

## **Seek first the economic kingdom**

“It’s the economy, stupid!” With that slogan, Bill Clinton defeated the senior Bush in 1992 and became president of the United States. And it was a booming economy that saved him from being fired when his affair with Monica Lewinsky got messy.

But the economy has never been much of a priority in South Africa.

Dr H.F. Verwoerd made no bones about it: if we had to choose between being separate and poor or integrated and rich, he said, the choice would be apartheid – and poverty.

Some two decades later Archbishop Desmond Tutu and the ANC opted for sanctions and poverty rather than continued apartheid in a little more comfort. At the same time P.W. Botha, when faced with a choice between talks and getting richer or war and getting poorer, chose war – and poverty.

Well, now we are poorer. Corrected for inflation, our per capita income is the same as in 1974.

And throughout this time our economy has never been the top priority. But everybody wants the rewards of a successful economy – schools, health services, jobs, houses ... and, these days, Aids medicine.

Everybody wants the golden eggs, but nobody wants to look after the goose. Looking after the goose is boring.

And also very difficult:

Productivity has to be improved, meaning more people losing their jobs. Competition needs a boost, meaning a blow to vested interests. State expenditure has to be kept in check, meaning fewer golden eggs. Inflation has to be kept down, meaning the pain of higher interest rates. Subsidies have to be phased out, meaning some businesses will close. The list continues ...

Few politicians have either the intellectual vision or the political stamina to work through to the necessary conclusions and to get the difficult job done. This remains true, no matter which party governs.

In the United States the younger Bush is now sacrificing fiscal discipline and an open economy for short-term gains. In Umtata the UDM town council is apparently creating even more of a mess than its ANC predecessors.

And those champions of good governance, the DP – after doing their bit to help Johannesburg towards bankruptcy in the early Eighties – have squandered a golden opportunity since 1999 to turn Cape Town into a model of fiscal rectitude.

The NNP understands only one side of an income statement and that is the expenditure side. Good old socialists ... like their newly found friends in the ANC who spend money they cannot even collect in councils all over the country.

And now for the good news. It appears that we are finally breaking with this tradition.

The public service, already smaller than in 1994, will be reduced further after new regulations recently published in the Government Gazette. The economy is painfully being forced open. Labour productivity has improved dramatically since 1995. State expenditure is kept under control despite enormous social pressure. Government has taken a stand against the bankrupting Basic Income Grant propagated by the DA and the churches. And slow but real privatisation is deflecting us from the Freedom Charter vision of a country where everything belongs to the state.

The list can go on ...

Ever since his days as Mandela's deputy, Pres Thabo Mbeki has been planning and manoeuvring this trend break – from fiscal discipline to the trade agreement with the European Union. What he has achieved, is nothing short of revolutionary.

And the results are beginning to show: during the past few years per capita income has been rising; a major change from the 19 years after 1974, when it was relentlessly declining.

That is why I was incredulous when I read that two South Africans, writing from London, have described Mbeki as “socialist”, with the added view that he was a poor president in general. Long on opinion, short on facts; mostly more Aids and Zimbabwe.

Aids cannot break our country. It can slow us down, but it cannot break us – particularly if it is managed proactively, as is increasingly happening. Government has changed its position on Aids. To everybody’s relief, this is true, but it is also positive evidence that democracy is working in South Africa.

We can shake off Zimbabwe, as we have indeed been doing over recent months. Sanctions won’t rid the continent of Robert Mugabe. But sanctions against Zimbabwe will hamper our economic expansion in the one area where we have an obscene advantage: Africa north of Zimbabwe.

Which is more important: Zimbabwe and Aids or the economy?  
Whichever way you look at it, the economy must rule.

The alternative is to remain trapped in our own history, where nobody was looking after that goose. That would mean fewer golden eggs – the very “delivery” we all want.

We are progressing beyond 1974 levels. Mandela’s five years saw per capita income growing by 2.2%; Mbeki’s two years added another 1.6%. If Mbeki can maintain this performance, mistakes in other areas will fade into insignificance. “It’s the economy, stupid!”

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