

# Cry, the bedeviled economy

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*The Growth, Employment and Redistribution (GEAR) policy introduced in 1996 did little to break the mould into which the apartheid economy was cast. Moderate growth in the first few years after the political transition gave way to a decade of stagnant performance. We should then question why a similar policy is being considered in 2019? And why is it being done in such a closed and restricted forum? The media reported that Finance Minister Tito Mboweni convened a discussion on how to grow the economy led by two Harvard-based economists.*

**O**n 20 December 2018 a meeting was held at the Conference Centre of the South African Reserve Bank. The meeting was convened by the Minister of Finance to discuss ways to boost the growth of the economy, which has performed poorly for more than a decade on several fronts, in particular investment and employment. The minister invited academics from local universities and business leaders. The two high profile guests were Ricardo Hausmann and Robert Lawrence, both Harvard University economists.

We are dismayed that many others were not invited to a conference where issues so crucial to the lives of millions in this country were discussed. None of the labour federations were asked to attend. Nor were the many civil society organisations who deal with economic issues daily in their work. These are the people who regularly hold forums on ways to build our economy. They should have been among those participating. As to why such a select few were invited is a question that should be put to the Minister. We are inclined to suggest that it was because the views held by Hausmann and Lawrence are consonant with those of the main decision-makers in National Treasury. That this approach has been tried for the better part of our transition to a democratic system, with dismal results, gives us reason to question why it is being considered again.

We are concerned that this is very much a replay of what happened in 1994-95. At that time, a number of structures in the democratic movement formulated what was considered a new macro-economic policy for South Africa to address the dire conditions of life of the majority of citizens and the shameful inequalities wrought by the apartheid system. These economic plans (the most prominent were *Making Democracy Work* by the MERG group and COSATU's *Growth for All*) necessarily gave priority to social development. They were all abruptly dismissed and replaced by GEAR. What stunned many in the democratic movement, though, was the closing of the space to debate and negotiate the GEAR policy.

GEAR was South Africa's homegrown neoliberal policy. Its policy prescripts

should never be entertained again. And neither can the non-consultative way in which it was foisted upon our infant democracy by the government at the time. We need only read the World Bank's own admission on the worldwide failures of this one-size-fits-all intellectual chicanery.

We are also troubled by what seems to be a pattern since our democratic transition to call on economists of a particular ideological persuasion to articulate our policy goals and strategies for growth and development. Economists who teach in the most prestigious universities around the world are, understandably, in high demand but do they really understand our country's needs better than we do? We have several distinguished economists who have devoted their careers to building a just economic order. To ignore their contributions is inimical to our national pride.

South Africa's economy bears all the hallmarks of an approaching collapse. Yet any serious economist will tell you that its problems are not as intractable as may appear. A superficial analysis will show that what we suffer is the result of low investment but high profits; ballooning financialisation concurrent with de-industrialisation; rich mineral endowments but no beneficiation; townships that still lack appropriate infrastructure while State Owned Enterprises squander billions. You don't have to ask world famous economists to help you think out of the box to come up with solutions to our economic problems. A new, all inclusive economic Convention for a Democratic South Africa (Codesa) would be more than capable of putting together a clear, practical rescue plan for our ailing economy. **NA**