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"Pearls before swine, Johnnyboy"

The first issue of @Liberty, published on 13th February 2014, carried the Institute's twelve-point plan for a better South Africa. Reaction to a version put up on *PoliticsWeb* has been mixed. One person said the author of the plan, John Kane-Berman, was casting "pearls before swine, Johnnyboy". Another pointed out that "the establishment is dead set against each and every point of this pie-in-the-sky plan". This article explains why governments sometimes adopt plans once dismissed as pie in the sky.

In summary, the twelve points are as follows:

- 1. Make faster economic growth the overriding priority, not just one among others*
- 2. Make strike ballots compulsory, jail violent trade unionists, and sue unions for damages*
- 3. Introduce a voucher system and privatise schooling as much as possible*
- 4. Do the same with health care*
- 5. Sell South African Airways and other state-owned enterprises to the private sector*
- 6. Slash red tape to unleash the energies of the private sector*
- 7. Maximise trade liberalisation to promote competition and bring down prices*

8. Radically redesign some aspects of land reform, and scrap others
9. Scrap all affirmative action, empowerment, and other racial legislation
10. Professionalise the public service by making appointments only on merit
11. Elect half MPs on a constituency basis to make Parliament accountable to the electorate, and
12. Decentralise government and policing to promote accountability and competition

South Africa's forthcoming election will take place only a few days short of the 20th anniversary of the handover of power by F W de Klerk to Nelson Mandela at the Union Buildings.

That event, obviously, signified a new era. But it was also the culmination of a process of liberalisation begun a quarter of a century earlier, when Prime Minister John Vorster said in

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1967 that Maoris could be included in New Zealand rugby teams playing the Springboks. Other changes followed: recognising black trade union rights in 1979, reintroducing black homeownership in 1983, and abolishing the pass laws in 1986, to name but some. These changes were dis-

missed as cosmetic by all except the white right, which predicted that they would eventually lead to black majority rule.

There are three lessons in this. First: something seemingly unimportant — limited desegregation in sport — can herald a process of fundamental change. Second: once that process begins, it is difficult to stop. Third: apparently reactionary leaders — John Vorster, PW Botha, and later FW de Klerk — can turn out to be reformers.

Right now, I cannot see many reformers anywhere in our political life. The much-ballyhooed National Development Plan (NDP) is too full of contradictions and fantasies to get us very far. And the Democratic Alliance (DA) is too trapped in the past with its focus on "redress" and "struggle credentials" to offer very much that is fundamentally different from many current damaging policies.

So that is why the Institute has put forward its 12-point plan. During the apartheid era we also put forward plans that were fundamentally at odds with those of the ruling party. They too were dismissed as pie in the sky, but in the end the National Party (NP) government had no choice but to implement them.

It may take them as long as it did the NP, but the ANC will eventually also have to put today's pie-in-the sky ideas on to the policy menu. They are the only way to reverse the country's economic and political decline.

The finance minister has to tot up the costs of a bloated and profligate public service. He has also to waste taxes on SAA and others. He knows that our fiscal and foreign deficits are unsustainable. Critiques of policy once uttered only by the Institute and one or two others are starting to be echoed in ruling circles. The governor of the South African Reserve Bank is now a critic of our collective bargaining system. The likely failure of the new youth wage subsidy to make much dent in unemployment will intensify

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pressures for labour market reform. Maybe the Government's apparent determination to introduce the subsidy in defiance of the Congress of South African Trade Unions (Cosatu) will turn out to be a harbinger of bigger things, like Mr Vorster's Maori concession. Perhaps Cosatu's opposition to this reform arises from fear that it might be the thin end of a wedge. Let us hope so.

However, our 12-point plan is more than a set of policy proposals. It is also a reflection of a fundamentally different view of South Africa to the one so widely held at the moment. To win the policy battle we have also to win the battle of ideas.

The currently dominant idea in this country is that apartheid distorted the society so radically, and caused such injustice, that the only way to counteract its effects is a similar process of

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social and racial engineering. This idea is so understandable, so apparently logical, and so powerful that business, along with much of the media and most non-governmental organisations (NGOs), endorses the current thrust of racial engineering. So does the official opposition. The Institute, by contrast, has maintained all along that the real

alternative to apartheid is not another kind of social and racial engineering but economic and political freedom. We stated this in 1994 and nothing has happened since to change that standpoint.

We at the Institute are now poised to embark more aggressively on promoting liberal economic ideas. Indeed we are already in the forefront of that battle. Ideas are critical — hence our new slogan "The power of Ideas". They predate policies. And they last longer. Think of the ideas underlying Christianity. Or the idea of justice. The dominance of Marxist ideas in academia and church helps explain the hostility in South Africa to business. Think of the current globally dominant idea: man-made climate change. It is so widely accepted now that governments can impose carbon taxes and extract even more from consumers to subsidise wind farms and the like.

Here we come to two contrasting viewpoints. Victor Hugo said that an idea whose time had come was more powerful than all the armies in the world. When Harold Macmillan was asked what dominated politics, his answer was "events, dear boy, events."

Though apparently contradictory, both are right. Events do dominate, but when crises occur and governments have run out of ideas as to how to deal with them, they have to look for different ideas. So we have to do our homework with ideas.

A good example is the abandonment of prices and incomes policy as a means of controlling inflation and its replacement with monetary policy. Harold Wilson's Labour government tried prices and incomes policy in the UK in the 1960s, Edward Heath tried it in the 1970s, and so did Richard Nixon in the US. All to no avail in pulling their economies out of stagflation. A Chicago economist called Milton Friedman said all along that they were wrong and that the way to control inflation was to control the supply of money. He was regarded as a kooky right-winger. Eventually, however, his ideas were adopted, because, although they were widely rejected, they were also widely known, and they were adopted when all else failed. They were there lying in

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wait for their moment. Friedman later recalled that it took 25 years before anyone listened to his ideas on floating exchange rates, now widely accepted.

For most of the post-war era the dominating ideology in British politics was Butskellism, named after key figures in the Conservative and Labour parties — Rab Butler and Hugh Gaitskell. Even Winston Churchill bought into it. The welfare state was sacrosanct, as was the idea that Britain had to be run according to a social compact between government, business, and labour. They used to meet around the Cabinet table in Number 10 Downing Street, so this became known as the “beer and sandwiches” model of government. No matter how much money they vacuumed up from taxpayers, the nationalised industries were untouchable. And

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so the British establishment saw the role of government as the decorous management of dignified national decline.

Until, after 34 years of decline, Margaret Thatcher came along with a different idea. Roll back the state and make Britain great again. Events helped her: among them, the Argentinian invasion of the Falklands, and the violent behaviour of militant trade unions, often at the behest of communists such as Arthur Scargill. She tamed the unions and set in train a wave of privatisations that has continued in the UK and elsewhere.

Her soul-mate Ronald Reagan came along with an idea that shocked the American establishment and all supposedly “right-thinking” people around the world. The Soviet Union was an “evil empire” that should no longer simply be “contained”. Instead, it had to be destroyed. “Containment”, however, had been the policy of the US and its NATO allies for 35 years dating back to the deals struck at the wartime conferences between Presidents Roosevelt and Truman, Churchill, and Joseph Stalin, as they apportioned spheres of influence in Europe among themselves, usually to Stalin’s advantage.

We don’t all become presidents and prime ministers with the ability to put ideas into practice. But we can do the intellectual ground work and the public policy promotion work. The free-market ideas of Milton Friedman, and of Friedrich Hayek, which became so influential after the stagflation of the 1970s, had long since been promoted by various think-tanks in the UK and the US and elsewhere. The strategy also worked for socialism, however. The socialists got there first in fact. The British Fabian Society, founded in 1884, waged a battle of ideas to pave the way for the rise to power of the Labour Party 40 years later. The Fabians were realistic enough to recognise that winning the battle of ideas was a slow process. In fact, they named themselves after a Roman general — Quintus Fabius Maximus — who specialised in gradualism and delaying tactics to defeat the Carthaginian general Hannibal. Their symbol was a tortoise.

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When the Progressive Party, forerunner of today’s DA, was founded in 1959, Harry Oppenheimer said winning elections was less important than the party’s role in drip feeding liberal ideas into the bloodstream of the body politic. It took some 30 years before the National

Party abandoned its own ideas in favour of the alternatives that liberals had always put forward. Moreover, Helen Suzman started her political career with research at the Institute of Race Relations, South Africa's oldest liberal think-tank.

One of the biggest battles now lying before us is to push liberal ideas and policies into the economic sphere. Given the demographics of the electorate, the essence of that battle must be to show how liberal economic policies work better for the jobless and the poor. There is plenty of evidence of this from around the globe. This needs constantly to be injected into the public consciousness — a battle in itself given the prevalence of interventionist thinking in the Media, academia, civil society, political parties, and the trade union movement.

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Indeed, one of the toughest battles ahead is to get sufficient space in the media to challenge the prevailing ideology of "redress". This ideology has enormous emotional appeal, but it is a leg iron on the economy. It implies redistribution of current wealth rather than the creation of new wealth. It is backward — rather than forward-looking. It has destroyed productive land. It has also undermined law and order, schooling, public health care, and the civil service. In fact, the price of redress is being paid by unemployed people who might otherwise be in jobs. If we

want growth, we have to be serious about growth. This means taking the shackles off the economy instead of weighing it down with the burden of history.

Too much thinking about poverty in South Africa — and elsewhere — is patronising and elitist. We have to change this. The poor must be seen not as objects for whom the state does things, but as people whom the state allows to do things for themselves. Let them enter the labour market. Give them vouchers to let them buy education and health care. Stop wasting money subsidising airlines most of them will never fly in. Cut tariff barriers to lower the prices of the clothing they buy. Stop chasing away investors who could push up the country's growth rate and lift them into jobs. We need to show how the poor will benefit from more investment.

So we have a formidable battle of ideas ahead of us! Who is the target market? Everyone. Politicians of all parties, civil servants, the media, business, students, and the public at large. You never know where you might find allies. Although many ideas will fall upon stony ground, some will fall upon fertile soil.

Although I said above that I couldn't identify too many liberal reformers in the present ruling elite, they must be there. Much of the information about corruption that fills the news pages is leaked to the press by civil servants. That's a start. It cannot but be the case that many public servants are distressed by the manifest failings of the state whose policies they are supposed to implement. Some of those with whom the Institute has discussions in fact admit to failures of key policies.

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This means that our targets for liberal ideas and liberal policies must include the ruling party. Reform in South Africa cannot wait for a change of government. And however intransigent

the present ruling party might appear to be, there is plenty of precedent for ruling parties to make dramatic changes of direction. Reform can, of course, be risky: the Shah of Iran tried in 1979 but precipitated a revolution that made things worse. Nikita Khrushchev tried and failed in the USSR. Three British prime ministers tried to tame the unions before Mrs Thatcher came along — and she failed first time around.

But there are also successes. Tony Blair abandoned the British Labour Party's historical commitment to socialism, and all but embraced Thatcherism. The deregulation revolution was started by Jimmy Carter, with airlines, road transportation, and banking. As I have already noted, the dismantling of key aspects of apartheid took place under a National Party government. Under Mikhail Gorbachev, the Communist Party of the Soviet Union embarked on his *glasnost* and *perestroika* policies. These were not intended to destroy communism, but they did so. And, of course, Deng Xiao Ping's policy of "communism with Chinese characteristics" means economic liberalisation, the antithesis of communism. With luck, also its nemesis.

We are all pretty cynical about political parties and the politicians who lead them. But in the end their own survival is the name of the game. And if that means abandoning failing policies and adopting pie-in-the-sky alternatives, the smart ones will do it. Which is why our job is to make sure that they know, and that everyone else knows, what the alternatives are.

— **John Kane-Berman**

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