


Alumnus Oeconomicus

Nuusbrief van die Departement Ekonomie, Stellenbosch Universiteit
Newsletter of the Department of Economics, Stellenbosch University

“You are the institution”

I first met Cees Bruggemans about five years ago, to talk about potential career paths. My impressions back then – of a person of sharp intellect and of uncompromising straightforwardness – proved accurate, if incomplete, as our collegial relationship developed in the years since. I discovered an economist who understood the context of numbers. His famous interjections during forecast discussions at the Bureau for Economic Research was usually either about the futility of accuracy (“tell me if its 1 or 3 not 1.2 or 1.4...” he said of GDP forecasts) or about the basics of economics. He despised group-think – in private-sector economics this means following the so-called consensus view – and he would relentlessly unpick weak arguments based on “others said so”. My impression of Cees’s intellectual framework was that it was based, first and foremost, on the primacy of institutions as the drivers of economic activity. Indeed, one of the frequent themes during our breakfast discussions – and of his electronic newsletters – was the remarkable resilience of the South African economy, in the face of various political and economic shocks. In our last meeting, we once again jointly wondered at the ability of seemingly different universes to co-exist in South Africa. I had great difficulty in articulating what social norms – historically or culturally or economically determined – I had thought were sustaining the resilient, though lacklustre performance of the economy. Cees, with his big smile, nodded and succinctly summed up by noting “Wimpie, *you* are the institution!”. His understanding – of the formative and fluid nature of our economic institutions and the myriad driving forces behind them – features clearly in an extract from *War and Peace* that appears as a prologue in Cees’s 2003 book *Change of pace: South Africa’s economic revival*: “They were all impelled by fear or vanity, enjoyment, indignation, or rational consideration, supposing that they knew what they were about and that they were acting independently, while they were all the involuntary tools of history...” And so, in reflecting on his life, I remember his unobtrusive and tentative style, which shows an economist who understood that it is far more important to ask difficult questions of – rather come up with easy answers to – the economic challenges facing South Africa.

Cees Bruggemans was chief economist at First National Bank until 2012 and an honorary professor of economics at Stellenbosch. He received his doctorate in economics from Stellenbosch in 1984, working on international trade and its implications for South African policy. Cees soon became a well-known commentator on South African economic affairs, launching his (then anonymous) ‘Rex Columns’ in the 1980s. He was a frequent contributor to printed and live media. Cees passed away in September and is survived by his wife Heidi, five children and five grandchildren. 

Prof Wimpie Boshoff



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*Proff Danie Brink, Johan Malan,
Eugene Cloete, Johann Kirsten,
Wim de Villiers and Nick Vink*

Analysing the future

Johann Kirsten is the new Director of the Bureau for Economic Research at Stellenbosch University, and professor in the Department of Economics Johan Fourie spoke to him:

Let's start with the most difficult of questions. The South African economy is struggling. The BER's business confidence index suggests that we are at the same levels as during the financial crisis of 2009. The reasons, of course, are different; political and domestic policy factors arguably are now more important. Does that also mean that things can turn around quite quickly?

Yes, our Q4 results presented a persistent picture of poor confidence. The index essentially flatlined at 34 in the fourth quarter. While this is an improvement on the seven and a half-year low of 29 in the second quarter, sentiment clearly remained depressed. It seems that there is a clear 'wait-and-see' attitude amongst business in the economy. We hold the view that a good result at the December ANC conference and some clear actions towards the Feb 2018 budget could be enough to turn confidence around. This is emphasised by the fact that political uncertainty is mentioned by 89% of businesses as a major constraint.

You moved down from UP last year to become Director of the BER, replacing Ben Smit. What are the reasons for the BER's success, and where would you like to see it move forward in the short and long-term future?

Ben did a wonderful job in ensuring the sustainability of the BER. The culture of hard work, professionalism and precise execution is wonderful to see. I think all these factors plus the solid knowledge of the South African economy are jointly responsible for the BER's strong reputation. The commitment and professionalism of the staff are responsible for most of the success. It is important to maintain and treasure this asset, but at the same time we are considering options to make a sensible contribution to key economic policy decisions facing South Africa. Hopefully one day we could have the BER in the same position and with the same influence as the NBER in the USA.

You are an agricultural economist with extensive research and policy experience. Agriculture, if we are to believe a recent issue of National Geographic, is becoming increasingly technologically advanced and capital intensive. A country like the Netherlands is one of the leading exporters of food, despite its small size. Can a country like South Africa, lacking skills and capital, still compete in these markets?

South Africa is in reality a country with a very poor agricultural potential – only 17 million ha of the 122 million ha of South Africa's surface area is considered to be of high potential. It is therefore quite astounding how much South Africa's commercial farmers do achieve in a country of mainly semi-arid characteristics.

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Obviously to do this SA farmers have been adopting advance technology – from minimum tillage equipment, GPS mapping of soils and orchards, computer controls for irrigation systems, etc.. SA farmers are not lagging behind their Northern hemisphere counterparts and the latest machinery and production techniques are in play amongst the top 5 000 farmers in South Africa. They are entrepreneurial, innovative and very competitive. There are however issues with logistics, input prices, government regulations and bureaucratic delays with permits and licenses that are responsible for destroying some of our competitive advantage.


Land reform is a topic that you have also studied intensively. Land is certainly less valuable than it was a century ago; it is capital and skills that create wealth, not land. On the other hand, land is an emotive issue, and potentially an important tool for reconciliation and restitution. How do we negotiate this paradox?

Yes, this is true but there is a lot we can do if responsibilities in solving this critical question are shared amongst everyone – urban and rural people. I thought a lot about solutions for this tricky issue and I would argue that there are many farmers that could effectively support the process of land reform. If farmers in a district work together and land reform is implemented through a flexible and well-planned financial mechanism, then land ceilings and other punitive measures will not have to be implemented. There is much goodwill and considerable expertise that the state could leverage from the commercial farming sector to deliver land to the majority. All that is needed is a solid commitment, honest engagement and some smart incentives.

You are from a family of economists. Your wife, Marie Kirsten, not only has a PhD in Economics at Stellenbosch, but is also the daughter of Sampie Terreblanche. Your daughter, Nina Kirsten, also has a Masters degree in Economics from Stellenbosch. Is Economics in one's DNA? Family dinner conversations must be fun?

Yes, this is an interesting coincidence, but Marie and I, fortunately, did not meet in the Economics class. And we certainly did not start dating so that I could get tips for the questions for Economics 2 on "Wording van die Westerse Ekonomie"! Our relationship started outside the class room and then we ended up together in the 3rd year and Hons economics classes. Nina started with PPE and decided that economics is the only alternative and then continued to do her Masters. There is no real economics talk during family dinner conversations but we do assist one another with work related questions. Marie has always been a handy soundboard for my ideas and was always prepared to read through texts and presentations. She is often my harshest (and very wise) critic. Family meetings with prof Sampie is another matter – there we talk political economy, economic history or sport. He is obviously very blessed by the fact that he has daughter and son-in-law with whom he can share daily discussions on economics. 

Some thoughts on the Leuven and Stellenbosch University Think Tank

We – Katty Hsu (Honours) and Timothy Ngalande (Masters) – were two economists in a team of eighteen students from different faculties of Stellenbosch University that participated in the 2017 KU Leuven/Stellenbosch University Think Tank. The theme this year was the 'Enduring relationship between art and science'. Fifteen students from KU Leuven and eighteen from Stellenbosch corresponded throughout the year, sharing thoughts on the theme. The collaboration culminated in an exciting exhibition in Leuven, Belgium on 29 October. The exhibition itself captured the multidimensional nature of the relationship between art and science that we explored together. Our ideas for the eight dimensions of the art-science relationship in our final exhibit were developed and inspired by a series of guest lectures over the course of the year. As a bunch of introverts, working together was initially a challenge, but a trip by the Belgian students to South Africa in April kicked off the networking and successful collaboration. It culminated in a highly successful visit to Leuven in November, and a thought-provoking exhibition that we could all be proud of. The theme for next year's KU Leuven/Stellenbosch University Think Tank is Vox Populi. Honours student, Rachel Piggott, will represent the Department of Economics. 



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African Economic History meetings attract leaders in the field to Stellenbosch

The African Economic History Network ([AEHN](#)) is a growing group of scholars that meets annually to showcase the latest in research on Africa's economic past. Stellenbosch's Laboratory for the Economics of Africa's Past ([LEAP](#)) hosted the network's annual conference under the theme "Innovation in Africa's Past" from 25-27 October 2017. A large number of submissions indicates revived interest in African economic history and the centrality of the AEHN meetings for the field. This year, 54% of participants were researchers based on the African continent. Importantly, 40% of participants were graduate students, highlighting the bright future of the field. Top 5 economic history journals recognise this shift: a decade ago no papers on Africa were published; since 2008, a notable incline started which has yet to level off. Partnership with [Harvard University](#) attracted leading young scholars from abroad, while sponsorship from [Economic Research Southern Africa](#) broadened access for African scholars to attend.



Prof Emmanuel Akyeampong, who heads Harvard University's Centre for African Studies, commenced the week's proceedings by delivering the second annual LEAP Lecture (watch the 2016 installment [here](#)). His presentation explored African leaders' socialist model of economic development in the post-Colonial period. Prof Lisa Cook of Michigan State University delivered a keynote address at the intersection of economic history and innovation. Trudi Makhaya, a leading South African social commentator, closed the conference with key insights on South Africa's future. Without exception, this year's conference emphasised the growth in high quality quantitative and qualitative contributions: a panel discussion highlighted the use of methods from other disciplines (such as machine learning, spatial analysis and qualitative work) to understand Africa's past. Next year's meetings will be hosted in Bologna, Italy. Become a member of the network to receive updates [here](#). 



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A colleague retires

Mr Albert van der Merwe is retiring at the end of 2017. For a whole generation – 31 years, to be exact – he was a lecturer in the Department of Economics at Stellenbosch. To many cohorts of students, undergraduate and graduate, he became a permanent fixture in the Department, always friendly, always smiling, and always willing to lend an ear to colleagues who needed advice. For all of three decades, he was always in the same office, and there was often something humorous stuck to his door for passers-by to read and smile at.

Albert did his undergraduate, Honours and Masters studies at Stellenbosch from 1973 to 1978. He then moved to Pretoria, where he spent short stints at the SA Reserve Bank and at Benso, an institution later absorbed into the Development Bank of Southern Africa. In 1982 he and Mattie, his wife, moved to Harrismith when he became a lecturer at the Qwaqwa campus of the University of the North. There their first child was born (they eventually had three sons) and they settled well into life in a rural setting. Albert had to act as head of department for a very small Department, and lectured in almost every field of Economics, a difficult task for anyone. After five years he accepted a position as lecturer at Stellenbosch, where he has been ever since. Microeconomics and Environmental Economics became his areas of specialisation, with the latter his dominant passion in later years.

Albert spent two sabbaticals abroad. In 1979/80 he took some Development Economics courses for non-degree purposes at the London School of Economics, and in 1993/94 he did a Postgraduate Diploma in Environmental Management at the University of Stirling. His interest in Environmental Economics never waned and it became his area of specialisation. Over the years many students were attracted to taking his graduate module in Environmental Economics because of his enthusiasm for the topic. Currently, one of his main interests is investigating the Economics of veld fires, a topic of great relevance to the Western Cape.

Albert has a deep sense of values, is always modest, and is easy to get along with. His colleagues cannot remember even having seen Albert angry. His modesty is misplaced, though: He has a clear analytical mind. He is in many respects old-fashioned: He likes old things, he likes history, he prefers walking or a bicycle to a car, and he speaks very fondly about things and events from his youth. A few years ago, when few lecturers in the Department of Economics had not yet converted to using cell phones, some students joked that they were taking bets about who would hold out the longest, and that Albert was a clear bookmakers' favourite.

The Department of Economics will be different without Albert van der Merwe, who for many years was the graduate student convenor and therefore well known to all graduate students. Students have always found him supportive and helpful – in some respects he was the face of the Department in the early part of their graduate studies. We wish him a happy and contented retirement, in which he has more time to spend in nature and with his family. 