
Interview: Solomon Terblanche

'New Thatcherite policy cannot relieve poverty'

Dr. Solomon Terblanche, for the past 30 years, has been an economics professor at Stellenbosch University, not far from Cape Town. He is described by other South African economists as one of South Africa's dirigist Afrikaner economists "of a bygone era." He was interviewed on July 31 by telephone, by L. Chamberlain.

EIR: The kind of economic policies now being pushed on the South African government are quite different from South African economic policies of an earlier period, I gather?

Terblanche: When the National Party got into power in 1948, they were very concerned about the poor white problem in Afrikaner ranks; they developed public sector parastatals; they also had a program for lifting this group that some called socialistic. But in the end of the '70s, and '80s, the Afrikaner orientation also became rather free-marketeer.

During the '80s, Mr. [P.K.] Botha, then state President, was very much influenced by the English business sector. At that time, the whole South African economy was in a kind of survival crisis due to the struggle of the ANC, etc. And all kinds of liberalization were started; also privatization, etc.

But from 1990, as you know, the period of negotiation started. Originally, when Mr. Mandela was released from jail, his whole rhetoric was rather socialistic. In his second speech, he said that nationalization is still part of the ANC's policy.

Now, during this long period of negotiations in Pretoria, the ANC leaders rather strangely were wined and dined from morning to night by the businessmen from Johannesburg. And the business people were rather pleased with the learning curve of the ANC.

When they [ANC] took over in 1994 in the Government of National Unity, they were rather moderate and realized the need for economic growth, etc. Now, in the beginning of this year, suddenly, it seemed, the honeymoon of South Africa was over. The external support was not what it was; foreign investment flowed out; the rand tumbled, and we've experienced quite an economic crisis since February.

The government appointed a commission (two of my colleagues were part of it), to formulate a new macro-economic policy. This economic policy, in a sense, features what one can call "Thatcherism." And the ANC accepted it! Realize that it cannot solve our economic problems—more than 40% of the potential labor force is unemployed; it cannot solve our terrible poverty problem: 40% of the population, mainly

blacks, live in absolute poverty.

Now, the ANC—[Deputy President Thabo] Mbeki and the new ANC Finance Minister Trevor Manuel, and Mr. Mandela—have supported it. But now the problem is, the strong black trade union movement, Cosatu, is not prepared to accept it. Part of this new macro-economic framework, as it is called, acknowledged the need for privatization of some of the parastatals. And now there is tension between the ANC government and Cosatu, and last week we had the conference of the South African Communist Party; South Africa's Communist Party is strong in Cosatu and it formally rejected the plan.

EIR: Prime Minister Mahathir Mohamad of Malaysia—who of course is very big on privatization historically—nevertheless recently insisted in a speech that the current push toward "globalism" was the "new colonialism"—that that would be the net effect.

Terblanche: I would *agree* with him. The global economy is a reality, but, in a sense, it is very bad news, especially for the smaller countries and for all developing countries of this world. In the global economy, the power is situated in the major powers. We must try to play the global economy—but we must realize it is not a friendly world; it is not a benevolent world; it is a very *hard*, relentless world, where power is the name of the problem. But we are rather in a corner; we need foreign investment.

EIR: All of this has a lot to do with the fact that the overall international economy is collapsing.

Terblanche: Yes, I know.

I wanted to mention one other aspect. There is another problem with the new global economy. There is a new emerging war between the North and the poor South. If southern countries, the so-called poor South, realize they are always on the losing side in the global economy, that can tear the whole thing apart. It is a risky business.

The major argument of Cosatu and the SACP, is that it can be disastrous to put all our eggs, so to speak, in this global economy.

The problem is, this argument is quite a polarization in South Africa between the ANC and business sector and the old National Party on the one hand, and the trade unions and SACP on the other side. It is not only an ideological argument; it is also a power struggle. Our so-called political shift is more or less completed, but now the economic struggle is going on to determine the future of the South African economy. This economic power struggle will not be completed any time soon. The debate, is, in a sense, only in its beginning. And all of this is not as simple as some people in South Africa want to believe.

EIR: What is the relationship right now between the South African government and the International Monetary Fund and World Bank?