

Galbraith *the age of certainty.*

X

IS THE FREEMARKET RHETORIC FUNCTIONAL FOR THE
SOUTH AFRICAN SITUATION? NO! 1)

Half-inksters

1980

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I would like to start my address with four rather general points before I state my main argument in terms of four specific statements or themes.

A. FOUR GENERAL POINTS

1. The first general point is that I am quite explicit in my assumption that the overall aim of an economic system is - or ought to be - the maximisation of the Social Welfare of the Community as a whole (In the S.A. case I regard all 28 million of the larger or original S.A. as the community).

It is important to realise that Social Welfare is a qualitative or multi-dimensional entity. Many factors play a role in determining the size and quality of it. Of these factors the size of GNP may be the most important, but it is definitely not the only determinant of Social Welfare. The way the income is distributed also plays a very important part. A third important dimension of Social Welfare is the principle of consumer sovereignty or the principle that the needs of consumers (in both their capacity as individuals and as groups) must be satisfied in accordance with their relative importance i.e. in accordance with the true intensity of the needs. Or, in popular terms, there can only be effectiveness in the allocation of scarce resources if people get what they want. There can be no doubt that as far as about 60 to 80% of the needs of individuals are concerned, the market is a remarkably effective mechanism to give consumers what they want and to bring about consumer sovereignty. But as far as the other 20 to 40 per cent of needs are concerned - depending on certain conditions - it is not within the capacity of the market (or the so-called "dollar box") to bring about consumer sovereignty. In those cases where the "dollar box" cannot give the consumers what they want, social welfare can only be maximised if the "ballot box" and the "tax box" are used to measure the true preferences of the consumers and to pay for government spending respectively. In the Western World it is axiomatic that the consumer must

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be king; if it is not possible for the market to put him on the throne, then the political process must come to the assistance of the consumer. I will return to this point. *The difference must be made out by the democratic process.*

The main factors that determine the Social Welfare of the community as a whole, can be summarised in the following four points:

- (a) the size and growth of GNP;
- (b) the distribution of income;
- (c) the extent to which the "allocation problem" is solved and consumer sovereignty is realised and
- (d) the extent to which socio-economic and political stability is maintained.

If we wish to make a judgement on the efficiency and the effectiveness of an economic system in a specific country at a specific time, then the performance of the system in connection with all four the above-mentioned dimensions must be taken into account. If one, for example, judges the system only in terms of growth performance and efficiency, that judgement is, to my mind so superficial and one-sided that one is not busy talking economics but what is called the dismal science. *20% growth. Social cost of 20% growth.*

all he said was how it will be a 20% or 20% for 20 years. why? comic strip assumption people will flow

2. The second point I want to make, is that S.A. is not an ordinary case. The one thing that no one can dispute is our uniqueness. We are not a First World country. We are not a Third World country. We are a mixture of both. We are a kind of microcosm of the macrocosm of the First and Third World. For that reason the economic systems and rules that may be applicable and functional in either the First or the Third Worlds will not necessarily be functional in the S.A. situation. Because of our unique political situation everyone agrees that we have to work out a unique political solution for S.A. And because of the uniqueness of our socio-economic situation we must, to my way of thinking, also develop a unique economic system for S.A. - i.e. one that will be functional in maximising the social welfare of all 28 million people in the long run.

High efficiency is SA Germany

It is important to realise that the unique political and the unique economic system must be closely interrelated and compatible with each other. Just as a one-man-one-vote system is a political vehicle or Ford car that cannot be imported and used without modification in South Africa, so a Freemarket System is also an economic vehicle or Ford car that cannot be imported and applied without change in the South African situation.

My task would have been much easier if it was only necessary to warn you against a foreign salesman of a foreign car - a Milton Fordman - that is not suitable for the rough roads of South Africa. But unfortunately there is a growing crowd of local salesmen running around selling the wrong economic vehicle for the South African scene. This growing crowd is either not properly schooled in sound economics to judge the performance of an applicable and functional car (or economic system) or - and this is more probable - they are salesmen for a kind of economic system that may be functional to their sectional and short term economic interests but are not functional for the longrun socio-economic wellbeing of the S.A. community as a whole. It is a pity that people are so often inclined to consider only their short term vested interest and to forget about the longer term interest of the community as a whole. So many private business concerns are victims of what I like to call the General Motors syndrome.

3. The Third point I wish to make, is that in a technical and academic sense of the word, it is actually nonsense to talk any longer about the existence of a Freemarket System anywhere in the world. This description may have been applicable in the 19th century, but because of the fundamental changes that took place in the structure of economic and political systems during the two world wars and the Great Depression, the kind of Capitalism that is now operative in the Western World can no longer be described as a Freemarket System or as Pure Capitalism. In all the Western Countries different kinds of Mixed Capitalist systems are operative - i.e. systems that is in some countries more "mixed" than in other.

I often get the impression that the Freemarketeers do not realise that both the relationship between the economic and political sub-systems and the supporting paradigm are fundamentally different in today's world as compared with the 19th century. Because of this changed relationship and the paradigm switch it does not make sense to talk about today's economic system in terms of the relations and the paradigm of the 19th century. According to the paradigm of the 19th century the "economic field" and the political "field" were two separate "worlds" that operated independently of each other. There was only a small overlapping. The motto was that less government was always the best form of government. In the 19th century the private sector and the public sector were two clearly defined and separated fields. Because of the greater interest and responsibility the political authorities are accepting in this century about the social welfare of the total community, the political and economic fields have become more integrated in all the Western countries. Compared with the 19th century a rather

close symbiotic relationship exists between the private and public sectors. Because of this symbiosis the terms "private sector" and "public sector" do not have the clearcut meaning that was earlier the case. If the Freemarketeers really want to undo this symbiotic relationship and if they really want to go back to the paradigm of the 19th century then they must say so explicitly. If this is really their aim, I want to tell them ~~explicitly~~ that it is completely impossible. But if their aim is only to loosen up this symbiosis as much as possible, why do they not formulate their aims in more relative terms and why don't they stop talking in the absolute and unqualified terms that is so typical of the vocabulary of most of the Freemarketeers. Or am I expecting too much? Are the Freemarketeers only propagandists that purposely state their case in extreme, unrealistic and ambiguous terms? Am I asking too much if I ask them to put their case in academic and balanced terms and to use words in their true meaning?

4. In my fourth general point I want to give a somewhat closer description of what the government's involvement in the economy is comprised of. For our purpose tonight it is sufficient to distinguish between three forms of involvement:

Firstly, the government lays down certain rules and regulations.

Secondly, the government is the producer and supplier of certain goods and services.

Thirdly, the government is responsible for transfer payments.

In the last three to four decades all three of these forms of government involvement or intervention in the South African economy has increased considerably. It is unfortunately not possible to express the increase in rules and regulations in quantitative terms. None the less, there can be no doubt whatsoever that during the 32 years of National Party government far too many laws, rules and regulations were promulgated. I am therefore in complete agreement with those people that regard a thorough rationalisation of government laws, rules and regulations as highly necessary and as something that is highly overdue. But before some Freemarketeers get too excited, let me make it clear that I am not in favour of the abolishment of rules and regulations - as some Freemarketeers may wish to do - but only to rationalize them. There can be no doubt that the government has an important role to play in the "creation" of the framework in which a market-orientated economy has to function. The creation of this framework is not a single act but an ongoing task. My main criticism against the government in this connection is that it has up till now not succeeded in the creation of an economic framework that is really functional in the microcosm situation

that prevails in South Africa. But do not misunderstand me - although I am in favour of a rationalisation and a recreation of the framework I do not have a Freemarket kind of framework in mind! *Except perhaps as far as the so-called informal sector is concerned.*

The growth in the second and third functions of government - i.e. as the supplier of goods and services and as the maker of transfer payments - can easily be expressed in quantitative terms. Government spending as a percentage of total spending has increased from 18% in 1948 to about 28 per cent at present. In many circles it is maintained that this percentage is too high and that the growth rate of this percentage was too high in the seventies. On this point I am in full agreement. But as I will explain later, there exists to my mind reasons why this percentage can only be decreased marginally - if at all.

B. THE MAIN ARGUMENT

But let me turn to my main argument. For the purpose of this I will make four specific statements and defend them one by one. The first two I have borrowed from Arthur Okun. The last two are my own creation.

In his remarkable little book, Equality and Efficiency - The Big Trade-off - Okun has two recurring themes:

Firstly, that the market needs a place and

Secondly, that the market needs to be kept in its place.

To this I want to add the following two themes:

Thirdly, that the government sector needs to be disciplined (to minimize its tendency for incremental growth and its bureaucratic inefficiency).

Fourthly, the government sector needs to be protected (against the improper influence of pressure groups) to enable it to play its proper role in the advancement of democratic rights and values of the population as a whole.

If these four propositions are correctly understood and applied to the unique circumstances prevailing in South Africa, there can, in my opinion, be no argument in favour of the case the Freemarketeers are propagating. These propositions correctly understood, will however necessitate a rather fundamental "redrawing" of the borderline between the private and the public sector.

Let us look to the reasons for each of the four propositions:

1. Why does the market need a place?

- (a) Firstly, "it must be given enough scope to accomplish the many things it does well" (Okun). The efficiency attained by private concerns who operate under the discipline of a profit-and-loss account is one of the great achievements of market orientated economic systems. For this reason alone the market needs quite a considerable place.
- (b) Secondly, the market needs a place because "it limits the power of the bureaucracy and helps to protect our freedoms against transgression by the state." (Okun).
- (c) Thirdly, it needs a place because "it responds reliably to the signals transmitted by consumers and producers ... so long as a reasonable degree of competition is ensured" (Okun). But take note - this reason is conditional: apart from a lack of a reasonable degree of competition there are also several other reasons why the market does not respond reliably to the signals transmitted by consumers and producers with a severe lack of consumer sovereignty as the very harmful result. This reason^s will be mentioned when I deal with the market ~~features~~. *failures*.
- (d) Fourthly, the market needs a place "because it permits decentralized management and encourages experiment and innovation" (Okun). Closely connected with the efficiency private concerns attain in production, the innovative spirit of private enterprise is a very important benefit of a market orientated economy. The true definition of an entrepreneur was given by Schumpeter. According to him the main function of the entrepreneur (in both the private and public sectors) is to be an innovator. For this reason the long-run growth potential of an economic system depends to a large degree on the kinds of freedom it creates for entrepreneurs (in both the private and public sectors) to be innovators. I hope it is not necessary to remind you that innovative entrepreneurship is not a monopoly of the private sector.
- (e) Finally, perhaps the most important reason why the market needs a place is because "the prices in the marketplace provide the incentives for work effort and productive contributions." There can be no doubt that it is much more effective to mobilize the labour force by carrots than by sticks - but under certain conditions sticks are indispensable.

*Competition
markets
creates a
new world
of ideas
of technical
progress
to have world*

I am in agreement with Okun that the market performs so efficiently that it deserves cheers. He is however not prepared to give the market three cheers, but only two (perhaps I am only prepared to give it one and three quarters cheers!)

2. Why can't we give the market three cheers and why is it necessary to keep the market in its place?

(a) Firstly, because "the tyranny of the dollar yardstick" (or the Rand yardstick in our case) can have such a devastating effect on the values of a civilized community that any person that cares for the interest and social welfare of the community as a whole must restrain their enthusiasm for the market. "Given the chance, it would sweep away all other values and establish a vending-machine society. The rights and powers that money should not buy must be protected with detailed regulations and sanctions, and with countervailing aids to those with low incomes." (Okun). (Is it not perhaps already too late to worry about the negative results of the "vending-machine societies" that were created because too much scope was given to the market? The cocolonialisation of the greater part of the Western world is already a well-established fact. It is perhaps the most unfortunate result of the wrong kind of freedom in a market-orientated economy).

(b) A second reason why it is necessary to keep the market in its place is because the market is only a means towards an end. It is therefore necessary to keep a close surveillance over this instrument to ensure that it operates functionally to promote the real end, i.e. the social welfare of the total community. Grossman puts it as follows:

"Private business is mainly a means to a more fundamental end, the material well-being and the general welfare of this and future generations. Private property, private enterprise, the profit motive - these are powerful social instruments for the achievement of society's goals. They are delicate instruments in that their effectiveness rests on confidence and trust. But they are still primary means, not ends."

We must remember that the whole philosophy of a freemarket-orientated economy is built on the assumption that the free play of market forces works in favour of the community as a whole. This assumption is sometimes true and sometimes not. The Freemarketeers must be careful not to be so dogmatic about ^{the} an assumption that it becomes an ideology. E.P.

(c) A third reason why the market needs to be kept in its place is because of the many market failures that cause a great loss of social welfare.

I will mention only the more important failures:

1 Firstly, the structural inability of the market mechanism to evaluate and to satisfy the common or collective needs of the community or of the different groups in the community. The market or the "dollar-box" is like a radar system that registers only individual objects and ignores collective ones. Authors like Galbraith have a very strong case when they maintain that collective needs become relatively more important the more urbanized and the more complex a country becomes and the higher the per capita income becomes. (The urbanization of Black groups in South Africa and their rising income will necessitate more spending on collective services for their benefit).

2 A second market failure that must be mentioned is that of (positive and negative) externalities. There is general agreement that this causes a great loss in social welfare. It is today common cause in every Western country that governments must take several measures to compensate for this typical deficiency of the market.

3 Thirdly, I must again mention the lack of a reasonable degree of competition and the serious distortions this causes. The structure of the South African economy is so monopolistic that it actually makes a mockery of the true meaning of the word "free" to talk about a Freemarket System in South Africa. But what is perhaps more important, is the following question: Are the Freemarketeers prepared to accept severe anti-monopolistic measures to create a really competitive and freemarket system in South Africa? Is it not the case that many Freemarketeers want the best of two worlds - the protection of their own monopolistic position in the "market" and "freedom" of government involvement? (Please take note of the fact that no country in the Western World will allow a single conglomerate of companies to control such a great part of their economy as is the case with a particular concern in South Africa. What is more, some of the strongest supporters of the freemarket rhetoric are employed on executive level by that conglomerate of companies. What do you think about a Parkinson law that reads as follows: "The more monopolistic the structure of a market orientated economy becomes, the bigger and louder the volume of freemarket rhetoric becomes - because the monopolistic concerns have more money and more vested interest for this kind of propaganda.")

4 A fourth market failure worth mentioning is the tendency of a market-orientated economy towards macro-economic instability. This tendency is orientated in the absence of efficient future markets and in the defective telescopic orientation of most of the actors in a market economy.

5 Fifthly, the inability of the short-term - and individualistically orientated market economy to "mobilize" capital, skilled labour, technological advancement and even certain kinds of entrepreneurial action that is needed for the maintenance of a high growth rate.

6 Finally, the inability of an unbridled market economy to bring about an acceptable distribution of income. It is typical of a rather unmixed capitalistic system to produce a high degree of efficiency but to create at the same time great inequalities of economic power and wealth.

In a capitalistic world the rich get richer and the poor have children. The growing inequality of power, wealth and income created by an unbridled freemarket economy is completely unacceptable in today's world. It is unacceptable because it is not conducive to maximisation of social welfare, because it is regarded as unjust and because it is not in the interest of the maintenance of social and political stability. In a country like South Africa with its high degree of inequality in wealth, economic power and in economic opportunity the overdose of freemarket rhetoric is completely misplaced and even dangerous. We need a managed economy to bring about a gradual redistribution of income, of economic power and of economic opportunities in an attempt to create a more just and more stable society.

3. Why is it necessary to discipline the government sector?

As I have already said, we need to discipline the government sector to minimize its tendency for incremental growth and its proverbial bureaucratic inefficiency. The main reason for these tendencies is the absence of profit-and-loss accounts in the public sector. Just as the market failures mentioned above belong to the structure of the market, so bureaucratic inefficiency also belongs to the structure of the public sector. And just as we must try to compensate for the market failure by different forms of intervention, so we must try to compensate for bureaucratic inefficiency by continuous vigilance and - if possible - by "inputs" from the private sector. I have already mentioned the symbiotic relationship that has developed between the private and public sector in this century. One way to overcome the bureaucratic inefficiency of the public sector is to create a kind of partnership between the private and public concerns. We notice something of this in the Carlton Conference. A kind of symbiotic relationship or partnership between the private and the public sector has great possibilities but then the terms of the agreement must be carefully constructed to make sure that the "public interest" will not be hijacked by some of the private concerns.

As stated above there can be no doubt that we have too many laws, rules and regulations in this country. As far as the Freemarketeers have highlighter^d this fact, their campaign is deserving. I take it that the whole freemarket campaign originated because a lot of businessmen became disillusioned - or should I say fed-up - with the red-tape of Pretoria. In this sense they have my sympathy. But unfortunately the whole campaign has gone completely overboard. In its present shape the freemarket campaign or rhetoric reminds me of a cavalry charge making a lot of noise by hitting the wrong drums, while storming the wrong windmills. If the whole campaign or rhetoric were limited to a criticism of the growth and inefficiency of the public sector and if the private sector offers more assistance to bring about more efficiency everything would have been in order. But instead of this the Freemarketeers make a plea for an unbridled kind of economy that is not justifiable and throws serious doubts on the credibility of the Freemarketeers. The Freemarketeers give sometimes the impression that they are not interested in a smaller and more efficient Pretoria, but that they actually want to abolish Pretoria. In this wrongly directed campaign they are wasting their time and energy. It is not possible to abolish Pretoria. It is possible to make it smaller and to streamline it. If the process of rationalization with which the government started two years ago is executed to its logical conclusion, it may be possible to create a better framework for a market-orientated economy and to cut government expenditure from about 28 to 25 per cent of total spending. Quite a lot, however, remains to be done in the process of rationalization.

4. Why is it necessary to protect the government sector against the improper influence of pressure groups?

To answer this question allow me to quote Okun again. According to Okun the market needs a place and the market needs to be kept in its place. To this he added the following remarkable sentence: "The social consequences of keeping the market in its place can be good or bad, depending on what is put in the other places - (i.e. in the place from which the market is excluded)". To his great disappointment Okun found that often in history "the market has been replaced more often to preserve unequal power and distinction for the few (rather) than to guarantee equal rights for the many." I do not think there can be any doubt that this also happens in South Africa. The market in South Africa has been "restricted" or kept in its place for quite a long time - as was necessary - but what was put in its place was partly good and partly bad. What was put in the place of the market was often determined by certain pressure groups and by small sectional interest

groups to preserve their unequal power and privileges, with the result that the government sector has not always operated to guarantee equal or more equal rights for the many.

One of the bizarre features of the campaign of the Freemarketeers is that prominent businessmen use every public occasion to declare their unqualified commitment and allegiance to the Freemarket philosophy. But at the same time the same businessmen are causing a "traffic jam" in Pretoria by using every possible private opportunity to make a plea to a minister or a high-ranking official for some special "freedom", privilege or protection. It is against this kind of private lobbying and arm-twisting that the government sector ought to be protected one way or another - even if by a generally accepted moral code. This kind of lobbying is more often than not in conflict with the public interest. I sometimes get the impression that the freemarket rhetoric has become nothing more than a euphemism for a plea by businessmen that Pretoria should keep its hands back because they (the businessmen) know better what is in their best interests and in the best interest of the country.

As I indicated earlier we need a rather fundamental "redrawing" of the borderline between the private and the public sectors. In this "redrawing" the actions of the public sector "to preserve unequal power and distinction" for the whites will have to be curtailed while on the other hand the action of the public sector to enhance the development and upliftment of the Black group must be expanded. I am of the opinion that the government will have to spend an increasing amount on Black development. It is nothing but a propaganda gimmick to maintain that the freemarket is the appropriate or main vehicle for Black advancement and development in South Africa. To bring about Black development at the necessary pace and to close the rather big differences in wealth and economic power and opportunities the government will have to take the initiative in "Operation Upliftment and Development" of the Black groups. For this operation we will of course need a high growth rate to create a maximum amount of job opportunities and to increase the tax capacity of the economy. We therefore need an economic framework and an interaction between the private and public sectors that will be conducive to growth. But in the final analysis the upliftment and development of the Black groups are without any doubt a public sector responsibility. Here again some kind of partnership between the private and the public sectors may be valuable as may happen in the case of the small Business Corporation. But I must repeat: we must take guard to ensure that the conditions of such partnership will definitely benefit the small businessman and mainly the small businessman in the Black communities. The government can not allow its responsibilities in this regard to slip from its fingers.

As part of "Operation Upliftment and Development" the government will have to spend millions and millions on Black education, Black community services etc. If the proper amounts are spent on Black development it may add another 3 to 4 per cent to government spending as a percentage of total spending. My final conclusion is therefore that total government spending as a percentage of total spending may stabilize at^{at} least 30 per cent. I think you will agree with me that one cannot call an economy in which government spending is more than 30 per cent of total spending a freemarket economy!

To put my case in a nutshell. The real issue is not to shift the government sector back to make more room for the private sector. The real issue is to "redraw" the borderline between the private and public sector and to give a new content to the symbiotic relationship between the two. Because of its incremental growth and bureaucratic inefficiency there is a case to shift back the government sector. Because some of the government action benefits (white) pressure groups in a way that cannot be justified any longer, another case for the shifting back of the public sector arises. But because we need a very big "Operation Upliftment and Development" for Blacks the government will have to expand its activities in certain areas. To bring about the "redrawing" of the borderline between the private and the public sector, will not be easy. To bring about this structural change in our economic system will of course necessitate important changes in our political and constitutional system. As a matter of fact, reform in the economic and political fields are closely related and can only succeed if brought about in a coordinated fashion

DIE RETORIEK VAN DIE FREEMARKETEERS IS
MISPLAAS EN KONTRAPRODUKTIEF

S.J. Terreblanche

Die propagandaveldtog vir 'n ongebreidelde Vrye Markeconomie in Suid-Afrika - propaganda wat veral van die Vrye Mark Stigting uitgaan - het 'n vorm en 'n momentum verkry waarteen met mening wal gegooi moet word deur almal wat 'n beweging na 'n meer stabiele en 'n meer regverdige bestel in Suid-Afrika op die oog het. Die propaganda van die Freemarketeers was van meet af baie oppervlakkig, baie eensydig en uiteraars misplaas in die Suid-Afrikaanse situasie. Aanvanklik het mens dit geduld vanweë die vermaaklikheidswaarde daarvan. Mettertyd het mens gedink dat dit tog 'n bietjie waarde kon hê in soverre dit die debat oor die gewenste ekonomiese stelsel vir die Suid-Afrikaanse situasie kon stimuleer - iets wat erg verwaarloos was. Dit blyk egter nou dat die Freemarketeers hulle vergesogte en onuitvoerbare idees met soveel dogmatiese ywer propageer dat dit in 'n starre ideologie ontaard het. In die delikate probleemsituasie van Suid-Afrika het skewe politieke ideologieë al baie skade berokken. Ons situasie is gans te kwesbaar om hierdie soort verregse (en neëntiende eeuse) ekonomiese ideologiese ~~propaganda~~ onbestraf te laat voortwoeker.

Terwyl ons net soos op konstitusionele gebied nog op soek (of op pad) na 'n gepaste (of funksionele) ekonomiese stelsel is, is dit dringend noodsaaklik dat ons te alle tye realisties en gebalanseerd sal wees in die debat oor die gewenste ekonomiese stelsel vir Suid-Afrika.

Die Freemarketeers sê hulle wil die reëls van die spel verander. In werklikheid kan hulle idees net in hierdie gebroke onderaansse wêreld te pas kom as die werklikheid radikaal omgebuig kan word tot 'n utopia waarin daar aan die voorwaardes van hulle spel voldoen sal word. In die gekompliseerde situasie van Suid-Afrika kan dit gevaarlik wees om na sulke

onhaalbare modelwêrelde in die ryk van idees te ^{probeer} ontsnap.

In my standpuntstelling omtrent 'n gewenste ekonomiese stelsel vir Suid-Afrika, stel ek eers ^{die} ~~vier~~ algemene en daarna vier spesifieke stellings of temas.

1. Die oorkoepelende doelwit van 'n ekonomiese stelsel is (of behoort) die maksimiserings van die Sosiale Welvaart van die Gemeenskap as geheel (te wees). Alhoewel die grootte en die groei van die volksproduk seker die belangrikste faktor is wat die grootte van sosiale welvaart bepaal, is dit beslis nie die enigste nie. Sosiale Welvaart is in 'n kwantitatiewe of veel dimensionele grootte waarvan die "grootte" ook afhang van die verdeling van inkomste en van die mate waartoe verbruikersoewereiniteit verwesenlik word - d.w.s. van die mate waartoe verbruikers via die "markmeganisme" én via die "politieke meganisme" hulle partikuliere en kollektiewe behoeftes respektiewelik in rangorde van belangrikheid kan bevredig.

2. Suid-Afrika is 'n unieke geval omdat Suid-Afrika nog 'n Eerste, nog 'n Derde Wêreldland is, maar 'n ⁱmakrokosmos van die Eerste en die Derde Wêreld. Gevolglik kan die ekonomiese stelsel en die reëls wat in óf die Eerste óf Derde Wêreld van toepassing is, nie sonder meer in Suid-Afrika toegepas word nie. Net soos ons unieke Suid-Afrikaanse situasie 'n unieke konstitusionele bestel vir Suid-Afrika moet uitbou, net so moet ons ook 'n unieke soort ekonomiese stelsel ontwerp.

3. Streng gesproke is daar nêrens in die wêreld meer 'n Vrye Markeconomie in swang nie. Vanweë die fundamentele veranderinge wat in die eerste helfte van hierdie eeu in die struktuur van ekonomiese en politieke stelsels plaasgevind het, bedien alle Westerse lande hulle met verskillende vorme van Gemengde of Beheerde Kapitalisme. Terwyl daar in die Vrye Markeconomie van die 19de eeu 'n baie klein oorvleueling tussen die private en openbare sektore was, is die oorvleueling tans so groot en het daar so 'n sibiotiese verhouding tussen die twee sektore tot stand gekom,

dat dit uiteraard vergesog is van die Freemarketeers om hulle propaganda nog altyd in die idioom of paradigma van die 19de eeu te doen.

Die vier spesifieke temas is die volgende: [Arthur Okun het die "plek" van die mark (ofte wel die private sektor) in 'n moderne ekonomie in die volgende ideomatiese terme geformuleer, (a) "The market needs a place and (b) the market needs to be kept in its place". Hiertoe kan ons die volgende twee stellings voeg, nl. (c) dat dit nodig is om die openbare sektor te dissiplineer (~~om sy neiging om inkrementeel te groei en sy burokratiese doeltreffendheid te minimiseer~~) en (d) dat dit nodig is om die openbare sektor te beskerm (~~teen die onbehoorlike invloed van pressiegroepe~~) sodat ~~dit sy ware rol om demokratiese regte en waardes van die totale bevolking kan bevorder, kan vervul.~~

1. Die "mark moet 'n "plek" gegun word vanweë die baie dinge wat dit goed doen. Die doeltreffendheid van private ondernemings wat onder die dissipline van wins- en -verliesrekenings opereer, is een van die groot prestasies van 'n markgeoriënteerde ekonomie. Die "ruimte" wat die mark vul, beperk die mag van die burokrasie en beskerm ons vryhede teen oortreding van die owerheid. Die mark reageer redelik betroubaar op die partikuliere seine van verbruikers en produsente in soverre 'n redelike mate van mededinging bestaan. Die mark laat gedentraliseerde besluitneming toe en moedig eksperimente en vernuwing aan. Die vergoedingsstelsel van die mark moedig arbeidsprestasies en ondernemerskap aan *en dit bevordert ekonomiese groei.*

2. Maar dit is eweser nodig om die mark op sy "plek" te hou. Eerstens omdat die "geldmaatstaf" in die mark 'n vernietigende effek op die waardes van 'n beskaafde gemeenskap kan uitoefen as dit onbeteueld gelaat word. "Given the change, it would sweep away all other values and establish a vending machine society. The rights and powers that money should not buy must be protected with detailed regulations and sanctions, and with countervailing aids to those with low incomes" (Okun).

→ Tweedens
'n Tweede rede waarom die mark op sy plek gehou moet word, is omdat dit bloot 'n middel tot 'n doel is. Private eiendom, private ondernemerskap en

die profytmotief is kragtige sosiale instrumente om die gemeenskap se doelstellings te bereik - maar hulle is blote middele. Die fiksie dat die vrye spel van markkragte ^{spontaan} die algemene belang bevorder, is soms waar en soms onwaar. Die Freemarketeers redeneer asof dit altyd waar is!

Derdens moet die mark op sy plek gehou word vanweë die groot aantal mark-mislukkings wat 'n direkte verlies aan sosiale welvaart meebring. Die vernaamste van hierdie markmislukkings is: (a) die strukturele onvermoë van die individu-georiënteerde markmeganisme om die kollektiewe behoeftes van die gemeenskap te evalueer en te bevredig; (b) die verskynsel van eksternaliteite soos besoedeling; (c) die gebrek aan kompetisie en die verwingende effek wat dit op die markprysvorming het; (d) die ondeelbaarheid van sekere goedere en dienste soos infrastruktuur-fasiliteite; (e) die neiging tot makro-ekonomiese onstabiliteit vanweë die afwesigheid van toekomsmarkte; (f) die onvermoë van die korttermyn- en individu-georiënteerde mark om kapitaal, geskoolde arbeid, tegnologiese vooruitgang en selfs sekere vorme van entrepreneurskap (in veral 'n ontwikkelende ekonomie) te "mobiliseer" ter wille van 'n volgehoue hoë groeikoers; (g) die onvermoë van onderontwikkelde, agtergeblewe en relatief ongeskoolde gemeenskappe om aan die hoë eise van individuele verantwoordelikheid wat 'n mark-ekonomie veronderstel, te kan voldoen en die gevolglik uitbuiting waaraan hierdie gemeenskappe in 'n ongebreidelde markeconomie blootgestel is; (h) die neiging van 'n ongebreidelde markeconomie om die ongelyke besit van eiendom, vermoëns, mag en vryhede te handhaaf en die ongelykhede selfs te verskerp.

[Lg. markmislukking is van besondere belang in S.A. ^{dit blyk} ~~Sterk aanduidings~~ dat daarop dat die voordele van die afgelope drie jaar se boom geensins via die spontane werking van die markmeganisme "uitkring" ^{ge} na die armste 30 of 40 persent van die bevolking nie. Inkomste is waarskynlik vandag ongelyker verdeel as 3 jaar gelede. Gevolglik moet doelbewuste maatreëls van owerheidsweë geneem word om vir hierdie - én die ander - markmislukkings te kompenseer.

3. Die owerheidsektor moet gedisiplineerd word om sy neiging tot inkrementele groei en sy spreekwoordelike burokratiese ondoeltreffendheid te minimiseer. Die vernaamste rede vir hierdie neigings is die afwesigheid

van wins-en-verliesrekenings in die openbare sektor. Net soos die markmis-
 lukkings tot die struktuur van die mark behoort, net so behoort ondoeltref-
 fendheid tot die struktuur van die openbare sektor. En net soos ons moet
 probeer om vir die markmislukkings te kompenseer deur verskillende vorme
 van intervensie, net so moet ~~daar gepoog word~~ om vir die burokratiese on-
 doeltreffendheid te kompenseer deur volgehoue waaksaamheid, volgehoue open-
 bare kritiek en "insette" van die private sektor. [Die owerheid se "deel-
 name" en/of "inmenging" gebeur op drie maniere: die owerheid lê reëls en
 regulasies neer, hy is die produseerder en/of aanbieder van sekere goedere
 en dienste en hy is verantwoordelik vir oordragbetalings. Wat eg. betref,
 kan daar geen twyfel bestaan dat hopeloos te veel (én ongeoorloofde)
 wette, reëls en regulasies gedurende die 32 jaar van Nasionale Party
 regering gepromulgeer is en dat 'n grootskeepse en verdere rasionalisering
 hiervan - én van sekere owerheidsbestedings - dringend noodsaaklik is *nie*.

7. In hierdie verband kon die Freemarketeers 'n waardevolle bydrae gelewer het.
 Ek aanvaar dat hulle kompanje aanvanklik ontstaan het vanweë sakemanne se
 radeloosheid en ontugtering met die rompslomp van Pretoria. Maar in stede
 daarop te konsentreer om "Pretoria" meer vaartbelyn en doeltreffend te maak,
 kom die Freemarketeers se oordrewe retoriek in effek neer op die sloping
 van "Pretoria." Hiermee het hulle hul geloofwaardigheid verloor.

4. Die owerheidsektor moet ook beskerm word teen die invloed van ongeoor-
 loofde pressiegroepe. Arthur Okun sê dat die sosiale gevolge van optrede
 om die mark op sy plek te hou goed en sleg kan wees afhangende van dit wat
 in die "plek" van die mark geplaas word. Tot sy groot teleurstelling vind
 Okun dat dit in die geskiedenis gebeur dat "the market has been replaced
 more often to preserve unequal power and distinction for the few (rather)
than to guarantee equal rights for the many".

Hierdie stelling is natuurlik ook van toepassing op S.A. Wat hier in die
 "plek" van die mark geplaas is, word in die meeste gevalle deur (blanke)
 pressiegroepe bepaal ter wille van hulle seksionele belange. Gevolglik ope-
 reer die openbare sektor nie na wense in belang van sy eintlike taak *nie*,
 nl. om gelyke of gelyker regte en die welvaart van die totale gemeenskap
 te bevorder *nie*.

Die omstrede saak rondom die ekonomiese stelsel in S.A. is nie om die openbare sektor op alle vlakke terug te druk soos die Freemarketeers betoog nie. Die eintlike omstrede saak is om opnuut die grenslyn te trek tussen die private en openbare sektor én om 'n nuwe inhoud aan die simbiotiese verhouding tussen die twee sektore te gee. In hierdie verband sou drie verskuiwings van die grenslyn geoorloof wees: (a) Vanweë die imkrementele groei en die burokratiese ondoeltreffendheid bestaan 'n argument om die openbare sektor ~~vanaf sekere terreine~~ ^{marginale} terug te druk; (b) Omdat die owerheidsektor (blanke) pressiegroepe bevoordeel op 'n manier wat nie langer geoorloof is nie, bestaan nog 'n argument om die openbare sektor ^{en ongeoorloofde terreine} terug te druk; (c) maar vanweë die groot behoefte aan 'n "Operasie Opheffing en Ontwikkeling" van die verskillende Swart groepe, sal die owerheid aansienlik meer ten opsigte daarvan moet bestee ~~wat~~ ^{en dit sal} oor die volgende vyf jaar 'n redelike "uitbreiding" van die owerheidsektor meebring. Die owerheid kan sy direkte verantwoordelikheid om die Swart groepe te ontwikkel, geensins ontduik en allermens op die "mark" afskuif. ^{nie}

Om die grenslyn tussen die private en openbare sektor oor te trek, sal nie maklik wees nie. Om hierdie soort strukturele veranderings in ons ekonomiese stelsel te weeg te bring, sal belangrike veranderinge in ons politieke en konstitusionele stelsel verg. ~~Die hervorming in die~~ ^{die} ekonomiese en politieke terreine is ten nouste verbind en kan ~~slegs~~ ^{net} slaag as dit in 'n gekoördineerde wyse plaasvind. [Indien ons inderdaad 'n politieke én 'n ekonomiese stelsel wil ontwerp wat groter stabiliteit en groter regverdigheid moet bevorder, is die hoë ^{morele} toon van die Vryemark retoriek nie alleen onvanpas nie, maar kan dit kontra-produktief in terme van sowel die stabiliteits- as die regverdigheidsdoelwitte blyk te wees. Kortom, indien ons nie net met 'n Vrye Mark retoriek te doen gaan hê nie, maar indien daar gepoog sou word om ons ekonomie in daardie rigting om te buig, ^{sal ons} ~~kan~~ 'n situasie skep wat S.A. ryp sal maak vir 'n Marxistiese revolusie in

die klassieke sin van die woord. 'n ~~Marxistiese~~ ^{Marxistiese} revolusie ~~kan~~ ^{kan} net vermy word deur die verbod te maak deelname van ekonomiese en politieke sfere wat aangehoort is by die besondere omstandighede in Suid-Afrika — en die Vrye Mark — te behou en so 'n ekonomiese sfere te maak.