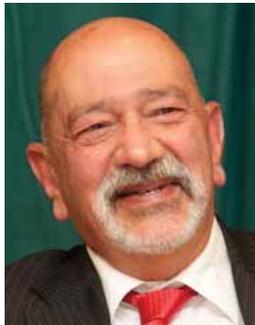


The Economy



Francis Antonie is the Director of the Helen Suzman Foundation. He is a graduate of Wits, Leicester and Exeter Universities. He was awarded the Helen Suzman Chevening Fellowship by the UK foreign Office in 1994. From 1996 to 2006 he was senior economist at Standard Bank; thereafter he was director of the Graduate School of Public and Development Management at Wits University. He is the founding managing director of Strauss & Co.

This edition of Focus deals with the Economy. We begin with Michael Spicer's broad sweep of the business government relationship during the apartheid era and, thereafter, post-apartheid. He chronicles the on-going deterioration in this relationship. He rightly points out that business is not a homogenous entity, but he also notes, especially during the Zuma years, how fractious, divided and unfocussed the state's developmental initiatives have been.

Iraj Abedian reviews South Africa's sovereign credit rating. He points out that no amount of denialism, political spin doctoring or ideological posturing will avoid a deeper crisis if South Africa is downgraded. Abedian's article is a very sobering one, and should be mandatory reading to all politicians.

Charles Simkins is concerned with fiscal policy and development. He draws attention to the precariousness of our fiscal situation, identifying both what needs to be done and how to do it. Simkins isolates five key questions relating to the sustainability of sound fiscal management. Again, our policymakers should take seriously his concerns.

Nicoli Natrass and **Jeremy Seekings** consider both the policy implications and the realities of setting minimum wages in South Africa. They urge that there is no substitute for empirical investigations on a sector-by-sector basis. And they reject any ideologically based attempt to superimpose a top down approach on the problem.

Peter Leon reflects on the South African mining industry in a time of crisis. He recounts the abysmal state into which the industry has fallen – a lethal combination of a slumping demand coupled with a regulatory regime which, if one was cynical, might be described as deliberately setting pace to hinder the survival and growth of this industry. But he does point out there are also important opportunities for both the state and industry to pursue.

John Luiz considers South Africa's growth track, and attempts to elucidate why poor policy choices have exacerbate the already difficult situation in which South Africa finds itself. He brings into focus important political aspects to our current malaise, and cautions that unless there is a dramatic policy shift which recognises the causes of stagnation, we are unlikely to move beyond middle-income status any time soon. He concludes that tough choices need to be made to avoid the road to nowhere.

Andrew Barlow reflects on the failure of state owned enterprises, and considers whether their failure may lie in the ideological, psychological and behavioural assumptions underpinning the ANC's view of the economy. If the state, party and government are not regarded as separate entities, and if the use of cadre deployment is continued to mollify factions within the ruling alliance, he argues that state owned enterprise must inevitably fail.

We conclude with two reviews. The first is by **Michael Cardo**, of Milton Shain's book *A Perfect Storm: Antisemitism in South Africa, 1930-1948*. The second is by **Matthew Kruger**, of Eusebius McKaiser's book *Run Racist Run: Journeys into the Heart of Racism*.

Francis Antonie
Director of the Helen Suzman Foundation