

# AN INTERVIEW WITH VISHNU PADAYACHEE

**NA: You have been engaged with various institutions and organizations since 1993 dealing with aspects of economic policy for our transition to a democracy. Which ones have been the most challenging for you?**

I would mention two, one in the lead up to the democratic transition, one after the attainment of democracy in 1994. The Macroeconomic Research Group (MERG) was set up in late 1991 with a specific mandate to develop a macroeconomic framework for a democratic South Africa. MERG was from the beginning an ANC alliance structure. Initially it was very well supported by progressive academic economists in South Africa and internationally. Unfortunately MERG was not very well integrated into ANC or alliance structures and it relied on good relations with the ANC's Department of Economic Policy, something that simply did not materialize over the 2 years of the project. Neither was MERG nor the DEP well linked to the Constitutional Negotiations where important policy issues directly affecting the economy were debated. This includes issues such as the independence of the Reserve Bank. All in all the MERG exercise was far more complex than any policy process attempted before by the ANC and in the end it failed to have had the impact on economic policy which many hoped for. Tensions between the DEP and MERG, within local MERG researchers, suspicion of the role of some international economists, all contributed to serious strains in the process. In the end and despite all the challenges and tensions MERG, in my view, produced an important progressive policy framework which was sadly dumped by the ANC economics leadership, without any debate or discussion.

My second example is the work that I was involved in at the South African Reserve Bank. I was appointed as the first non-executive director of the SARB in the democratic era, alongside Deputy Governor Tim Thahane. At the time, the board of the SARB had been there for decades, and clearly supporters of the old National Party establishment. Trying to bring about change at the Bank at any level was no easy task – they knew only



Prof Vishnu Padayachee

one way of doing things. The appointment of Tito Mboweni as Governor in 1999 changed all that. The task of transforming the board in all respects was an exciting and important one and this period was one of the most rewarding in my career outside academic life itself.

**NA: Do you feel economists at universities and in the private sector are sufficiently involved in issues that are relevant to the lives of the poor and the working class in South Africa? What would you suggest they do more of?**

Keynesianism and Marxism were still strong intellectual influences during my academic years. So all courses then had a strong element of the history of economic thought and of economic history and 'descriptive economics'. We were taught about where we came from and what the real purpose of economics was, i.e. the importance of trying to make a difference in the quality of lives of ordinary and vulnerable people. Economics was not shy to embrace considerations of power, and politics. Institutions mattered. My colleagues were mostly Afrikaans speaking and young and though we could not escape the power of apartheid all round us, I know that the ethos around our teaching and research was very compelling and influential and progressive. What an irony then that in a

globalized and democratic world, and in a democratic South Africa, that economics has been shorn of all these interactions, ideas and influences and is today nothing more than a technical, mathematical game played out largely as a celebration of an internal beauty, almost totally cut off from the real world and the challenges the majority of poor and working people face everywhere. Economics as taught today in most universities simply does not speak to these challenges, and most academic economists tragically do not care.

**NA: Turning to students now, are you seeing any signs with the protests that they have taken a greater interest in economics and a commitment to tackle the policy failures of the past twenty years?**

Very little of this is evident. Students with respect to economics are still not influential enough as a force for change. That is sad. The link between the decolonizing movement and the imperative for economics curriculum transformation has not been made. The fact that they are being fed a steady diet of an unreconstructed and largely second class western neo-classical economics has not yet been recognised sufficiently by our students, and this allows lecturers to simply go along as usual. The line that is pushed is that we have to give students what prospective employers in the market want and that (we are told) is neo-liberal ideas and mathematical modelling. Economics departments in the UK, US and Europe that are making adjustments after the 2008 crisis are reaping the benefits in the form of growth in enrolments including at graduate level, in the introduction of new and revised courses linked to real world challenges, as well as a growing interest among economics students in history, power and institutions. That in any case is a view expressed by the Bank of England Chief Economist Andrew Haldane last year, who thinks about these changes in economics teaching as 'one of the silver linings of the crisis'.