

Description : FREE STATE ECONOMIC SUMMIT

Date : 2 AUGUST 1997

Speaker : MINISTER TREVOR MANUEL

KEYNOTE ADDRESS BY MR. TREVOR MANUEL, MINISTER OF FINANCE, FREE STATE ECONOMIC SUMMIT - BLOEMFONTEIN, 2 AUGUST 1997.

The challenge before us is to transform this economy into one that meets the needs of all the people of the province and improves the quality of their lives. The only way to achieve this is through appropriate allocation of resources - both for ongoing needs, and to provide the appropriate stimulation to the relevant economic actors. The context for this monumental task is provided by a world that is rapidly changing, and increasingly interdependent. This means that no one region, not even any one country, less so any one province, can afford to plan its economic future without taking very seriously the prevailing international context. There have been huge shifts in what is produced and how goods are traded; technology has replaced minerals as the largest source of wealth.

Within this complex world, we are part of a greater dynamic, known and gaining in credence, as the African Renaissance. The motorforce of the Renaissance has to be economic, and our role within Southern Africa is to ensure that the peace secured politically is speedily translated into progress. South Africa is a wheel within the Southern African wheel, and at the hub of that national wheel, we find the Free State. In order to be able to implement the Reconstruction and Development Programme, we agreed to initiate a macro-economic strategy to increase the rate of growth in the economy. The Growth, Employment and Redistribution Strategy underpins the RDP, it cannot replace it. It creates a sound platform for the detailing of a range of micro-economic policies in areas such as industrial development.

Macro-economic policy cannot, on its own, deliver socio-economic development - for that, we need detailed policies in areas such as health, housing, education, welfare and land reform. What macro-economic policy does provide is the anchor that will render all of the other policies credible and workable. This will be important to bear in mind in the department of a strategic plan for the Free State. GEAR was never meant to be a one-year project. It will take time to achieve the results we are looking for. But recent figures - such as the 8,8% inflation, second quarter export performance up 34% year-on-year, June trade figures showing particularly strong exports of manufactured goods and an overall solid growth performance - show we are on track.

In terms of its own growth and development strategy, the Free State Province has identified three priority areas: Job Creation and Economic Development; Housing and Infrastructure and Human Resource Development. To design an appropriate strategy, we must be aware of the peculiarities of the Province that make the task so much harder. The Province has as its major employers the sectors of mining and agriculture. However, the performance of both is dependent on external factors such as the gold price and drought. The Goldfields are currently facing difficult times as a result of the recent fall in the gold price, and analysts are warning that El Nino presents itself as a major future threat to the agricultural sector.

But the difficulties that these present are no cause for despair - these are merely challenges that will make the fruits sweeter. In terms of job creation we need to explore both the short and medium-term opportunities in the delivery of infrastructure, and we must target a range of appropriate industries in agro-processing and in mineral beneficiation. We should also focus attention on SMME development, whilst not neglecting the industrial areas created under the old order. Tax incentive packages created under the GEAR should be investigated. We must look at what makes the Free State unique - and in terms of space and altitude, it must offer enormous opportunities to the information super-highway.

The opportunities in the provision of physical infrastructure are self-evident. In respect of housing delivery, this province has performed well and no doubt could accelerate this programme even further. In the area of human resource development, the challenge is to design a strategy appropriate to the needs of this Province, to be able to both retain and attract back those who acquire skills here. In conclusion, the development of the detailed growth and development strategy will be an exceedingly interesting task. The success of the venture will rest on a few basic principles:

- The willingness to ask and answer the difficult questions ourselves;
- The soundness and credibility of the policies;
- The capacity build in the Provincial government to ensure that it is effective and focused on its tasks;
- The continuous marketing of all the facets of this province including its tranquillity and relative crime-free environment;
- The ability to drive change and take hard decisions. There is no doubt that the Government of the Free State, supported by local government and in interaction with its social partners, will prove to be more than equal to the challenge.