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THE POSSIBILITY OF NATIONALISATION BY AN ANC GOVERNMENT

Many people - inside and outside South Africa - are concerned about the possibility of nationalization by a future ANC government. This possibility is not without foundation. The concern is therefore understandable.

In a speech made by Mr Nelson Mandela in Soweto on 13 February 1990 - two days after his release - he stated categorically that nationalization of the goldmines is still part and parcel of the ANC's economic policy. This statement sent shock-waves, not only through the business community of South Africa, but also through multi-national corporations with extended interests in South Africa. The statement of Mr Mandela caused a penetrating debate on the issue of nationalization. During the debate it became clear why Mr Mandela has identified the goldmining industry for nationalization. In black circles the popular perception is that the goldmining industry was built on the exploitation of black labour. This perception is not without merit. The real wages of black migrant labourers in the goldmines were in real terms in 1971 lower than the level of 1911. Although a case for "exploitation" can be made against the goldmines, the technical and operational nature of this industry is such that it will be suicide to nationalize it.

Due to the penetrating debate on nationalization, the ANC is presently taking a much more realistic stand on the issue. A factor that has played an important role in convincing them regarding all the pitfalls of nationalization, is the reaction of the business community and the governments of the large capitalistic countries in the West. In this regard the International Monetary Fund and the World Bank have played a key role. It was explained to the ANC that the highly-needed economic support and cooperation will not be forthcoming if the ANC should pursue a nationalization policy.

During his recent visit to the USA, Mr Mandela again spoke about nationalization. He also referred to the German constitution which stipulates that nationalization can be applied if it is regarded to be in the national interest. I am of the opinion that we must allow the ANC to include nationalization as one of the "planks" - if I may use American jargon - in their economic policy platform. We must grant them the point that there is nothing wrong with nationalization *per se*. At the same time we must try to convince them that the "plank" must not be a broad one, but a rather narrow one. I have no doubt in my mind that it will be easy to convince them regarding the dangers involved in nationalization.

But what is the position on the nationalization of agricultural land?

As a developing community with a long rural tradition, the ANC displays a strong sensitivity towards land. The possibility of the nationalization of land is often raised by spokesmen of the ANC. Because of the Land Acts of 1913 and 1936, it was not possible for Blacks to own land in 87 per cent of South Africa's territory. It is therefore understandable that the ANC wants land to allocate to their "people".

But what will be the best way to get hold of some land for redistribution purposes? Should it be nationalized or should it be bought at market prices? If the latter, from where will the ANC get the necessary money?

One possibility often mentioned is a land tax. This is, to my mind, completely impractical. A much more realistic possibility is a Wealth tax of say a $\frac{1}{4}$ or a $\frac{1}{2}$ per cent annually for say 20 years. The proceeds of such a tax can then be put in a Restitution Fund or in a Fund for Reconstruction.

It is estimated that 5 per cent of the South African population own 88 per cent of all wealth in South Africa. (In the case of the Western countries, 5 per cent of the wealthiest persons own 45 per cent of all wealth.)

If the state of the South African economy is taken into proper account and if due regard is paid to the South African economy's dependence on the capitalist economies of the West, I am prepared to state categorically that a large-scale nationalization of land is highly unlikely. It is much more likely that a small Wealth Tax will be installed.

It is also important to remember that during the period 1994-1999, the government will be a Government of Reconciliation and that at least 40 per cent of the cabinet will consist of parties other than the ANC/SACP-alliance. We have every reason to believe that during this period the ANC - while taking joint responsibility for the economic policy of South Africa - will become more convinced of the dangers involved in a policy of nationalization.

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