

## **Another view of Mbeki**

Three issues dominated political-economic scene over the last quarter: improvements in the labour market, perceptions around pres Mbeki and the boost given to civil society.

### *Labour market conditions*

The Reserve Bank's Quarterly Bulletin reveal that labour productivity increased by 6% in the first three quarters of 2000 (full year figures are not yet available). This follows on the 4% p.a. increase recorded between 1995 and 1999. The 4%, let alone the 6%, represents a sharp break with the eighties and seventies when labour productivity increased by less than 0,5% per annum! Clearly the opening up and modernisation of the economy is on the one hand forcing and on the other hand enabling workers and managers to improve their working habits.

Mandays lost through strike action declined from 100 000 in 2000 to 85 000 in 2001. The 2001 losses were mainly caused by the Post Office strike, which lasted two weeks, and a dispute at Placer Dome. This decline continues the trend registered last year already that strike activity is coming down.

So what?

- These productivity increases are laying the foundation for increased economic growth.
- Less strike action implies less militancy in the labour market, and that is good for the general business climate.

### *Perceptions around pres Mbeki*

An interesting balance sheet on pres Mbeki emerged during the quarter.

The negatives can be summarised as allegations around possible challenges to his political position; allegations on his personal life;

and his decision to exclude the Heath Commission from the arms scandal investigation. These can be added to his stance on aids and Zimbabwe.

Against that, however, his state of the nation speech at the opening of Parliament set a clear course on economic policy and growth. Essentially it involves more deregulation and competition in the economy, growth through investment and increased capex by government to maintain infrastructure. Ministers, in several decisions and in the national and nine provincial budgets, acted on these. The economy is SA's most important issue, and Mbeki is concentrating on that with sound policies.

He also took steps to improve his communication with parliament and the public at large. He changed perceptions somewhat around SA's handling of the Zimbabwe crises. He articulated the wish that the arms investigation must be completed as quickly as possible and gave the assurance that the law will take its course.

So what?

Our assessment is that Thabo Mbeki remains the single biggest political asset the SA economy has. His leadership is needed to cure the fundamental structural flaws in our economy. If a referendum is to be held on economic policies in SA, the current package of policies will probably not survive. They only survive because of him. That overshadows by far allegations around his personal life.

### *Civil society strength*

It was a remarkable quarter in the development of civil society. A virtual organisation TAC, forced a retreat by the drug companies on the latter's challenge to legislation. In Cape Town several NGOs joined a court case to challenge the government's ban on crime statistics. In Sandton Roelf Meyer organised a successful conference on civil society addressed – and by implication blessed – by former presidents Mandela and Clinton.

In the 1950s management guru Peter Drucker predicted that future societies will consist of three large power blocs: the public sector, the for-profit private sector and the not-for-profit private sector i.e. NGOs. Itb seems as if this development has hit SA in a big way.

Between 30 000 and 50 000 NGOs are operating in SA spanning areas from literacy training to Aids counselling and hospice services.

These institutions and activities form a powerful new force in politics. They exist outside parliament and formal politics. Yet they are real in their ability to influence policy and government behaviour.

So what?

- Government can increasingly find itself challenged not by opposition parties but by NGOs.
- Democracy and an open society are reinforced by a strong civil society. It creates power bases and platforms outside government, thus leading to more independence.
- The contrast with a country like Zimbabwe cannot be starker.