

2. ECONOMIC POLICY

A STRATEGY FOR THE OPENING UP AND GROWTH OF THE POST-APARTHEID ECONOMY

The central goal of ANC economic policy is to create a strong, dynamic and balanced economy that will be directed towards:

- (a) The elimination of the poverty and the extreme inequalities generated by the apartheid system;
- (b) The achievement of high employment and maximum participation in economic activity by all;
- (c) The steady growth in and increasing variety of goods and services produced, so as to enable the whole population, especially the poorer section, to improve its quality of life;
- (d) The development of a prosperous regional economy in Southern Africa based on the principles of equality and mutual benefit.

In order to achieve these objectives it will be necessary to develop a national economic strategy based on two principal components:

- (i) The opening up of the economy so as to break-down the legal, practical and psychological barriers created by apartheid and patriarchy. This includes barriers to the acquisition of skills and to access to jobs, adequate remuneration, business opportunities, managerial positions, and share-holding by the majority of the population. In addition there will have to be a systematic redistribution of income and infrastructure in favour of our people;
- (ii) the restructuring of the South African economy on the basis of new, comprehensive and sustainable policies for industry, mining, agriculture, fisheries and rural development.

Such an economy will foster a new and constructive relationship between the people, the state, the private sector and the market.

Success will depend upon sensible and active collaboration, in working out policies, by all those involved in the economy.

We envisage that, as in most parts of the world, the state will have primary responsibility for responding to the basic needs of the population in the areas of health care, education and basic social security. In addition, it will be responsible for the provision of infrastructure in the form of roads, dams, telecommunication, transport and power stations, as well as for the furnishing of utilities such as water, electricity and waste disposal services.

We envisage a dynamic private sector, employing the skills and acumen of all South Africans, making a major contribution to the provision of good quality, attractive and competitively priced goods and services for all South Africans. Special attention will

have to be given to small-and-medium sized businesses, family and village economic activity and generally to the encouragement of development in poor and depressed areas.

The democratic state will have ultimate responsibility - in cooperation with the trade union movement, business and other organs of civil society - for coordinating, planning and guiding the development of the economy towards a sustainable economic growth pattern. Emphasis will be placed on macroeconomic balance, including price stability and balance of payments equilibrium.

In addition to the above principles, the state should respond to the needs of the national economy in a flexible way, and be guided by the balance of evidence, rather than acting according to any rigid ideological framework when deciding for or against various economic policy measures. Such flexibility means assessing the balance of evidence when deciding on the merit of:

- * Increasing public sector economic activity through, for example, nationalisation (subject to compensation) or by means of purchasing a share-holding in companies through the market process; or,
- * establishing new public corporations or joint ventures between the state and the private sector; or,
- * Reducing the role of the public sector through privatisation.

The primary question in this regard is not the legal form that state involvement in economic activity might take at any point, but whether such actions will strengthen the ability of the economy to respond to the massive inequalities in the country and relieve the material hardship of the majority of people.

FISCAL AND MONETARY POLICY

The ANC is committed to a well coordinated fiscal, monetary and exchange rate policy package, which will provide a stable macroeconomic framework for sustainable growth and redistributive expenditure on housing, infrastructure, education, health and social welfare.

Redistributive expenditures will be financed largely through a broadly based and progressive tax structure which will also reflect the need to create incentives for investment and expansion. The complex details of fiscal changes which are necessary will be the subject of a fiscal commission, which the ANC will institute.

Inflationary deficit financing will be avoided by the democratic state. The ANC will avoid unsustainable increases in the public debt by financing the deficit through borrowing on the capital market rather than through money creation.

TRADE AND INDUSTRIAL POLICY

Trade policy will be aimed at raising the level of productivity and improving the competitiveness of domestic producers. Tariffs may, in conjunction with performance requirements, enable domestic producers to develop new branches of production. Trade barriers will be adjusted, within an agreed framework, to prevent the destruction of domestic producers, jobs, and the exploitation of South African consumers. The export of higher value-added goods will be encouraged in order to strengthen the balance of payments position, improve competitiveness, and create jobs.

Trade policy will be closely linked to the overall economic policy of the ANC, including monetary and industrial policies. South Africa will in general endorse the multilateral system of trade liberalising arrangements centred around the General Agreement on Tariffs and Trade (GATT). However, the ANC will persuade developed countries to facilitate the development process which confronts the Southern African region.

Industrial policy will be aimed, in the first instance, at meeting the basic needs of and creating jobs for the millions of our people who are unemployed and living in poverty and squalor. It will further aim to enhance our technological capacity, and in the medium to longer term, ensure that South Africa emerges as a significant exporter of manufactured goods. Further, industrial restructuring will be promoted in accordance with the needs of our economy and international economic demands and patterns. A balanced pattern of industrialisation, capable of overcoming the geographic inequalities and imbalances of the apartheid period, will be vigorously pursued.

MINING AND ENERGY POLICY

The mineral wealth beneath the soil is the national heritage of all South Africans. A fundamental component of ANC mining policy will be the introduction of a new system of taxation, financing, mine worker safety, mineral rights and leasing, with public ownership and joint ventures being considered where appropriate. Strategies will be developed to integrate the mining industry with other sectors of the economy by encouraging mineral beneficiation and the creation of a world class mining and mineral processing capital goods industry.

The ANC will investigate the appropriate regulatory framework, structure and operation of major energy parastatals such as Eskom, the Atomic Energy Corporation, Sasol and Mossgas, with a view to re-orientating them towards national economic and development goals. The ANC also intends to launch a national electrification programme.

FISHING

Marine resources along the South African coastline form a substantial fishing industry. In the development of this

industry, however, access to the resource was removed from many traditional fishing communities. Moreover, although current management strategies - which are based on a mix of limits on catch and limits on access - have shown an improvement over past strategies, there are indications that some stocks are still being over-exploited.

Accordingly, the ANC favours restructuring the fishing industry by moving away from large fishing conglomerates to smaller, community-based fisheries. Management of stocks on a sustainable yield basis will be continued and improved. This could be done through the introduction of a more conservative, and longer-term quota allocation system which would impart a greater measure of stability to the industry. The development of additional fish stocks, and the mariculture industry - within environmental constraints - will also be encouraged.

FOREIGN INVESTMENT POLICY

Foreign investment will be promoted. This will be done, amongst other things, through guarantees on the repatriation of after-tax profits, the purchase of inputs, the sale of domestic assets, the maintenance of macroeconomic balance by the state, transparency and consistency of overall economic policy and a climate of peace and stability.

In addition, foreign firms will not be nationalised without adequate and fair compensation. Foreign investors will, however, be required to comply with domestic regulations, including those covering the environment, labour market, education and training of workers and affirmative action. Foreign investors in natural resource-based industries may be subject to additional regulations.

ANTI-TRUST, ANTI-MONOPOLY AND MERGERS POLICY

The concentration of economic power in the hands of a few conglomerates has been detrimental to balanced economic development in South Africa. The ANC is not opposed to large firms as such. However we will investigate the possibility of introducing anti-monopoly and mergers policies in accordance with international norms and practices to curb monopolies, continued domination of the economy by a minority within the white minority and promote greater efficiency in the private sector.

AFFIRMATIVE ACTION WITH RESPECT TO RACE, GENDER, YOUTH AND THE ROLE OF CIVIL SOCIETY

Racism and sexism are present in all areas of economic activity in South Africa. The ANC will ensure that all aspects of economic policy address this situation and transform it in accordance with democratic principles of non-racialism, non-sexism and the equality of all South African citizens. Accordingly, the ANC will support the implementation of affirmative action policies in all areas of the economy.

Special attention will have to be given to intensive training and the opening up of careers and advancement for those held back by past discrimination. Management in both the public and private sectors will have to be deracialised so that rapidly and progressively it comes to reflect the business skills of the entire population. Equity ownership will also have to be extended so that people from all sections of the population have a stake in the economy and the power to influence economic decisions.

In addition, the ANC will promote the active participation of civil society in all areas of economic policy through appropriate institutions, forums and processes.

Gender relations in the home have created dependency and subordination for most women in our society. The domestic division of labour has resulted in women performing a range of activities which are unrecognised for their contribution to social reproduction, stability and wealth creation. This situation needs to be redressed through efforts to value the unpaid work performed by women and through establishing a set of accounts which reflects the contribution of women to gross domestic product. The need to actively recognise such work is vital since it affects the nature of broader socio-economic policy formulation. In addition there needs to be a commitment to equal pay for work of equal value in the currently recognised sectors of the economy.

REGIONAL COOPERATION IN AFRICA AND SOUTHERN AFRICA

South Africa is part and parcel of the African continent in general and Southern Africa in particular. As such, the ANC will continue to work for the aims and objectives of the OAU in achieving the economic integration of the continent. An ANC government will seek to actively promote economic cooperation in Southern Africa in ways that will correct existing imbalances and promote non-exploitative relationships.

3. THE LAND

LAND AND AGRICULTURAL POLICY

Dispossession and denial of rights to land have resulted in the present unequal division of land and landlessness, which will require legislative intervention far beyond the mere repeal of apartheid land laws. Our policies must provide access to land both as a productive resource and to ensure that all our citizens have a secure place to live. The crippling impact of past policies demands the urgent implementation of land reform measures. At the same time, we must take account of the need to maintain food supplies and to provide equitable and orderly procedures so as to ensure that the transition is as smooth as possible. Compensation will have a big role to play in dealing with competing claims.

The ANC is of the view that the legacy of forced removals and dispossession must be addressed as a fundamental point of departure to any future land policy for our country. Effective policy measures to ensure that landless people gain access to land on fair terms, and a legal process to resolve competing claims to land will be introduced by an ANC government as a matter of priority.

The development of a productive agricultural sector and a viable rural economy is necessary for economic growth and the well-being of all South Africans. The productive potential of the land and the people living on it should be effectively harnessed, for the benefit of the entire nation. Our agricultural land should be treated as a fragile and precious resource base which belongs to future generations, and our policies will be designed to ensure its enrichment and protection.

LAND REFORM AND REDISTRIBUTION

Our approach to land issues must be placed in the context of an overall developmental strategy addressing problems of poverty, malnutrition, landlessness and unemployment. The ANC believes that our country needs a comprehensive land reform programme which will include the following:

- Redressing the injustices caused by apartheid's policy of dispossession;
- Addressing demands and grievances concerning land restoration and ownership by the creation of a special land court through which competing claims to land can be resolved;
- Creating institutions to which the homeless and landless will have access in order to obtain land, shelter, and necessary services;
- The recognition and protection of the diversity of tenure forms in our country;
- The promotion of a policy of affirmative action within a viable economic development programme to ensure, among other things, access to land with secure rights for residential settlement, as well as access to good agricultural land, which will create new opportunities in this sector.

Redistribution of agricultural land

The present pattern of land ownership which is the direct result of apartheid laws must be fundamentally changed to address landlessness and land hunger. The programme of redistribution of agricultural land must be accompanied by measures which will ensure that the land will be productively used. These must include the provision of adequate infrastructure as well as training and appropriate extension work.

The state will have to play a key role in the acquisition and allocation of land and must therefore have the power to acquire land in a variety of ways, including expropriation in the public

interest where necessary, with just compensation. In addition, the state should seek to use policy instruments, eg, land taxes, which, if correctly applied, could have the effect of land being freed for redistribution through the market. Other instruments of control interfering with the market mechanism, such as the 1970 Subdivision of Land Act, will need to be reviewed.

Access to land and ownership

All South Africans are entitled to equitable access to land and shelter to meet their basic needs. In order to achieve the realisation of this entitlement, an equitable balance shall be established between the legitimate interests of the present holders of rights to land, and the legitimate needs of those without land and shelter.

The ownership of land carries with it both rights and duties. Owners of land should be required by law to respect the human rights of people living on the land, the need for productive use of the land, and the need for the protection of land as a productive asset for the country as a whole.

Orderly procedures

We envisage the creation of Land Claims Tribunals to preside over and make the necessary adjudications with regard to conflicting claims to land and the redistribution of rights to land. The law will lay down clear criteria of entitlement. Priority will be given to victims of forced removal who, wherever possible, should get land back taken from them by the apartheid state. Former labour tenants and share croppers, and their families, who have had a long association with particular pieces of land, should have protected rights of occupation and use. No one should be evicted from land or have his or her home destroyed, unless the Tribunal or another court has considered the availability of alternative accommodation.

There must be a programme of affirmative action to enable people prohibited from owning land on the basis of race and sex discrimination, to have access to land.

While the Tribunals will focus on the question of land rights, other agencies will ensure that new farmers receive appropriate credit, training, extension and marketing facilities in order to produce efficiently.

Compensation

The land question is a question that affects not just landholders and the landless, but the whole nation. All South Africans have a responsibility to share the burden of solving it. While the free market has some role to play, it will barely touch the problem. The very discrimination which forced the people off the land, has deprived them of the capacity to buy the land back. The market could even aggravate present inequalities.

In establishing an equitable balance between the legitimate interests of present title holders and the legitimate needs of those without land and shelter, compensation by the state in the national interest will have an important role to play. It will be unjust to place the whole burden of the costs of transformation on the shoulders either of the present generation of title holders or on the new generation of owners. Hence the need for a special Land Fund to ensure just compensation for those title-holders who lose out economically because of redistribution. We believe that the criteria for calculating compensation should be of a manifestly just and equitable nature; they should be laid down in advance in legislation, and in the case of any dispute, the courts should have the last word.

The question of how the Land Fund should be financed is part of a wider question of finding resources to finance urgently needed social development and advancement. The ANC supports the idea of developing a national consensus around the principle of sharing the burden of financing land reform, housing, education and training by means of a special fund. The concept of burden equalisation, through the introduction of special taxation measures has been applied successfully elsewhere and has possibilities for South Africa.

Rural local government and development institutions

The present systems of rural administration are undemocratic and ineffective creations of the apartheid state. They will be replaced by democratic forms of local government formulated in close consultation with rural communities and based on principles of election and accountability established in the national constitution. Women shall have full and equal rights of participation in these processes. Governmental, non-governmental and community based organisations all have a key role to play in the process of land reform and rural development.

Protection of worker rights

Recognising that those who work and dwell in the rural areas occupy a particularly vulnerable position in our society, they and their families should be guaranteed full rights and protection under relevant labour legislation. The state shall actively promote the protection of human rights for all rural dwellers.

The position of women

The patriarchal system of law and land rights have deprived women of independent access to land and control over the product of their labour. This must be addressed by ensuring that women have the same rights as men in regard to all land related issues and must be given special assistance to realize these rights.

Urban land policy

The existing shortage of housing and serviced residential land

in urban areas is a product of apartheid policies, and must be addressed. The spatial geography of apartheid must be fundamentally changed. Serviced land for housing must be made available to those who need it, close to cities and to places of work. Urban resources and services must be shared amongst all who live and work in the cities.

Land and the environment

Land is a natural and national resource to be used in an appropriate and sustainable manner. Declared nature conservation areas must be respected as part of the nation's common wealth. However, the ANC believes that wild life management and exploitation should constitute an important component of rural development with emphasis on integrated conservation and development of these resources. Communities should be assisted to achieve rational management and exploitation of wild life resources, particularly in those areas where its utilization on a sustainable basis is viable.
