

Minister of Public Works
Mr J Radebe
10 July 1996

[Back](#)

At the AGM of the National African Federated Transport Organisation

It is a great honour for me to be invited to address the seventh annual general meeting of the National African Federated Transport Organisation. Being one of the largest affiliates of NAFCO, NAFTO has a vital role to play in the economic development of the country.

As government, we have made it clear that the enormous disadvantages imposed on the great majority of our country by the apartheid system pose a great challenge to our welfare and democracy. To redress the imbalances of the past, we are proceeding to affirm the previously disadvantaged and marginalised of our communities in many ways, while not seeking to penalise other sections of our society. That affirmation must be carried out in a manner that will expand the country's human and material resources so that all will be benefit.

We are expanding services such as electricity, water and refuse removal so that the disadvantaged will benefit, often for the first time. We are restructuring our education and health systems, so that our deprived people will be able to advance. We are determined to open up new opportunities for business people from the previously marginalised communities so that they may catch up on lost time.

The principle of affirming disadvantaged groups is not new in South Africa. The Afrikaners did it successfully so that in the second and third decades of this century government measures under the label of "civilised labour policy" led to the employment of thousands of poor whites from the platteland. In time, Afrikaners became dominant in the entire civil service, in the army and police.

Subsequently, Afrikaners sought to enter the world of business - and they harnessed their purchasing power and savings to found powerful corporations which competed with other big business. When the National Party won the elections in 1948, they set about using State power to advantage these Afrikaner corporations. Soon the process was unstoppable and the traditional dominant corporations began to woo Afrikaner business and to incorporate it into the networks which now dominate the South African business scene.

The result was the emergence of a powerful group of Afrikaner business people who gradually drew away from the "volk", becoming a new elite, and less and less concerned with the plight of their former constituency. There are lessons in this history. Our Government is committed to economic advancement of the previously disadvantaged. But we would not want to follow the path of the Afrikaners. We would not want the incorporation of black corporations into the monopolistic structures which emerged during the apartheid era.

Black business should follow its own path and avoid the monopolistic practices of other businesses. In this way we will built a new, pluralistic and competitive business structure, which will be efficient and sensitive to consumer needs.

The need of our country is primarily that of providing massive opportunities to all those who want to engage in business. We need flowering of activity, big and small, releasing the pent up energy so long suppressed by apartheid. This means that black business should emerge in the shape of a pyramid: a pyramid with a very broad base in the masses where many small business people are working and trading within the black communities, a pyramid which includes powerful black corporations at the top.

Furthermore, this pyramid must not stand alone. It must work in conjunction with all other sectors of business - numerous combinations - such as joint ventures, partnerships of all kinds, so that these many forms may enable a healthy interaction to take place which will ultimately lead to a non - racial business community. At this stage these interactions are valuable so that black business can acquire the necessary skills where these are lacking, and build their capital base for future expansion.

Data is now available, showing that there is considerable movement in incomes in South Africa. A study by Michael McGrath, South African's foremost authority on income distribution, shows that there has been a substantial increase in incomes for the top 10 percent of Africans.

Unfortunately, this is associated with a dramatic increase in income inequality within the African population. In 1991, the bottom 40 percent of the African population received 6.4 per cent of total African income, while the top 10 per cent of the African population received 46.6 per cent of the total African income. This means that

the poor are getting poorer- and rich, richer.

As government which was elected by the broad mass of our people, we have a particular responsibility to ensure that wealth acquisition is not accompanied by greater inequalities that existed in the past. Indeed, inequalities need to be lessened.

This poses an enormous challenge to both government and black business. We ask black business to be socially responsible so that all will benefit from an expanding economy, in which opportunities are opened at all levels so that people who have no earned income, people who do not have paid jobs, can also find a place in the sun. Recent data shows that 44 per cent of our population are without paid jobs, while a percentage manages to find some income in the informal sector, which is often at mere survival levels.

The role of government has been set out in the Reconstruction and Development Programme. The Government will make use of socially responsible supply side measures to assist industry in capacity building, training workers in the use of technology, especially in protecting local manufacturers against unfair foreign trade practices as far as this is possible in the world order of free trade. Government will also encourage entrepreneurs to enter manufacturing since the restriction of small and medium enterprises to retailing and distribution will severely inhibit the growth and viability of this sector.

The Government is also taking advice from international experts who say that it is essential to go for fast employment creation as well as narrowing the gap in provision of public services across racial groups. It is thought that we can kick start the economy through public expenditures which are well targeted. This could help to tackle the huge backlog in social expenditures without breaking macro-economic constraints.

Banks have a particular role to play in encouraging the setting up of small and medium sized enterprises from previously disadvantaged communities. Most such traders face disadvantages when applying for loans from banks because they do not have collaterals to put down as security.

Any such discrimination by banks will be outlawed by legislation, if necessary.

We will re-examine the allocation of state resources in the way public services are provided so that the gap in provision is steadily lessened and so that the poor benefit. It must be understood that the future stability of this country depends in large measure on the degree to which this Government meets the basic needs of our people, and many of these needs fall within the domain of public services.

Research conducted by the Human Sciences Research Council and the University of Natal found that in 1991 a transfer of income of R7 737 billion to the poor would have been needed to eliminate poverty in this country.

It concluded that if poverty was to be eliminated through economic growth, the economy would have to grow at an annual rate of 5 per cent for 24 years or alternatively at 2,5 per cent for 47 years.

Our economy requires co-ordinated and effective policies that combine private sector initiatives and government support to address its structural weaknesses. To generate growth and development, we need to reverse certain trends in the economy.

Since the early 1970s, the South African economy has suffered a progressive deterioration in growth and investment. The current recovery will not prove sustainable unless we address the factors underlying that long - term decline. For decades, growth failed to generate employment opportunities able to provide adequate incomes for the vast majority of South Africans.

The Government is of the view that neither economic growth by itself or redistribution on its own will resolve the various crisis in which South Africa finds itself. Therefore, to achieve a successful economy, the Government will adopt an integrated approach which involves the promotion of a more equitable pattern of growth, an equitable distribution of assets, services and access to markets, and the maintenance of macro-economic stability.

In line with the objectives of our economic policy, growth in employment can be enhanced through government support to small and medium -sized enterprises.

Among the 9.6 million employed people, 1.6 million or 16 per cent are in the informal sector and 8 million in the formal sector, according to the findings of the 1994 October Household Survey.

When looking at the transport industry in the formal sector we find that in 1977 there were approximately 408 000 jobs. This number increased to approximately 435 000 in 1982. But since then, there has been a sharp decrease in the number of jobs in third sector, to approximately 303 000 in 1993. The 1994 October Household Survey indicates that there are approximately 52 000 informal taxi operators, but this may be an undercount. Nevertheless, it seems as if more jobs have been lost in the formal transport sector, compared to those gained in the informal sector.

It is needless to point out that the transport industry plays a vital role in our economy and should be one of the beneficiaries of our macro-economic policies which are aimed at reducing poverty, increasing employment and improving the quality of life.

Large-scale investment by both public and private sectors will therefore form a critical precondition for linking and stimulating the transport sector in the economy.

I thank you.

[top](#)