

## **GROWTH**

**19 November 1999**

### **Finding a common vision for SA**

The enormous task of providing a better life for all in SA is clear from a few simple calculations. Average per capita income is R17 500 - R18 000 a year or about US\$2 900, lower than in Botswana and Mauritius.

Adjusted for inflation, the figure is slightly lower than the level for 1976. Thus the country's economic position has not improved in 23 years. On average, we got slightly poorer. This can be regarded as a quarter of a century lost.

There is now an opportunity to break decisively from that. Firstly, population growth has slowed to 2%, largely as a result of urbanisation. Secondly, the economy is poised to grow at about 3%, an improvement on the less than 2% annual average we have had to endure since 1976.

With an economy growing faster than the population, albeit it only marginally, an opportunity is opening up to improve average incomes and create a better life for all.

Of course, a difference of one percentage point is not enough. At that rate, it will take 70 years to double per capita income from \$2 900 to \$5 600. If the difference becomes two percentage points, it will take 35 years; at three, it will take 24 years. Three percentage points implies an annual economic growth rate of 5%, consistently year after year.

These simple calculations indicate that the road to a better life for all is going to be long and hard. But they also show that growth rates of 4% - 5% will eventually do the trick. That is where we should set our target.

Government cannot achieve this alone. It needs investors, foreign and local, and most of them are outside the ANC. Investors also cannot bring this about alone - they need the political stability and legitimacy offered by the ANC. Other stakeholders such as labour, the unemployed and the youth (51% of South Africans are under 25) are also important.

And that is where a national vision embracing the country at large enters the picture. Achieving a better life for all will require a national effort, from business, labour, Government - in general, the citizens of the country.

Several initiatives are under way that might lead to such a vision. These efforts are still not co-ordinated. But a solemn responsibility rests on those involved to bring them to fruition. It is also their responsibility to take no short cuts. We cannot return to nonsense policies, which we know cannot work (as happened with labour legislation; and again with housing policy at the jobs summit). Neither will redistribution by itself do the trick.

Let's face it: There is no substitute for the formula of an open economy and sound money. A balanced Budget, privatisation and massive public-private partnerships should sustain growth rates of more than 4%. The trade-off for these policies is to allocate more resources to development and overcoming poverty.

A better life for all can be achieved. We simply need to co-operate as South Africans and find a collective commitment. A sensible common vision will help bring that about.

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