

THE TRANSFORMATION OF THE SOUTH AFRICAN ECONOMY

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Abstract

The main problem that faces the South African government at present is to redress economic imbalances in a politically liberated society. The transformation of the South African economy also poses considerable challenges to the church. The aim of this article is to assist the church in meeting these challenges, by offering an analysis of the South African economy, providing an economic vision for South Africa and recommending appropriate action that should be taken by both the government and the church.

1. Introduction

The problem stated: Without justice no reconciliation! That was the theme of 'progressive' theology in the eighties.¹

And the implication was: no justice without a transfer of power to the black majority. Political power has now been transferred to the majority party. In the political realm reconciliation has made considerable progress.

But political power is only one form of power; the other is economic potential. Here too the changes seem to be dramatic. Discrimination has made way for affirmative action. A growing black elite is joining the ranks of the hitherto white economic elite. The white lower classes are beginning to join the hitherto black underclasses.

But the economic system as such has not changed. On the contrary, economic discrepancies are widening. It would be misleading to blame all this on apartheid. Apartheid has only hugely exacerbated a common global trend. We should not be surprised that, in the new liberated society, the problem is escalating. Paradoxically, a politically liberated society allows space for ruthless competition, which again leads to growing economic discrepancies. The new front is, therefore, no longer liberation from oppression but redressing economic imbalances in a politically liberated society.

This theme poses considerable challenges to the church. Under apartheid we all became experts concerning racial discrimination, oppression, democracy, human rights, denied citizenship, and so on. The new theme of economic imbalances is a closed book to most of us. It is also infinitely more complex. Indignation, moralising and rhetoric won't do. What we need is analysis, vision and appropriate action, based on analysis and vision.

2. An economic vision

Economists discredit visions as dreams which prevent people from facing facts realistically and tackling oncoming problems pragmatically. But without a vision we shall simply drift along, reacting to unexpected crises, being guided by prejudices and self-interests. A vision reveals the situation as a whole and gives direction to concrete decisions and actions.²

1. Especially the Kairos Document. A documentation is found in K Nürnberger & J Tooke (eds) 1988: The cost of reconciliation in South Africa. Cape Town: Method Publ. House.

2. The following is based on Nürnberger 1994:41ff.

Ecological sustainability

The first priority is an ecologically sustainable economy. This is the first priority because we cannot leave a depleted and polluted world to our progeny. There are three concerns here. First, resources which can be renewed must not be depleted at a faster rate than the rate at which nature is able to regenerate itself. Forests and agricultural fertility are good examples. Second, resources which are not renewable should not be depleted faster than substitutes can be found. Fossil fuels as opposed to solar energy is a good example. Third, the levels of pollution should not be higher than the rate at which our natural sinks are able to process the rubbish.³

If we do not heed these rules, the carrying capacity of the earth will decline rapidly and coming generations progeny will suffer the consequences. Ecology is linked to intergenerational justice.⁴ We should take heed of the warning of experts that the desert is encroaching rapidly, that the land is being eroded and poisoned by fertilisers and pesticides, that our water resources are limited and unpredictable, that many of our minerals will be mined out within the foreseeable future, that pollution caused by electricity generation in the Eastern Transvaal has reached dangerous levels, and so on.⁵

Depletion and pollution are the function of three variable: population numbers, levels of consumption and the methods used in extracting and processing resources. If we are few in number, modest in our expectations and careful in what we do, the world economy will be sustainable in the long term. The same is true for the South African economy. If we continue to multiply, raise our consumption levels and waste our resources, our economy will collapse sooner or later. It is as simple as that.⁶

Healthy livelihood for all

The second priority is a modest but healthy livelihood for all. Our long term aim should be to produce the food, clothing and housing which is necessary for the healthy survival of all our citizens. The immediate goal should be to raise the incomes of the destitute - roughly 45% of the population - above the poverty datum line.⁷ However, the envisaged standard of living must be modest because we are not a rich country and it is unlikely that we shall become one any time soon.

Equitable distribution

High income discrepancies are typical for most semi-industrialised countries, but apartheid policies have severely exacerbated the situation in South Africa. Equitable distribution is important for a whole series of interlinked reasons:

- (a) Nobody should suffer want.
- (b) Justice demands that citizens should be treated equally in political, social and economic terms.
- (c) Economic dissatisfaction, frustration and resentment undermine political stability.
- (d) Crime will continue to escalate unless there is economic sufficiency and equity.
- (e) Inequity puts overall national prosperity in jeopardy. The example of Taiwan, amongst others, has shown that economic growth is enhanced rather than inhibited by economic equity.

3. Daly & Cobb 1989; Von Weizsäcker 1994.

4. Brown-Weiss 1989.

5. Huntley 1989.

6. Meadows et al 1992.

7. SA Inst of Race Rel 1995/6:528.

Concern for the weak and vulnerable

Not all people can make a contribution to production. Children, the aged, the sick, and the handicapped are cases in point. There are two major concerns here:

- (a) On the one hand, we must retrieve the age old practice in all historical cultures for *families to take responsibility* for their dependents. For a variety of reasons our family structures have undergone a process of steady erosion.
- (b) On the other hand, the state cannot allow those who are *not looked after* by their kith and kin, for whatever reason, to end up in destitution.

Balanced satisfaction of needs

The modern economy concentrates heavily on the growth of material production and consumption, at the expense of communal, cultural, intellectual and spiritual concerns. After basic material needs have been met, human satisfaction can be derived from many sources, such as hiking, exploring and cleaning up one's environment, home music, reading, fellowship, sport, community service, spiritual pursuits, and so on.

We must regain and restate personal values such as modesty, frugality, and self-discipline. But personal morality is no match for the persuasive powers of marketeers, advertisers and entertainers which lure us into hedonistic pursuits. Similarly, current economic structures are designed to enhance the rapid throughput of resources from the resource base to the rubbish dump. The use of fossil fuels, advertising, luxury goods and pollution should be taxed steeply. Then producers will adjust and people will turn to more natural forms of satisfaction.

3. Assets

South Africa is the envy of many a country in Africa. Before we look at our problems, let us count our blessings. We have a moderate climate and reasonable water supplies. Our mineral deposits have led to a reasonable level of national wealth. We have lots of coal reserves. We have modern agricultural, industrial and commercial sectors, an experienced managerial elite, experienced and responsible trade unions, working industrial relations, some reasonably equipped higher education and training facilities, a good infrastructure in key parts of the country, and a functioning administration.

After apartheid a *new culture* of human rights, transparency, consultation, negotiation and compromise has taken root. Our constitution is the most progressive in the world. Last but not least, most South Africans are Christians. It should be possible to appeal to a common set of assumptions and values based on justice, service to one's fellow human being, concern for the weak, and general self-discipline.

These are our assets which we can develop and utilise. Unfortunately we also have formidable problems to contend with.⁸

4. Liabilities

Structural problems

- (a) In contrast to common perceptions we are *not a rich country*. We only have a rich elite. While our Gross National Product per person is thirty times higher than that of the poorest countries in Africa, such as Mozambique and Ethiopia, it is only one tenth of that of Japan.⁹

8. For more detail concerning the following points see Nürnberger 1994:17ff.

9. World Bank 1992:238f; TURP 1994:14; Nürnberger 1994:18f

- (b) Historically our wealth has been based on mineral exports rather than manufacturing.¹⁰ The price of imported manufactures rises while the price of exported raw materials declines.¹¹
- (c) Our formal (modern) economy is an *enclave economy*, which means that it is too small to integrate the entire population. Currently about 45% of the work force has no formal employment and the number is rising.¹² While in the 1960s the economy could integrate up to 90% of the newcomers to the labour market each year, this figure has declined to almost zero.¹³ The most important non-governmental employers, manufacturing and agriculture, have shed jobs since 1980 and continue to do so.¹⁴
- (d) In contrast to comparable countries in South East Asia, the *growth* of our economy is poor and does not keep pace with the growth of our population.¹⁵ This is true for the entire region. Economists speak of a 'low equilibrium trap'. Most disconcerting is the decline of our manufacturing sector.¹⁶
- (e) *Our low productivity* makes our economy uncompetitive on world markets.¹⁷ In contrast with our Asian competitors labour costs in South Africa are high in relation to yields.
- (f) Though declining, the growth rate of our *population* is still alarmingly high.¹⁸ We will have multiplied ten times from 5 million in 1900 to 50 million just after 2000. By the year 2020 we may have reached 80 million.¹⁹ AIDS may alter this scenario significantly, but not in our favour because it is the most productive section of the population which is being eradicated by this scourge.
- (g) *Discrepancies in wealth*, income and access to resources are among the highest in the world. Whites who are 14% of the population earned 61% of the income in 1991.²⁰ The distribution of land is a case of extremely skewed wealth distribution, but it is by no means the only one. The capital market, for instance, is controlled by five giant corporations, with Anglo American Corporation alone accounting for 43.3% of the shares.²¹
- There are also vast gaps in *education*, competence and experience between modern sector workers and administrators, on the one hand, and masses of people in rural areas and informal settlements on the other.²² The level of responsibility among teachers and eagerness to learn among the pupils is at a low ebb in large parts of the country. Many schools do not seem to function at all any more. There are severe imbalances between experts in the humanities and in economically critical fields like mathematics, statistics, the natural

10. TURP 1994:36f.

11. TURP 1994:40.

12. TURP 1994:59ff.

13. Nürnberger 1994:29.

14. TURP 1994:63.

15. TURP 1994:20f.

16. TURP 1994:31.]

17. TURP 1994:95; SA Inst of Race Rel 1995/6:536; cf P Hatty and K Liebenberg: *The Chase*. Productivity vol 19/1993, pp 8ff.

18. TURP 1994:8.

19. Rep of SA 1991:9f.

20. TURP 1994:50; see also page 79.

21. TURP 1994:53.

22. TURP 1994:85ff.

sciences, commercial and technical subjects.

- There are also *huge backlogs* in basic infrastructure such as transport, housing, electricity supply, water and sanitation, health services, communications, etc.²³
Due to apartheid all these discrepancies are largely linked to race.

- (h) The *managerial, professional and technical elite* is far too small and overburdened for the size of our economy. In Japan 7.1% of the population are scientists and engineers, in South Africa the figure is only 0.3%.²⁴ In contrast, we have a vast pool of unskilled labour for which there is no demand in the formal economy. As mentioned above, almost half of our work force has no regular employment in the formal sector.
- (i) Our formal economy is geared to *capital-intensive* production which is not appropriate for a country with unutilised and underutilised labour resources.
- (j) In relation to the growing number of unemployed, *unionised labour* has become a 'labour aristocracy', whose economic and political clout grows, but whose numbers decline. There is a real danger that privileges are earned by the employed at the expense of the unemployed.
- (k) In comparison with the most powerful actors on the economic scene - management, unionised labour, the bureaucracy and potential foreign investors - the state is weak and cannot do much for the disadvantaged. A highly politicised urban population, progressive labour laws, commitment to democratic procedures and human rights, free market policies, and so on, all *prevent the state* from taking decisive but unpopular actions. In its attempt to satisfy so many claims and expectations, the state has already overextended its short term financial and administrative capacity.
- (l) The apartheid state has bequeathed on the new government an unwieldy, less than enthusiastic and partially corrupt *bureaucracy*. Its numbers have risen by almost 40% since 1980.²⁵
- (m) While the white, Indian and Coloured populations have reached high levels of urbanisation, influx control had bottled up about half of the black population in the former 'homelands'. Due to underdevelopment and high density, enormous pressures have built up. The lifting of influx control has led to an avalanche of people migrating to the urban centres. Slums are mushrooming everywhere and the needs for land, housing and basic amenities, such as sewerage, water, access roads and electricity, are getting out of hand.
- (n) We are faced with massive *health problems*, of which Aids, tuberculosis and malaria may be the most dangerous.
- (o) *Unrealistic expectations* have led to a culture of entitlement among the better off and to disillusionment and anger among the disadvantaged.
- (p) The population is awash with *modern weapons* and a culture of violence has been ingrained in the population. It manifests itself in domestic violence, taxi violence, criminal violence, and petty political violence.
- (q) *Crime* is escalating dangerously. Law enforcement agencies are understaffed, have lost their credibility, in many cases also their integrity and their morale. The state does not seem to have the power to do anything about it.
- (r) As mentioned above, our *water resources* are limited and unpredictable, while other

23. TURP 1994:17ff; Wilson & Ramphela 1989.

24. TURP 1994:87.

25. TURP 1994:63.

resources such as fertile land and minerals are declining rapidly.²⁶

- (s) We also face serious *ecological* deterioration.

Our cultural baggage

We should not get emotional about culture, but compare ourselves with others and look at the economic consequences. Due to their former privileges many whites have become spoilt and relaxed in their work ethic. Feudal attitudes are common. Many blacks with traditionalist backgrounds have not yet adjusted to the stringent requirements of the industrial age, while expecting to enjoy its fruits. The dependency syndrome, typical for both traditional and feudal societies, is still highly prevalent. Patriarchal attitudes persist and women are exploited and discriminated against.²⁷ The apartheid system also allowed widespread corruption and it continues to flourish.

5. Five dangers which overshadow all others.

Internal marginalisation

The South African economy is a prime example of the *global centre-periphery phenomenon*. There is a highly productive economic core. In South Africa it is located mainly around the dominant centre of Johannesburg and the two smaller centres, Durban and Cape Town.²⁸ It has attained high technological standards and organisational sophistication. It includes mining, manufacturing, commerce, the modern agricultural sector and the administration. At the other extreme we have the economic periphery. It consists of the former homelands and the fast growing informal settlements around the urban centres. The economy of this sector has virtually collapsed. There is large scale unemployment, poverty and social decay.

To do something about it, we have to understand the *mechanism* which gives rise to such a phenomenon.

- (a) The development of centres. For a variety of reasons, a particular location attracts entrepreneurial initiative, technological sophistication, organisational talent and capital. On this basis it develops a self-reinforcing dynamic which leads to rapid economic growth. The economic and political power generated by the centre can then be used to enhance the advantage of the centre elite at the expense of the periphery.
- (b) The rapid increase of productivity in the centre *outcompetes* peripheral production. People no longer buy clay pots but want plastic jars. They no longer believe in donkey carts but long for cars. They no longer play their self-made musical instruments but crave for radios. Production in the periphery deteriorates and finally collapses.
- (c) To find an income, the peripheral population sells its factors of production - mainly labour, but also its best brains, its minerals, even its land - to the centre. In terms of modern methods of production, most peripheral people are unskilled. Due to capital accumulation and technological advance, production in the *centre needs less and less unskilled labour*. Machines are operated by small numbers of highly qualified workers. So there is little use for the masses of unskilled labour flocking to the centre from the periphery.
- (d) As far as it is unemployed, the peripheral population is no longer part of production. As far as it has no income, it is no longer part of consumption. As far as the market

26. Weaver 1990.

27. TURP 1994:74f.

28. TURP 1994:16; Nürnberger 1988, part I.

economy is concerned, therefore, it has become redundant. That is what we mean when we speak of *marginalisation*.

- (e) A market economy can only produce what it can sell. Because the peripheral population has vast unfulfilled needs, but no purchasing power, *production turns to the affluent sections* of the population where the money is, rather than to the poor where the needs are. Because the needs of these people have largely been fulfilled, advertising and aggressive marketing stimulate greed and desire to push up the market demand for their products. Production changes from need fulfilment to luxuries.
- (f) Advertising and the 'demonstration effect' of luxurious living in the centre again pushes up the perceived needs of the peripheral population. The affluent always set *consumption standards* for the poor. These now also want cars, television sets and smart dresses. Thus the agony of deprivation is enhanced in the peripheral population.
- (g) Managers, share holders, professional organisations, trade unions, state bureaucracies and crime syndicates all represent *power groups* on the formal market. They use their collective power to gain as great a share as possible for themselves from the economic pie. Inevitably the losers in the game are those who have no collective power - the unskilled, unorganised, unemployed. But that is not all. By pushing up their claims, power groups squeeze out some of their own members - or at least they do not create space for others to come in. The privileged group therefore becomes smaller in relation to the marginalised. We have already referred to the formation of a 'labour aristocracy' above.
- (h) Add to this the fact that poverty stricken people the world over have *large families* and we understand why marginalised population groups are beginning to form a rapidly growing majority in the population.

There seem to be three possible remedies. The first is to *overcome the dependence* of the peripheral economy on the centre economy. Ideally there is no reason why peripheral producers cannot serve peripheral consumers with the means at their disposal. But this presupposes two things: peripheral consumers must stop craving for centre products, and peripheral factors of production must remain at the disposal of peripheral producers rather than being transferred to the centre. This includes both human and natural resources. For that to happen one would have to isolate the periphery both economically and mentally from the centre - which is virtually impossible in a modern democracy. It would also create two distinct economies in the country, one based on subsistence agriculture, the other on modern forms of production. More than that, due to the growth of the population, a subsistence economy is no longer able to sustain the peripheral population.

The opposite extreme would be to *dismantle the centre economy*. One could then rebuild the economy from scratch on the basis of equality of access and opportunity. This is the basis on which Taiwan generated its economic miracle. But I cannot see how this could be achieved in practice. We do not have a ruthless dictatorial state which could raise everything to the ground and rebuild it - and surely we do not long for one. The country as a whole would lose its most powerful wealth generating machine and that would be to the detriment of all its inhabitants. The state would also be left without its tax base. It just cannot work.

The third option is to build up an *intermediate economy*, composed of small producers and businesses, inbetween the central and the peripheral economy and draw as many people from the periphery into its orbit. For this to happen one needs to do three things:

- (a) The centre economy must be induced to *share production and markets* with the

- intermediate economy, for instance by farming out particular aspects of the production and distribution processes to smaller businesses.
- (b) The peripheral population *must be empowered* by massive inputs in education and training, credit facilities, the development of intermediate technology, opening up of marketing channels, transport facilities, etc.
 - (c) One would have to allow the development of a *second tier labour market* with less stringent regulations on remuneration and conditions of service because a low key economy cannot afford first world labour standards.

Apart from the last item, this is the policy which the government has adopted at present. The question is whether it has done so with sufficient determination and whether it has sufficient clout to drive the process. Government seems to be hamstrung by bureaucratic bottle necks and the need to keep big business, the unions and potential foreign investors happy. We shall take up these issues under various headings in the section on policies.

International marginalisation

At a time when some countries in South East Asia have forced their way into the global market by exploiting the conflict between Western and Eastern superpowers, targeting international niche markets and protecting their own fledgling industries from crushing competition, South Africa has been *isolated* from the international scene because of apartheid. It tried to become self-sufficient in key sectors such as fuel, protected its industries from competition, subsidised its agricultural sector and derived the money for doing all this from its mineral resources.

In the mean time our industries have become grossly inefficient, our mineral resources have lost their former value and our links to the international market have deteriorated. For over a decade we had no economic growth at all, while our population continued to grow. Our gross domestic product per capita has fallen not only below that of the 'Asian tigers', but also below those of Latin American countries such as Brazil. While there are a few excellent enterprises which have nothing to fear, the South African economy as a whole is at present *not able to compete* on the international market.

Economists, business leaders and politicians seem to be agreed on the necessity to *attract foreign capital* to the country.²⁹ It is believed that we need high economic growth to create jobs, finance grass roots development, reconstruct education and health, provide housing and sanitation, build up the infrastructure and so on. The problem is that international capital has become very scarce and investors have become very choosy. They invest in the most lucrative and the most safe locations they can find. Our country is, at present, not a very safe nor a very lucrative place for investments.³⁰ So foreign investments are simply not forthcoming. On the contrary, some of our own capital is flowing out of the country.

But what would happen if we could attract foreign investments? Financial capital has become *extremely volatile* in recent times. It is constantly being shifted across the globe by the mere click of a computer mouse. At one time it converged on Mexico and the country experienced phenomenal growth. Then there was a sudden scare, masses of capital were withdrawn and the economy nose dived. Recently the same thing has happened on a much wider scale with the East Asian, Latin American and Russian 'emerging economies'. International fixed investments tend to be capital-intensive, destroying rather than creating

29. For a comparison between the macro-economic policies of government, business and labour see Mail & Guardian July 19 - 25, 1996, Special Supplement 'The great debate'.»

30. M Wackemagel in Mail & Guardian, April 4, 1996, Business B3.]

jobs.³¹ One begins to wonder whether foreign capital is what we should be looking for. Maybe we should rather think of building on the resources we have?

Foreign loans are even more problematic. At the time when foreign investments were drying up due to apartheid, the Nationalist government tried to make up for the shortfall by raising loans. The present government seems to continue with this practice. In 1993 government debts amounted to 46.3% of Gross Domestic Product.³² Borrowing capital is in order if it is invested and produces yields which are greater than the costs of servicing the debts. But there is no guarantee that this will happen. Many third world countries have been caught in a debt trap: their hard earned income has to be plowed into debt repayment and interests rather than into the development of their own economies.

The second policy, which is currently in vogue, is to open up one's borders to *international competition*. Free trade has become the magic word. For some enterprises this is a good thing. Exposed to competition they have to rationalise their operations, renew their technology, and explore all possible opportunities. An enterprise can come out of the competitive melting pot much stronger.

But we may not forget that such an enterprise sheds jobs in the process. The buzz words here are rationalisation and down-sizing. An enterprise may also not be able to withstand the storms of international competition and collapse. In fact, given our dismal productivity, the danger is that the greater part of our economy will be forced into the global periphery. Then the forces of marginalisation described above will begin to work on the country as a whole. As far as our production deteriorates, we will have to sell more of our factors of production, in this case our minerals, to other countries and depend on imports for our needs. With the declining value of our minerals we may simply slide further and further down the scale.

So what do we do? Free trade is a *highly ambiguous policy*. On the one hand, fledgling industries are like babies which need protection to survive. On the other hand, when they begin to flex their muscles they need to be exposed gradually to international competition, otherwise they never grow up. This calls for a highly differentiated foreign trade policy.

- (a) Powerful enterprises should be allowed to go for it.
- (b) Intermediate enterprises should be encouraged to explore and exploit international niche markets, that is markets for potential products which are not supplied by others, or where they have a competitive edge.
- (c) Enterprises which provide essential services to local markets should not be allowed to be flushed out by international firms dumping their products on our shores and destroying local producers. If we export oranges to the European Union and import machine tools, the two markets complement each other. But if we allow highly subsidised dairy products, the proverbial 'butter mountains', to be dumped on our market, our own embattled dairy industry might collapse. The government should at least impose tariffs commensurate with EU subsidies to level the playing fields. But why should we import agricultural products from the EU in the first place if the EU does not remove trade barriers against ours.
- (d) Fledgling enterprises need to be supported and protected from international competition.

We must not forget at this juncture that South Africa is also a 'regional economic

31. It costs R 219 000 to create a job in the chemical industry and R 2400 to create a job in the clothing industry (TURP 1994:65).

32. TURP 1994:47.

superpower'. Its impact on our neighbours can be as dangerous for them as the impact of the wider global market on us. This calls for considerable sensitivity. If we destabilise them, we shall not be able to contain the wave of economic refugees which enter our country illegally.

Precarious resource-population relations

It is easy to make little sums: plentiful resources plus small numbers = high average wealth per person; scanty resources plus vast numbers = misery for the average person. Of course, we must include every kind of resource we can muster. Switzerland and Singapore have virtually no natural resources, but they have managed to exploit their human resources, their trade links and their geographical positions and become wealthy countries.

The balance between resources and population numbers is deteriorating in South Africa. *Available natural resources decline.* Above we have mentioned some of the reasons: our minerals have lost much of their value. They are also fast being mined out. Our agricultural land is subject to erosion and desert encroachment.³³ Our soil is being poisoned through fertilisers and pesticides. Air pollution through electricity generation in Mphumalanga and through coal fired stoves in black urban areas is reaching dangerous levels.³⁴ Our water resources are limited and unreliable. Our human resources are poorly developed. Our educational standards are low by world standards. Our managerial and professional elites are too small and overburdened for the size of our economy. Our infrastructure is reasonable but there are vast pockets where it was never developed.

In contrast, *our population is still growing* at an alarming rate. While there were 5,5 ha of land available per person in 1970, of which 0,6 ha were arable, by the year 2020 this figures may have shrunk to about 1,5 ha per person of which 0,2 will be arable.³⁵ It is true that some agricultural land can still be utilised more intensively, but possibilities in this direction are limited. It has also been estimated that our water resources cannot sustain more than 75 million people and, if present trends continue, we shall have reached that number within 25 years from now.³⁶ Obviously the crunch will come much earlier if we wanted to supply every household with its own tap and flush toilet. This is certainly desirable, but not possible with growing numbers. As mentioned above, Aids may alter the picture substantially, but not to our advantage!

All this places three items on the agenda:

- (a) Human resource development. This includes education, training, primary health care, development of managerial expertise, encouragement and empowerment of entrepreneurial initiative, etc.
- (b) Natural resource management. This includes stabilisation of agricultural land, livestock reduction in overgrazed areas, pollution control, reduction of industrial and domestic waste, waste management and recycling, more judicious use of scarce resources such as water, etc.
- (c) Reduction in the growth rate of the population.

All over the world population growth is linked to poverty, ignorance and traditionalism. Urbanisation and rising living standards reduce population growth. Four measures are needed to break this vicious cycle: *old age security, compulsory sex education, female*

33. .Garland 1990:70; Cock & Koch 1991; Huntley, Siegfried and Sunter 1989.

34. Huntley 1989:64f; Rep of SA 1991:39.

35. Rep. of SA 1985:12.

36. Republic of South Africa 1985, 1988, 1991.

emancipation and the availability of contraceptives, especially for the poorer sections of the population. As an ethicist I want to emphasise that we need to rediscover the importance of sexual discipline, stable families and sexual fidelity if we want to overcome the immense social problems connected with sexual promiscuity and rampant procreation.

Low economic performance

Our low productivity is proverbial.³⁷ We have argued above that at present South Africa is *unable to compete* on world markets, particularly in relation to the powerfully emerging economies of South East Asia. We have also fallen back in relation to Latin American countries. If we do not pick up our socks and do so soon we may slide down a slippery slope.

Low productivity has *many causes*: lack of entrepreneurial initiative, managerial overload, professional incompetence, clumsy organisation, high factor costs, lack of capital, lack of motivation in the work force, endless industrial conflicts, lack of access to markets, poor investments in research and development, a counterproductive tax system, a rising crime rate, and so on. This is not just a labour problem. In fact, in the last two decades labour productivity has increased from 102 to 123, while capital productivity has decreased from 90 to 65.³⁸

It is impossible to go into detail and a generalising statement cannot be avoided. Even a brief visit to South East Asia gives one the impression that *our attitude to life* is far too easy going, clumsy and inefficient in comparison with the vibrant economic activity encountered there. Many work teams chat most of the time. Many white collar workers appear in their offices at 9 or 10, have lavish tea and lunch breaks and leave at 3. Many of our conferences in luxury hotels produce no visible benefits. Many consultants receive exorbitant sums for common sense tasks. Many files are never processed, some mail never arrives, some reports are never written, some teachers do not pitch up at schools but draw a salary, some patients are not looked after. There is a general lack of precision, reliability and performance.

In the long run this laxity may have more devastating effects than crime and corruption. A high performance culture, such as that found in Japan, where matriculants jump out of the windows when failing their mathematics tests, may not be desirable for humanitarian reasons, but in terms of the economy it works. Maybe we do not want the rat race of modern life, but then we cannot want to claim its economic benefits either.

A self-destructive mentality

We have mentioned that the great players with entrenched economic power, such as management, unions, and the bureaucracy, improve their positions at the expense of those without. This is not always a peaceful process. In countless smaller and larger instances, the South African economy self-destructs through *chaotic conflicts*. Groups with extremely narrow political and economic agendas use all means and their disposal, whatever the consequences. Our news reports are filled with cases of corruption, wild cat strikes, students going on the rampage, taxi violence, economic fraud. Crime is only the most blatant expression of brutal material selfishness which seems to have gripped the nation. If you rape a video machine, you simply kill its owner. If you feel like sex, you simply grab and rape the next best girl - or your own daughter for that matter.

37. The World Competitiveness Report for 1995 locates South Africa on the 36th position out of 41. Natal Witness Oct 26, 1995, p 8. See also the various publications of the National Productivity Institute as well as the journal Productivity.

38. SA Inst of Race Rel 1995/6:277.

In contrast to countries like Japan or Korea, we also have not yet forged a *national identity* and an overarching loyalty. Every individual, group and party seems to fight for its own interests against all others. The catastrophes which befell countries such as Somalia, Bosnia, or Rwanda serve to remind us where we could end up if we do not give serious attention to this problem soon.

6. A few fundamental policies

Grass roots empowerment

As mentioned above, the structure of our economy is *extremely unbalanced*. Our capital is concentrated in a few giant companies. Our modern sectors together form an enclave economy which is unable to accommodate the entire population. Large sections of the population are completely marginalised.³⁹ The South African society will become sicker and sicker and its economy will deteriorate further and further if we allow all this to continue.

But how do we redress such a situation? The two classical answers, capitalism and socialism, have left us in the lurch very badly.⁴⁰ *Capitalists* have argued that a free market will lead to rapid growth which will trickle down to the poorer sections of the population. But this is not true. All over the world income discrepancies are growing under the free market regime unless deliberate countervailing processes are put in place.

This is also what one should expect because capital and technological sophistication have a cumulative effect. Growing economic clout can then again be used to enhance one's competitiveness at the expense of weaker role players. The present form of *capitalism resembles the feudal state*, where aristocrats have all the power while serfs and slaves are at their mercy. Small businesses cannot get onto their feet if big businesses do not yield the space they need to develop. The free market is, as Marxists loved to point out, like a free fox among free chicken in a foul run.

The *socialist answer* is to transfer all factors of production to the state. But a state run economy is more alienating than socially conscious private enterprise. If the state owns and controls the factors of production, it is not the 'people' who own and control them, but the party leadership and the bureaucracy. Where there are no democratic controls, bureaucracies tend to become corrupt and arrogant. Public enterprises tend to be inefficient and need to be subsidised. The dictatorship of a single party leads to rampant abuse of power. Marxism has taught us many lessons, but to implement it is a recipe for disaster. Nobody believes in it any more, not even the Chinese communists.

So neither big business (capitalism) nor big government (socialism) is the answer. The only viable alternative is to spread economic freedom, private or communal ownership and access to resources *across the entire population*. The solution of the economic problem is similar to the solution of the political problem: give everybody a chance to represent his/her interests and make his/her own contribution to the common good. The role of the state is not to run the economy, therefore, but to make genuine free enterprise possible and accessible to all, after it has been hijacked by the great companies. The question is how masses of people, who have been marginalised by a very powerful central economy, can regain their productivity and competitiveness.

It is not true that a more equal distribution militates against economic performance. Countries such as Taiwan and Sweden have demonstrated that one can build an economic miracle on equity. But what does equity mean? Most people think that we should share

39. Nürnberger 1994:29ff.

40. For a detailed treatment of the following see Nürnberger 1998.

consumption. But handouts are not the answer. *What we need to share is production*, then consumption will look after itself. What we need is free enterprise at grass roots level. The factors of production should be owned and utilised by grass roots communities, groups and individuals. Free enterprise is not a wrong idea; the problem with capitalism is precisely the *lack* of free enterprise on grass roots level due to high concentrations of capital in a few hands.

The strategy of making free enterprise accessible to the entire population is the opposite of welfare grants. It would be counterproductive to subsidise incompetence, inefficiency and lethargy and punish competence, efficiency and zeal. The experience of social democracies in the developed world has taught us that *handouts* destroy the dignity, morale and initiative of the recipients. They also destroy the responsibility of the family for its dependents. They are also widely abused. They also plunge the state into vast budget deficits.

Genuine equality of opportunity gives those who want to improve their position a chance to do so. If you give people the chance to work their own land, to run their own businesses, to set up their own workshops, to take responsibility for their own lives, you stimulate their motivation and creativity. You give their potential a *chance to develop fully*. Small and medium enterprises also create more jobs because they are far less capital intensive. One of the lessons to be learnt from countries like Taiwan is that, if you equalise access to resources and allow small entrepreneurs to own and run their own enterprises, even on a very small scale, you could unleash a fantastic economic dynamic.⁴¹

In Mid- and Far-Eastern countries all the main streets are lined with *small enterprises* on premises the size of a single garage, with the family quarters on the first story and storerooms and employee quarters on the second. On the pavements a lower layer of enterprise flourishes under umbrellas or the open sky. In Taipei there are thousands of scooters on the street. In Bangkok there are mopeds and three-wheeled scooter taxis. The average South African either has a car or no transport at all. Urban settlements are again interspersed with small patches of land under intensive agriculture. Many families are engaged in a variety of economic pursuits. The welfare budget is relatively small because families involve their dependents in their family undertakings.

This thriving *low level economic activity*, from which higher levels of enterprise emerge and develop almost naturally, is virtually absent in our country. It has been suppressed by colonialism and apartheid and is only slowly beginning to emerge.

To enable people to take advantage of opportunities they must be empowered. Grass roots empowerment implies equity in public service expenditure. They must *gain access* to education, training, infrastructure, raw materials, finance, markets, transport and communication. Small scale producers utilising local resources must be enabled to serve local markets. Low scale technology, such as animal driven pumps or plows, still has a very important role to play at our level of development. We should go back to our museums and discover the enormous ingenuity found among simple people a generation or two ago. All these gadgets could be improved and utilised to great effect. We are misled by the lure of high technology to disregard the potential lying at our doorsteps.

Equal opportunity implies a certain degree of 'positive discrimination' on behalf of the least capable. That is the rationale of affirmative action. We shall come to that below. Equal opportunity also implies that *economic concentrations* are broken up to spread economic potential more widely among the population. Black empowerment should not simply mean the deliberate creation of a tiny and wealthy black elite by allowing them entry into the

41. See Nürnberg 1998 chapter 6.

stock market and the boards.

While a nation will not want to destroy its high performance industries, there is certainly scope for unbundling these monsters into smaller units.⁴² They could then also become much more effective. One could, for instance, subject the size of undertaking to progressive taxation: small enterprises are not taxed at all, medium enterprises say 30% of profits, large ones 60% and very large ones 90%. Then they will automatically dismantle themselves without disintegrating.

Land reform

Land reform is an example both for the necessity and the difficulty of spreading access to resources more widely in the population. The glaring inequalities in the ownership of land have become proverbial and symbolic for racial domination and exploitation. They are one of the most daunting tasks of the post apartheid state.

But experience all over the world, including our neighbour Zimbabwe, show, that it is *not easy* to solve the land problem.⁴³ South Africa is fortunate to have a modern agricultural sector. It would be counterproductive to seize productive farms and hand them to great numbers of landless people without further ado. This has led to disaster wherever it was attempted. There is still some state land available for distribution. There are also white farmers who go out of business because agricultural protectionism is being dismantled. But land is only one of the problems. One needs infrastructure, credit, training, markets, investments in land stabilisation, and so on. To make small scale farming a viable sector is a difficult, costly and slow process.

Confronted with these problems, most governments have simply left the *market* to sort out the problem. Everybody who is eager and capable of buying and running a farm is allowed to do so. Often cabinet ministers acquired farms of their own and did not want land reform to be implemented. Apart from land restitution for victims of resettlement schemes under apartheid, our government seems to move in this direction. But obviously it is a wealthy elite, including big corporations, who determines the market and the poor have no chance of getting their foot into the door. So this is no answer.

Experience has shown that land reform works well if one can transfer the ownership and management of land to those *who have already worked* it and who know the ropes. In Latin America, where you have feudal conditions, tenants have worked the land but paid huge proportions of the proceeds to the landlords. If the latifundia are expropriated and subdivided among the peasants the existing system is left intact, only that the proceeds go to those who produce them. This is normally a highly successful policy. The only problem is that you need the political will and clout to act against the powerful interests of the landlords.

In South Africa there are, in many cases, already as many established farm workers on these farms as the farm can carry. It would serve no purpose to displace them. Moreover, the farm is an integrated production unit. The managerial expertise of the existing manager is important and should not be lost. In such cases the farm can be transformed into a *corporation with the workers as shareholders* and the previous owner or manager acting as chairperson of a chosen or appointed managerial board. This has proved to be highly successful in some cases.⁴⁴ The government would be well advised to offer incentives in

42. TURP 1994:54-57.

43. See Terrence Moll 1991, as well as the entire volume edited by Peter Moll et al 1991.

44. Eddie Koch: Workers and boers create fruitful synergy. Mail & Guardian July 26 - Aug 1, 1996, p 4 (South Africa). A similar case in the Eastern Cape is described by Stephen Coan in the Natal Witness June 14, 1996, p 11.

this direction. One of the advantages of this scheme is that the emotional attachments of both the previous owner and the established worker families, who may have been there for generations, are respected. That is very important for the success of an agricultural enterprise.

This policy caters for the farm workers on commercial farms but it does not cater for the millions of people who live in *overcrowded tribal areas and resettlement camps*. There are no shortcuts to this problem. Rural development is part of the answer. Experience in Zimbabwe has shown that high prices for agricultural products can induce subsistence farmers to produce for the market. But our subsistence agriculture is largely destroyed. It is also hard to manipulate prices in a free economy. The biggest problem is that former peasant communities are often demotivated and not necessarily keen to make farming their full time occupation. It is much easier to work in town. There is no doubt that large proportions of the black rural population will be urbanised in the coming decades. So the development of the informal sector in the urban areas is an important ingredient to the solution.

Affirmative action

Affirmative action is a strategy to empower the disadvantaged within the formal urban economy. It is another example of the ambiguity of economic policies. In South Africa it is absolutely necessary to rectify the injustices and imbalances of the past and this must be pursued rigorously. In the heydays of apartheid over 85% of all activities in the higher professions were conducted by whites.⁴⁵ This situation cries to high heaven. Having said this, we must be aware of the pitfalls. In the first place *tokenism* is no solution. This is widely recognised. A manager who has a grand office, a high salary and a luxury car but no real decision making power is a farce.

Genuine decision making power depends on competence. Competence depends on *expertise and experience*. It is undesirable to place people in lucrative professional positions if they are unable to cope with the demands of such positions. This would be counterproductive both personally and economically. Personally nothing can undermine the self-confidence and authority of incumbents more than the sense that they do not cope and have to cover up the fact. Economically we can ill afford depressing the dismal level of our economic performance further by placing people into positions which they cannot handle. It is not in the national interest to remove the most qualified, experienced and motivated people the nation can muster from office and replace them with incompetent newcomers. Nor can the creation of prebends for non-performers and home boys be defended.

The aim of affirmative action must be, therefore, to create space for the hitherto disadvantaged to *acquire expertise and experience as rapidly as possible*. Unfortunately this takes time. Roles are located in networks and people have to grow into their responsibilities. Impatience in this regard is understandable, but not necessarily prudent. To let management, professional expertise and skilled labour reflect *the demographic composition* of the population is a valid medium to long term goal, but entirely unrealistic in the short term. The black elite is already severely stretched, lured into high government offices, wooed by the private sector, overpaid and overburdened. The goal can only be achieved by granting equal opportunities to children, apprentices and students in their normal educational careers, and helping the most gifted among the disadvantaged to catch up as rapidly as possible by a transfer of responsibility.

Affirmative action must also not erode the *existing pool of expertise and experience*

45. Nürnberg 1988:53.

which, due to apartheid, is unfortunately mainly located in the white population. The legacy of apartheid is deeply rooted in the fabric of society and will take some time to overcome. Quick fix solutions can cost the economy dearly. South Africa has 35 engineers per a million of the population, Japan has 500.⁴⁶ To give highly qualified persons a golden handshake and let them go fishing, while the country needs their expertise, is wasteful and counterproductive. There are just not enough black experts around at present to replace them. It is equally undesirable if young white professionals emigrate because they have no prospects of ever getting appointed. For years apartheid has squandered black talent; we should not now repeat the mistake and squander white talent. Whether white or black, expertise is a precious and indispensable national asset.

Finally, experience in countries with an aggressive affirmative action policy, such as Malaysia, has shown that it works only up to a point. It tends to benefit those who *know how to utilise* these advantages and leave the masses out in the cold. Affirmative action cannot, therefore, be simply a matter of enhancing the careers of a black elite; it must be a dynamic policy which targets whoever is underprivileged at the expense of whoever is overprivileged.

Unemployment

In relation to the entire population only a few people are professionals who qualify for affirmative action. The majority needs any kind of job. While self-employment at grass roots level is one of the most effective ways of creating jobs, not all people are good entrepreneurs. Some simply have to make a living by selling their labour. Not to be wanted on the labour market is incredibly dehumanising and demoralising - quite apart from the fact that it leads to poverty and crime. It is imperative that the state and the private sector place employment *high up on their agendas* because the prosperity and stability of the society depends on it. The question is how one can go about creating jobs.

We have said above that the formal South African economy is an enclave economy which, in its present form, cannot integrate the entire population. The obvious answers seem to be, therefore, that the *growth of the population* must be arrested and that the *growth of the economy* must be enhanced. As we have seen above, the first contention is valid, though it needs to be qualified by reference to the Aids problem. The second contention is more problematic, because the growth of the economy does not necessarily mean growth of employment.

We have already said that small enterprises create more jobs than large ones and this is part of the answer. But there is another important consideration. The most fundamental cause of unemployment is that labour is more expensive as a factor of production than capital, that capital therefore outcompetes labour on the factor market. It may be that the remuneration packages and the conditions of service contribute to the fact that labour cannot compete with capital. But there is a much more fundamental issue, namely our tax system.

At present we are *taxing labour* (through income tax and value added tax), while subsidising capital. Income tax and VAT account for over 70% of state revenue.⁴⁷ Dividends are exempt. The rationale is to force a society to save and invest. The underlying assumption is that productivity and prosperity are generated by capital investments.

However, in recent times this whole set of assumptions has become problematic. Capital investments benefit only the shareholders, managers and skilled workers. Unskilled

46. SA Inst for Race Rel 1995/6:536.

47. TURP 1994:44.

workers lose their jobs. The idea of accumulating capital is to help people produce, not to throw them out of production. As mentioned above, modern production methods no longer need large amounts of human labour, least of all unskilled labour. Unskilled labour is simply a form of energy, which can be supplied much more effectively by machines using fossil fuels. So unskilled labour is pushed out of the factor market.

The answer to this problem is to tax *capital-intensive* production and give tax concessions to labour-intensive production. We must allow firms tax reductions for employment creation rather than investment in machinery. A more radical recipe, which is discussed in Europe, would be to tax energy derived from fossil fuels, that is, petrol and diesel. To make the picture complete one can also tax pollution.⁴⁸ The proceeds of such taxation should not be used by the state, but plowed back into the economy in the form of improved infrastructure, training, credit for small and medium enterprises, research into labour-intensive methods, etc.

This would automatically lead firms to switch back to labour. Traditional forms of energy and transport, such as oxen and horses, would again become cost-effective. Low key technology would be reinstated and developed. Alternative forms of energy, especially solar energy, would be developed and become competitive. This would not only solve the problem of unemployment, but also help regain ecological sustainability. The modern economy will have to change soon in this direction in any case because the deposits of fossil fuels will soon be running out.

One could argue that such measures would destroy our international competitiveness. This argument presupposes that we introduced free trade across the board, which is a problematic policy. The most desirable outcome would be, of course, that this policy was internationally accepted. We are not near such a situation, but with the depletion of fossil fuels we may soon be forced to move into this direction. However that may be, our local *fuel prices are low* in comparison to industrialised countries, so there should be at least some scope for increasing the cost of energy without undermining our competitiveness. Such measures would lead to an enormous outcry from the business community, private car owners, transport companies, taxi operators, commuters, commercial farmers, and so on. Perhaps our government is simply too weak and dependent to implement such a policy.

The question is whether people can begin to see that unemployment and its wide social, economic and political repercussions is *infinitely more expensive to the society* than a change in the methods of production and distribution. We simply need to work on creating a new mentality.

7. A new mindset

We have argued for a particular set of policies. But transformation will not come about all on its own. There must be people who drive the process. What we need is a new mentality, a new culture, a new set of convictions. The first problem is that the acquisitive spirit of the capitalist market economy is spreading rapidly across the entire population. Communal responsibility makes way for individual or group selfishness.

The second problem is that the end of apartheid and the election of a majority government has created vastly *unrealistic expectations*. The population has become very restive. At long last everybody wants to enjoy life to the full. All this is most understandable, especially as far as the most deprived are concerned. Society has really let them down and they claim their share. But there are no fast lanes to generalised prosperity. Where it is not forthcoming people end up in disillusionment, despondency and depression.

48. Von Weizsäcker & Jesinghaus 1992.

The third problem is that needs and wants are boosted artificially. In the cities expectations are *fuelled* by the high and conspicuous consumption patterns of the old and the new elites. They are also fuelled by ruthless advertising and marketing. The impression is created that if you do not consume this or that product you are missing out. The mass media and the entertainment industries suggest that everybody is entitled to a roaring life of constant, instant and total satisfaction - whether in the form sexual gratification, drug induced highs, or fast cars. There is no patience, no sense of gradual and hard earned achievement. If one cannot get something immediately one goes on the rampage.

The fourth problem is that we all want to enjoy the fruits of a high performance economy without wanting to pull our weight to bring it about. People believe that society does not only owe them a living, but a good life to boot. One does not believe that one should pay for land, housing, services and education. The state is there to provide all that. This is sometimes called the 'culture of entitlement'. The problem is that the state only administers the public assets of the society. There is just not enough money to go round.

There is also no sense of the limits of our resource base, the irresponsibility of wasteful consumption and the dangers of ecological destruction.

This mentality can lead to our undoing in more than one ways. In economic terms it leads to a transfer of the national product *from investment to consumption*. Countries such as Nigeria and Zambia show how the boon of natural resources can be wasted on consumption, rather than being used to build up investment, markets and infrastructure. The South African population no longer saves on a significant scale. In fact, at the time of writing the indebtedness of the population has reached 66% of disposal income.⁴⁹ Investment by companies levels are extremely low.⁵⁰ In contrast, South East Asian countries started off with very low levels of consumption, and high levels of investment. Frugality was culturally entrenched and emotionally accepted because there was a high degree of equality.

The pursuit of gain and the lack of public responsibility makes both the private sector and the bureaucracy *prone to corruption*. The new government is committed to accountability and transparency but it faces an uphill battle. It is pleasing to note that cases of corruption are still perceived to be scandalous, but too often culprits are protected by their peers and clientele and the population is getting used to the phenomenon.

The expectation of instant satisfaction also underlies a much more serious phenomenon, namely the *escalating crime wave*. A culture of go-getting has taken root. If one cannot obtain what one wants legally, one will go and get it illegally. The police is discredited due to apartheid. It may also be corrupt in many places. The judicial and correctional systems suffer from severe overload and, probably, a great deal of clumsiness. War lords, drug peddlers, crime syndicates, gangsters, rapists, armed robbers, and economic criminals are all seen to get away with their actions. Various kinds of crime, from the most crude to the most sophisticated, have become the most lucrative growth sectors in our economy.

We have emphasised that we have to scale down our expectations to realistic levels. The formulation of human rights must be matched with a *formulation of social obligations*. The poor are entitled to expect a modest but adequate and healthy standard of living. For that to happen, the not-so-poor must refrain from aspiring to reach to the skies. We are not in America or Japan. We also have to realise that their life styles set standards for those who cannot afford it, thus creating a wild goose chase which leads to frustration and animosity. We also have to learn that the resources of our country have to cater for many generations

49. SATV News 26.9.1996, cf SA Inst of Race Rel 1995:528.

50. TURP 1994:92.

to come. If we take too much now, our children and grandchildren will suffer. We do not want to be cursed by our progeny.

Most basically we have to reflect on what it is that we really want - quick fixes and fleeting thrills, or the self-discipline and the hard work necessary to lay the long term foundations of equity and quality of life for all and for coming generations.

This is where the religious and the ethical tasks come in. Superficial moralising will make no impression. After both African and *Western cultural foundations have disintegrated we have to build a new* and solid worldview. Our mindset must combine emancipation with communal commitment, freedom with responsibility, power with service, initiative with concern, local involvement with universal visions. We must build a common loyalty, a common set of values, a common will. Our cultural differences can be turned into assets if we learn to accept, respect and serve each other with the gifts we have.

We also have to stand up against extremely powerful forces sweeping the population in the *opposite direction*: ruthless advertisers, the profit oriented entertainment industry, the drug culture, the power of primary group pressure among the youth, the great cartels, the crime syndicates - and the plain selfish old Adam within us all. This could be the domain of the Christian churches. But for that to happen they have to wake up to their mission in this regard, do their home work and join forces with other agents of renewal.⁵¹

8. Possible agents

The importance of primary groups

Churches, political parties and educational institutions must combine to inculcate wide horizons, intergenerational responsibility and a more sustainable value system. The system will not easily change. But the situation is not hopeless. History is in constant flux. Soon the present system will no longer be workable. Then it is important that alternatives have been developed.

It is wrong to wait either for 'the big guys on top' or for the 'revolutionary masses' to take the initiative. Society is structured into thousands of *primary groups* on a great number of levels. Primary groups are extremely powerful as agents of both change and inertia. The task is to conscientise and mobilise such groups, from the core family to school classes, work teams, boards of directors, and cabinets. For that to happen one needs to establish prophetic groups which form networks and which feed into the system at all levels. This again demands a high level of information, research and education. Nothing is as useless and counterproductive as baseless rhetoric.

The church's role

As it is, the institutional church is part of a lethargic and self-interested society. The church gathered on Sundays concentrates on festivity and spirituality. There is very little interest in economic matters among church goers. There is also little competence among preachers. There is very little public influence. Nobody expects the church to develop initiatives in the economic sphere of life. But all this only means that the church must be renewed to become an agent of renewal. Let us mention a few aspects:

- (a) The *institutional* church still has considerable moral authority. As in apartheid years, it is not meaningless for them to make prophetic statements, say on international debts, the dangers of free trade, unemployment, deceptive advertising, environmental dangers, etc. Church leaders can also act as honest and impartial brokers in cases of

51. Nürnbergger 1994:5ff.

social conflict. They also can be the voice of the voiceless and lobby for the interests of the marginalised.

- (b) The *celebrating church* on Sundays should pry open its fixation on private spiritual concerns and discover God's comprehensive vision for the world.
- God's mission in the economic sphere should be included both *in preaching and public prayers*. Dabbling, moralising and rhetoric will not do. Preachers should call together think tanks of knowledgeable persons from various walks of life who help them analyse the situation and reflect on fundamental values. Team ministry has become essential in modern times.
 - The local congregation itself must become a *redemptive community*. Congregants must be allowed to lay their dilemmas and troubles before the community and obtain prayers, encouragement, guidance and assistance. We can learn a lot from the African Independent churches in this regard.
- (c) The *engaged church* consists of Christian NGOs and similar ventures. Their hands-on community development work can draw attention to needs, pioneer possible solutions, set standards, create hope. Needless to say, NGOs should not work for the needy but facilitate the autonomous initiatives of the latter.
- (d) The *reflecting church*: theologians and other intellectuals should do research and provide study material concerning economic issues to empower ordained ministers and the laity.

However, it is in the *dispersed church* that the real potential of the church is to be found. The church is composed of her members, and her members are part of society. Christians are teachers, shift bosses, company executives and cabinet ministers. They have professional competence, status and power within their secular roles. Most Christians simply follow the rules of the game when at work. They must be conscientised and empowered to act responsibly in their secular contexts - and do so as Christians. For that to happen one needs a massive educational effort. To me that seems to be the task of the future.

9. Conclusion

Can we win? The situation does not look rosy. Yet it is far from hopeless. Certainly we cannot replicate the model of the Asian tigers. But we can learn from them. To begin with we have to *become realistic*. Prosperity is not going to drop from heaven. If we want to make it, we have to become alert, innovative, resolute, shrewd, self-disciplined, industrious.

The basic prerequisite for economic transformation is, however, that we overcome narrow horizons and forge *a new kind of solidarity* - both with those who live in our land with us now and with those who will inhabit our land after us. People do need freedom to develop their gifts, but we have to realise that we are in this boat together. We need to share both rewards and obligations more equitably. If we are not careful, the weakest will go overboard. If the boat sinks, we shall all drown. It is more likely, however, that it is our children and grandchildren who will drown. This possibility should give us sleepless nights.

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