

Economic policy substance and process: letter to Finance Minister



18 January 2019

ATT:

Mr Tito Mboweni

Minister of Finance

Government of the Republic of South Africa

CC:

Mr Cyril Ramaphosa

President of the Republic of South Africa

Mr Rob Davies

Minister of Trade and Industry

Mr Ebrahim Patel

Minister of Economic Development

The invitees to the 21 December 2018 Colloquium

RE: Economy Colloquia

Dear Minister Mboweni,

As economists and/or economic and social policy specialists, we are writing to express our concern regarding the Economy Colloquium held on 21 December 2018 at the South African Reserve Bank, to be followed by a further Colloquium this Saturday 19 January 2019.

We concur with your stated opinion that “out of the box” thinking is required in order to rejuvenate the South African economy. We are in favour of inclusive, robust debate and exchange on our economic and social policy future, based on the best available evidence and policy-oriented scholarship, across a range of scholarly and other views. However, the profiled inputs, international invited economists, and local participants are disappointingly skewed towards economic orthodoxy. This means the entire process, important exceptions notwithstanding, sits squarely “inside the box”.

In a wider political context and tone set by the President, where we are attempting to reach social consensus through meaningful, deliberative engagement across stakeholders, the list of local attendees is worryingly unbalanced. Almost no economists associated with the labour movement or civil society were invited. By contrast, economists associated with, or employed by, business, primarily from the financial sector, or business-linked consultancies make up a large contingent. From those within academia or research institutes, while a handful of prominent and respected progressive and development economists have been included, there is an underrepresentation of views that fall outside the prevailing economic orthodoxy, e.g. not one macro-economist who takes a policy position within a Keynesian/post-Keynesian framework appears on the list of invitees, nor do any self-

defining/specialist feminist/gender economists. Within government, officials from National Treasury dominate, making up approximately one-third of all invitees.

We welcome the exchange and contribution of ideas from all quarters, including international scholars who are committed to the social transformation of our society. There is a lack of diversity however in the international contributions, privileging international scholars and policymakers (from Harvard and the World Bank) whose previous inputs into economic policy processes chime with the policy status quo, not only sitting squarely “within the box” but having helped to define the box. The policies with which we sit as a result of previous processes are unsuitable to providing the sort of economic stimulus that South Africa requires. The spectrum of ideas is wider than those included thus far, however respected they may be in some circles.

It is important to note that economic policy orthodoxy has come under severe criticism since the 2007/8 Global Financial Crisis and South African economic policy engagements need to move beyond an adherence to the policy status quo.

The intellectual and policy debate over macroeconomic and developmental options since the Global Financial Crisis has been profoundly and deeply enriched – a recognition that appears to have escaped some South African government policy-makers still stuck in “low GEAR” as it were.

We are also concerned by the status of the Colloquia and how they relate to other processes underway. We view with caution “parallel” policy processes that take place behind closed-doors

and exclude representation from a range of constituencies. This was the manner in which the Growth, Employment and Redistribution (GEAR) programme was developed to the great detriment of transparent and consultative governance and appropriate economic policy formulation.

If we wish not to repeat that sad 1996 exercise we request that:

1. There be greater transparency and coherence in relation to government economic policy formulation, and that government ensures that processes include proper representation of key role players both inside and outside government.

We look forward to your response.

Yours Sincerely,

Professor Ben Turok – Director, Institute for African Alternatives

Dr Gilad Isaacs – Co-director, Institute for Economic Justice
Professor Vishnu Padayachee – Distinguished Professor and Derek Schrier and Cecily Cameron Chair in Development Economics, School of Economic and Business Sciences, University of the Witwatersrand

Lumkile Mondli – Senior Lecturer, School of Economics and Business Sciences, University of the Witwatersrand

Professor Imraan Valodia – Dean of Faculty of Commerce, Law and Management, University of the Witwatersrand

Dr Basani Baloyi – Oxfam South Africa

Duma Gqubule – Director, Centre for Economic Development and Transformation

Dr Nic Spaull – Economics Department, Stellenbosch University

Ayabonga Cawe – Managing Director, Xesibe Holdings

Saul Levin – Executive Director, Trade and Industrial Policy Strategies

Professor Rasigan Maharajh – Chief Director, Institute for Economic Research on Innovation, Tshwane University of Technology, RSA

Professor Matthew Ocran – Professor of Economics and Deputy Dean, Academic Affairs, Faculty of Economics and Management Sciences faculty, University of the Western Cape

Thando Vilakazi – Director, Centre for Competition, Regulation and Economic Development, University of Johannesburg

Professor Robert van Niekerk – School of Governance, University of the Witwatersrand

Professor Bill Freund – School of Social Sciences, University of Kwazulu-Natal

Professor Erika Kraemer-Mbula – Associate Professor, College of Business and Economics, University of Johannesburg

Dr Zavareh Rustomjee – Independent Consultant

Dr Vishwas Satgar – Associate Professor, International Relations, University of the Witwatersrand

Ronnie Kasrils – ex-Minister, Government of the Republic of South Africa

Professor Michael Rogan – Associate Professor, Neil Aggett Labour Studies Unit, Institute of Social and Economic Research, Rhodes University

2. The list of invitees be entirely reconsidered in order to take the above into account.
3. The above should include a reconsideration of the balance of international invited guests and their role within the colloquia.
4. Progressive economists be given a meaningful platform to present alternative policy proposals at the Colloquia.
5. That documentation prepared for the Colloquia be made public.

Dr Ismail Lagardien – Visiting Professor Wits School of Governance

Bradley Bordiss – Adjunct Lecturer, Department of Economics, University of Cape Town

Redge Nkosi – Executive Director, Firstsource Money

Professor Simon Roberts – Department of Economics, University of Johannesburg

Dr Dick Forslund – Senior Economist, Alternative Information and Development Centre

Zunaid Moolla – Deputy Editor New Agenda Journal, Institute for African Alternatives

David Fryer – Senior Lecturer, Economics and Economic History, Rhodes University.

Professor Mziwoxolo Sirayi – UNESCO Chair in Cultural Policy and Sustainable Development, Institute for Economic Research on Innovation, Tshwane University of Technology

Dr Seeraj Mohamed – Parliamentary Budget Office (personal capacity)

Enver Motala – Senior Research Associate, Centre for Integrated Post School Education and Training, Nelson Mandela Metropolitan University

Professor Patrick Bond – School of Governance, University of the Witwatersrand

Dr Firoz Khan – Senior Lecturer, School of Public Leadership, University of Stellenbosch

Michael Nassen Smith – Deputy Director, Institute for African Alternatives

Riaz Tayob – Researcher, Southern and East African Trade Institute (SEATINI - RSA)

Dr Nicolas Pons-Vignon – Senior Lecturer, School of Economics and Business Sciences, University of the Witwatersrand

Dr Dale T. McKinley – Research & Education, International Labour Research and Information Group (ILRIG)

Dr John Reynolds – Head: Neil Aggett Labour Studies Unit, Rhodes University

Dr Jeff Rudin – Economist, Alternative Information and Development Centre

Jesse Harber – SOAS, University of London

Carilee Osborne – Researcher, Institute for African Alternatives

Mike Ward – Director, Creating Sustainable Value

Professor Salim Vally – Director, Centre for Education Rights and Transformation, University of Johannesburg

Professor Mario Scerri – Senior Research Fellow, Institute for Economic Research on Innovation, Tshwane University of Technology

Neil Coleman – Co-director, Institute for Economic Justice

Notes:

- A number of individuals indicated a desire to sign but could not secure institutional approval within the 24-hour time frame.
- The authors acknowledge that this list is not balanced, particularly in relation to gender.