITOR ECONOMIC DEVELOPMENTS AND TEST THE RECOMMENDATIONS FROM THE RESEARCH OUTPUT. A WORKSHOP IS BEING PLANNED IN EARLY JANUARY TO ADDRESS THIS ISSUE. WE BELIEVE THAT THE IDRC RECOMMENDATIONS ON PRIORITY AREAS FOR ECONOMIC RSEARCH, ANALYSIS AND POLICY FORMULATION CONSTITUTES THE BASIS FOR DEVELOPING SUCH A MACROECONOMIC FRAMEWORK. IN THIS EFFORT WE ARE PLEASED TO REPORT THAT WE HAVE THE MATERIAL AND TECHNICAL SUPPORT OF MANY DONOR AGENCIES AND GOVERNMENTS. APART FROM THE IDRC SEVERAL INTERNATIONAL ORGANISATIONS AND GOVERNMENTS HAVE INDICATED WILLINGNESS TO SUPPORT THIS PROGRAMME. THE UNIVERSITIES REPRESENTED HAVE DIRECTLY AND INDIRECTLY PLAYED AN IMPORTANT ROLE IN THE STRUGGLE FOR NATIONAL LIBERATION. WE ARE GRATEFUL TO YOU AND WE VALUE HIGHLY YOUR WILLINGNESS TO CONTRIBUTE TOWARDS POLICY FORMULATION AND THE SHAPING OF OUR FUTURE. IT IS TRUE TO SAY THAT THE PROCESS WOULD NOT HAVE REACHED SUCH AN ADVANCED STAGE WITHOUT THE MATERIAL AND MORAL SUPPORT OF THE CENTRE FOR DEVELOPMENT

STUDIES(CDS). ONCE AGAIN WE EXTEND OUR APPRECIATION TO YOU FOR RESPONDING  
'PROMPTLY TO OUR REQUESTS.

THE INPUTS OF THE IDRC HAVE BEEN CRUCIAL TO THIS WHOLE PROCESS. IN  
EXPRESSING OUR GRATITUDE TO THE IDRC WE LOOK FORWARD TO CONSOLIDATING THIS  
COOPERATION IN REALISING THE AIMS OF THE PROGRAMME AS A WHOLE.

IT IS OUR HOPE THAT SUITABLE AND APPROPRIATE STRUCTURES WILL  
BE DEvised AT THIS MEETING TO MOVE THE PROCESS FORWARD.

IN CONCLUSION, MAY I SAY THAT THE ANC WILL DEVELOP ITS POLICY OPTIONS  
ACCORDING TO ITS PRINCIPLES AND OBJECTIVES. OUR RESPONSIBILITY IS TO THE  
SUFFERING PEOPLE OF THIS COUNTRY WHO HAVE BEEN THE VICTIMS OF OPPRESSION.  
WHILE WE ALSO HAVE A RESPONSIBILITY TO ALL SOUTH AFRICANS WE CANNOT  
DISSIPATE OUR ENERGIES AND EFFORTS IN DISPROPORTIONATELY APPEASING THOSE  
SECTIONS OF OUR COMMUNITY THAT HAVE BENEFITED FROM APARTHEID OVER THE YEARS  
WHILE OUR PEOPLE IN THE TOWNSHIPS CONTINUE TO BE MASSACRED, RETRENCHED, AND  
SUFFER SOCIO-ECONOMIC DEPRIVATION ON A DAILY BASIS.

OUR DETRACTORS SHOULD NOT EXPECT FROM US WHAT THEY DO NOT EXPECT FROM  
THEMSELVES OR OTHERS OF THEIR ILK. WE DO NOT COMMAND THE RESOURCES NOR DO  
WE HAVE THE ADVANTAGE OF HAVING OPERATED OPENLY AND YET NEITHER THE  
NATIONALIST PARTY NOR ANY OTHER PARTY IS JUDGED ON THE SAME BASIS AS WE ARE  
JUDGED.

WE ARE FACED WITH A HEAVY RESPONSIBILITY AND WE HAVE TO WORK TOGETHER IN  
ORDER TO MOBILISE OUR SCARCE RESOURCES AND DISCHARGE OUR DUTIES TO THE BEST  
OF OUR ABILITIES.

I WISH YOU ALL THE BEST IN YOUR ENDEAVOURS.