

TRANSFORMATION

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Racism, confidence and the economy

South Africa started the year with forecasts of 3.5% growth. Now even the optimists accept that the figure will not exceed 2.5%. Confidence or, more specifically, a lack of it is generally regarded as the main reason for the sluggish performance. Both the Minister of Finance and the Governor of the SA Reserve Bank have expressed concern that the lack of confidence is retarding economic growth.

Unless confidence is restored, growth will not reach 4% - the least needed to overcome the poverty, unemployment and deprivation suffered by millions of South Africans. The lack of confidence results in dismal investment. Foreign investors take their cue from the locals. If the locals stand on the sidelines, so will they. They might invest in the financial markets, but SA is certainly not inducing them to commit fixed investment.

The current debate on racism is taking place against this background. Largely, but obviously not exclusively, it rages around blacks and whites and their different perceptions of racism. This is not building confidence and, as a result, the economy ends up being the main victim.

To take the debate forward and foster a process of confidence-building, both blacks and whites must now make some acknowledgements.

White people must accept that racism is still embedded in our society and was not eradicated by the new dispensation; secondly, though many whites were not racist and opposed racism deeply, almost all benefited from the institutional racism practiced in SA. For example, whites had access to First World education at Third World prices and could accumulate capital through land ownership in select areas. Most blacks could do neither.

Lastly, blacks were mostly the victims of the racism practiced. Granted, as DA leader Tony Leon points out, some blacks did benefit - in the former homelands, for instance. The overwhelming majority did not.

The fact that most whites could have done much better if SA had an open, non-discriminatory economy does not detract from the above.

Black people, in turn, should acknowledge that racism and its legacy cannot be overcome without a growing economy. Poverty, unemployment and general deprivation are often cited as evidence of racism. This is debatable but, even if one accepts this, how can the legacy of racism be overcome other than through growth and job creation?

Secondly, there is a trade-off between transformation and economic growth. Transformation currently enjoys a higher priority than economic growth. And you cannot live by transformation alone. Economic ownership will be extended to blacks much more rapidly if growth exceeds the current 2.5%.

These two sets of acknowledgements will help to build consensus on critical national issues. They will also help to build the confidence that the economy needs so desperately. And they will take the campaign against racism forward.

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