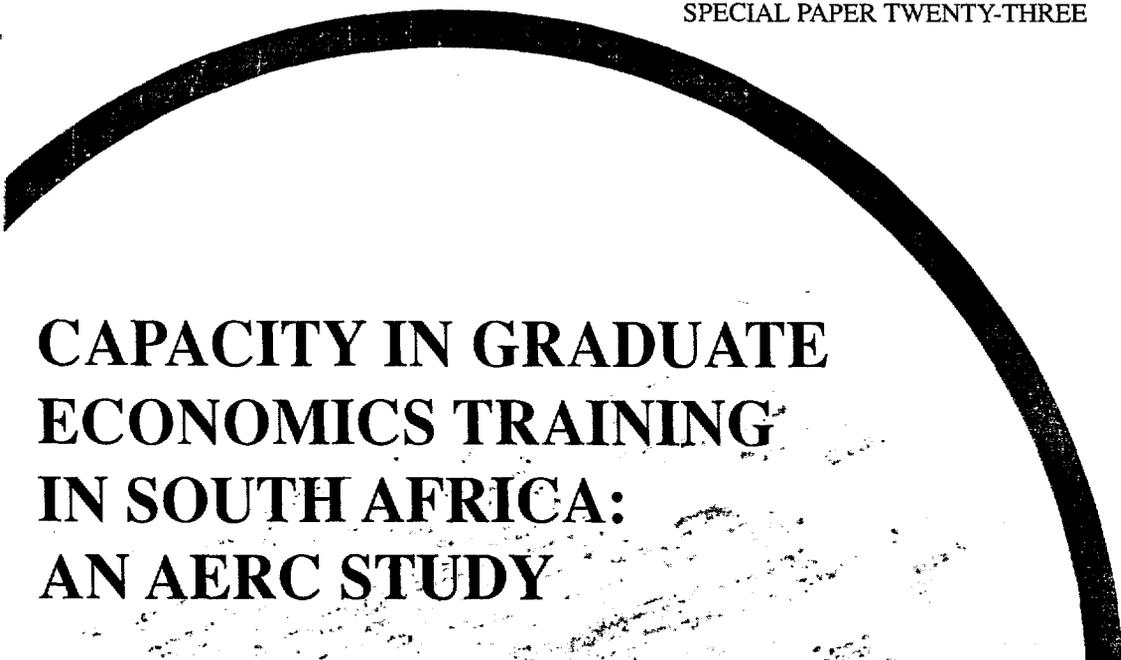


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SPECIAL PAPER TWENTY-THREE



**CAPACITY IN GRADUATE
ECONOMICS TRAINING
IN SOUTH AFRICA:
AN AERC STUDY**

**SAMUEL M. WANGWE
and
FUAD CASSIM**

AFRICAN ECONOMIC RESEARCH CONSORTIUM

CONSORTIUM POUR LA RECHERCHE ECONOMIQUE EN AFRIQUE

**Capacity in graduate economics
training in South Africa:
An AERC study**

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**Capacity in graduate economics
training in South Africa:
An AERC study**

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List of abbreviations

AERC	African Economic Research Consortium
AIPA	African Institute for Policy Analysis
ANC	African National Congress
CEAS	Central Economic Advisory Service
CENMET	Centre for Research and Methodology
CRIC	Community Research and Information Centre
CSIR	Council for Scientific and Industrial Research
COSATU	Congress of South African Trade Unions
DEP	Department of Economic Policy
DBSA	Development Bank of South Africa
EEC	European Economic Community
EOC	Educational Opportunities Council
EROSA	Economic Research on South Africa
ET	Economic Trends Research Groups
FFC	Fiscal and Finance Commission
HSRC	Human Sciences Research Council
HBU	Historically Black Universities
IDC	Industrial Development Council
IDRC	International Development Research Centre
IMF	International Monetary Fund
ISER	Institute for Social Economic Research
JSCF	Joint Standing Committee on Finance
LERC	Labour and Economic Research Centre
MOL	Ministry of Labour
MERG	Macroeconomic Research Group
NGO	Non-governmental Organization
NIEP	National Institute for Economic Policy
NP	National Party
NUMSA	National Union of Mineworkers of South Africa
PWV	Provincial legislator
RAU	Rand Afrikaanse Universiteit
RDP	Reconstruction and Development Programme
SACOB	South African Chamber of Business
SOAS	School of Oriental and African Studies

SARB	South African Reserve Bank
UF	Urban Foundation
USAID	United States Agency for International Development
UCT	University of Cape Town
UDW	University of Durban in Westville
UFH	University of Fort Hare
UOFS	University of Orange Free State
UN	University of Natal
UNISA	Open University of South Africa
UNorth	University of the North
UNP	University of Natal, Pietermaritzburg
UNW	University of North West
US	University of Stellenbosch
UT	University of Transkei
UVenda	University of Venda
UWC	University of Western Cape
UZ	University of Zululand
VISTA	Vista University
WITS	University of Witwatersrand

The various universities surveyed have been historically categorized as follows:

Historically black: UOFS, UNorth, UNW, UT, UVenda, UZ, VISTA

Coloured: UWC

Indian: UDW

White: RAU, UCT, US, UN, UNP, WITS

H

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The responsibility for any errors or omissions is ours.

I. Introduction

Since the inauguration of the Government of National Unity in May 1994, South Africa has been going through a process of transition and transformation. The transformation involves many changes in government, the business sector, universities and other centres of higher learning, and research institutions. The time horizon that typical institutions in South Africa are taking during the transformation is often very short, reflecting the changing characteristics of the situation. In this context, an assessment of the overall capacity for macroeconomic policy research and training in South Africa is bound to be influenced by many short-term and transitory concerns. In addition to the shorter-term concerns of the transitional phase, this study examines issues of a longer-term nature concerning the capacity for macroeconomic policy research and training.

One of the greatest indictments of apartheid was the total inadequacy of its human resource development strategy. This strategy was informed by a labour market policy designed to serve apartheid and a fairly closed economy rather than to develop skills that would cut across class, race and gender, and nurture international competitiveness. In addressing the question of capacity building, it is important to view it in terms of this historical neglect and imbalance, both in the interests of democratizing the process of skills development, research and intellectual work, and in the interests of utilizing all human resources in the transformation of South African education.

One of the legacies of apartheid education is the over-representation of male whites and the under-representation of blacks and women of all races in areas requiring post secondary education. Historically, few females and black students in South Africa, and in particular African students, gained entrance to tertiary institutions. In 1958 there were fewer than 2,000 African university students in the country, of whom 160 were at white universities (Gwala, 1988). While by 1988 the number of African students had increased to 90,000, they still accounted for only 30% of South Africa's total enrolment, with whites accounting for 55%. Moreover, of these 90,000 African students the proportion at white universities was still about 6% (SAIRR, 1989). Although efforts towards affirmative action gained momentum in the 1990s, the basic racial and gender imbalances have not yet been corrected.

The historical reasons for the establishment of black universities and the ways in which the bureaucratic and ideological controls manifested themselves are well documented. These factors, together with the universities' geographical isolation, lack of access to high quality academics and inadequate funding, have prevented a tradition of

scholarship from developing. Evans (1990) has pointed out that if black universities have not embraced research and higher levels of skills development as an essential function it is because they were never intended to do so.

In the mid 1980s, heralding the emergence of an independent trade union movement and mass politics, the changing historical context led to a number of service and research organizations. While the democratic forces had created awesome antiapartheid unity, it was clear that they needed the support of service and research organizations to meet the challenge of giving context to "people's power" in all spheres of life. The need to engage in skills development for reconstruction was expressed, but the call only gained significance in 1989-1990 with the rapidly changing political scenario setting new imperatives.

When the ANC was unbanned in 1990 and political transition became imminent, the urgency of training cadres to occupy key positions in government at all levels increased. At present there is an ongoing discussion among NGOs, in parastatals and government, and within other sectors about capacity building. What the needs are and what resources are available to meet these needs are being reviewed. How to engage in affirmative action practices is also under consideration.

The discourse on capacity building in South Africa has been rich, but limited. Much of the discussion has been on underdevelopment of research capacity at black universities (Gwala, 1988), and the continued marginalization of black researchers in intellectual production. Other topics include the white hegemony that exists even at the "liberal" English-speaking universities (Evans, 1990) and the absence of any effective black empowerment (Pityana, 1992). Reasons for the marginalization that relate to the specific historical conjuncture are put forward by Muller and Cloete (1990). Jansen (1991) takes the debate further by arguing that the need is not only to produce black scholars but to prepare them for radical scholarship.

Moreover, it is clear that capacity building needs to be viewed in a Southern African context and strategies formulated to enhance research capacity in Southern Africa as a whole. This imperative emerges from the opening up of South Africa and the consequent challenge of reintegration into the world economy. The disempowering effects of some capacity building processes are discussed from the trainees' point of view by Miller, Mbona and Mashamba (1991) and more recently by Gaine and Prinsloo (1993). What constitutes research and skills development in redefining the scholar activist, democratizing the capacity building process, and determining the appropriate locations for training were debated at a training for transformation workshop held in Johannesburg in September 1990 (Motala, 1993).

Motala summarizes some of the conclusions in the capacity-building debate as follows:

- That a limited but very valuable expertise has been developed in NGOs in training and capacity building, particularly in relation to affirmative action, and these need to be networked with all training agencies, and more important must affect tertiary institutions.
- That building research capacity is part of a long, slow development process and

will only be properly addressed when the deep-rooted structural inequalities inherent in the present education system are addressed.

- That a much more nuanced approach is required to capacity building in terms of the different types and levels of research capacity required for transformation, who potential recruits are, and where the location of capacity building is most likely to be.
- That the democratization of the structures in which research and capacity building are occurring is fundamental.
- That, at a conceptual level, we are engaged not only training in a narrow sense of the systematic development of attitudes, knowledge and skills required to perform adequately a specific vocational task, but rather a process of education in its broadest sense.

The purpose of this study, then, is to contribute to economics research capacity development in South Africa by informing AERC's institutional strategy. The study examines existing and planned research capacity, identifies priority macroeconomic research issues as perceived by the South African research and policy communities, and recommends ways in which South Africa might be involved in AERC's research and training programmes.

The body of the study starts with a presentation, in Section II, of the methodology used. Section III takes an inventory of existing and planned research and training programmes. Section IV assesses the overall capacity for macroeconomic research and training, covering both the supply and demand side and taking into account the racial and gender imbalances and mechanisms for targeting disadvantaged groups. The priority macroeconomic policy research issues as perceived in South Africa in the short to medium term are examined in Section V. The role of donors is covered in Section VI, and Section VII presents recommendations of appropriate modalities for incorporating South Africa into AERC research and training programmes.

II. Methodology of the study

This study used questionnaires, interviews and secondary materials on the subject. A total of 43 persons were contacted in three categories. Of these categories, 14 were universities and training centres, 15 were users of the services of economists (including government ministries and members of parliament), and 4 were donors and other agencies supporting economics research and training. A sample of universities, research institutions, user organizations and donor agencies was visited and interviews held with those institutions. The study was carried out between August 1994 and June 1995.

Terms of reference

The purpose of the study was to collect and analyze information to serve as a guide for future AERC activities in South Africa, a country in the midst of fundamental political and social transformation as well as reentry into the world economy. The study paid particular attention to the extreme racial and gender imbalance in South Africa's research capacity; the existing network of macroeconomic research units; current initiatives for collaborative training; and the sheer size of the capacity for economics research and training in South Africa, which reflects the country's considerable resources vis-a-vis the rest of sub-Saharan Africa.

With those considerations in mind, the study was charged with:

1. Assessing overall existing local capacity for macroeconomic research and training - to take into account racial and gender imbalance, existing skills, previously disadvantaged groups and mechanisms for targeting them, and possibilities for researchers to participate in AERC programmes;
2. Taking an inventory of existing and planned research, training and other capacity building programmes within South Africa - to cover both established and new organizations;
3. Developing a list of the priority macroeconomic research issues as perceived by the South African research and policy communities for the short and medium term - to determine areas in which AERC's thematic coverage and research network

can be most meaningful and which institutions are likely to be concerned with which issues; and

4. Consulting with key donors based in South Africa regarding their plans for support of economics capacity building and/or economic policy dialogue – to summarize planned programmes of each so as to identify potential available support.

Scope of data collection

The study covered/contacted the following institutions:

- Universities
 - Established universities - 6
 - Historically black universities - 10
 - UNISA
- Users of economists
 - Government ministries/departments - CEAS, DEP, EOC, FFC, JSCE, LERC
 - Banks - DBSA, SARB
 - Private sector - Chamber of Mines
 - Research institutions - AIPA, NIEP, ISER
- Donors and research funding institutions
 - Ford Foundation
 - HSRC
 - SIDA
 - UNDP
 - USAID
 - World Bank

In all, 43 individuals in the following categories were interviewed:

- Heads of economics departments/research sections in universities/research institutions
- Staff members in economics departments
- Heads of economic policy units in government ministries and departments
- Politicians and members of parliament
 - Member of Provincial Legislature
 - Deputy minister
- Economists or heads of economic policy sections of private organizations
 - Anglo American Corporation of South Africa
 - Chamber of Mines of South Africa

Three sets of questionnaires were developed to capture the different characteristics of the three groups. Field visits were made in October/November 1994 and April 1995. The questionnaires were distributed to the relevant institutions in advance of the field visits. Background materials were collected by AERC for use by the consultants. In addition, the consultants collected other relevant documents during the field visits. (Please see Appendix A for a list of individuals interviewed.)

The questionnaires were initially sent only to a sample of universities, user institutions and donors. In the course of carrying out the study it was decided that it would be more useful to cover all the universities, so additional questionnaires were sent to those not originally contacted.

The 14 training institutions that returned the questionnaires were the University of Cape Town (UCT), University of Fort Hare (UFH), University of Natal (UN), University of Natal/Pietermaritzburg (UNP), University of the North (UNorth), University of the Northwest (UNW), University of Orange Free State (UOFS), Rand Afrikaanse Universiteit (RAU), University of Transkei (UT), University of Venda (UVenda), Vista University, University of the Western Cape (UWC), University of Witwatersrand (Wits), and University of Zululand (UZ).

III. Inventory of research and training programmes

Existing capacity-building programmes

South Africa has a relatively large number of research and training programmes in universities, research institutions, other public institutions and the private sector. This section looks in turn at training programmes and institutions and those for research.

Training

We address three categories of training: university level, in-house training in various institutions and basic training in economics for policy makers in governments.

University level. Various universities were historically geared to producing for specific demands. Although the basic content of economics programmes looks similar in most universities, the actual coverage is shaped by the calibre of staffing and the individual university's historically determined role. Most efforts were geared to producing for the private sector hence the dominance of commerce and business oriented subjects. Some universities were meant to train economists for the civil service (e.g., RAU, Pretoria). Such universities had some policy coverage to suit demands of the government of the day, while historically black universities were mainly producing for the Bantustans.

Most universities offer economics courses to their student bodies through selected degree programmes. All of the universities visited offer undergraduate degrees in economics through the faculties of arts and commerce, except for UWC and UNW, which only offer economics through Bachelor of Commerce degrees. In addition to BA and BComm degrees, UN offers economics through Bachelor of Social Science degrees, UOFS offers a BEcon degree and UNorth offers a diploma course in economics. Vista University has a distance tuition component that serves undergraduates who are unable to participate in on-campus university education. In general, economics graduates go through a programme of courses whose coverage is so spread that economics courses are often taken along with courses in accounting and commercial subjects. It is partly for this reason that most economics graduates who have not had the opportunity to do economics honours programmes are usually not trained well enough to really function as

economists. They end up doing all sorts of middle level managerial jobs.

In some universities (especially historically black universities) there were difficulties in attracting enough honours students, while in others (especially the established universities) the large number of applicants exceeded the capacity to handle all of them. However, scholarships for pursuing honours courses were more easily available in the more established universities than in the black universities.

Master's degrees in economics can be obtained at most universities. UNW, however, except for BComm degrees, does not offer any other degrees in economics. UVenda and UT do not offer any courses in economics beyond an honours degree in arts. Apart from UNW, UVenda and UT, all the universities that responded to our survey indicated that they have facilities to produce PhD economics graduates. UFH offers Master's degrees and PhDs only on a part-time basis.

According to the figures supplied, most students prefer to conduct their postgraduate studies through the coursework options available as shown in Table 1. The shift from MA by dissertation to MA by coursework and dissertation is a recent one. It responds to problems students encountered in completing their dissertations on time, presumably reflecting the inadequacy of the analytical tools they possessed. However, even now the weaker universities are more likely to offer MA by dissertation.

Table 1: Structure of Masters degrees in a sample of South African universities: % of students doing Masters by coursework and by research.

	Masters by thesis/dissertation (%)	Masters by Coursework (%) (with dissertation)
UWV	-	100
UN	57	43
UNP	-	100
RAU	20	80
UOFS	50	50
UNorth	-	100

Source: Survey data

The coursework for Master's degrees in economics all involve at least one component of original research work. Presumably most such original work would be presented in students' theses or dissertations (depending on the structure of the course) and could be a significant contribution to the development of original economics research.

There appears to be a wide range of postgraduate course options available at the sample universities with most universities offering core courses in macroeconomics, microeconomics and quantitative methods. The structure of the MA courses is fairly standard. Differences emerge when the depth of coverage is taken into account. It is believed that the quality of postgraduate training in economics is higher in the established universities than in historically black universities. Training at university level has expanded rapidly both at undergraduate and postgraduate levels. In many universities,

the teaching facilities were designed to cater for small groups but the fast expansion of enrolment has put great pressure on the facilities. Even so, our field visits found that students who perform very well in HBUs had a higher chance of being offered full bursaries to study at the more established universities.

That the staffing position is characterized by a high student-staff ratio is evident in most universities especially in view of the recent rapid expansion of student intake. This problem is worse in the black universities. For instance, at UFH there were only four members of staff teaching 900 undergraduate students and 8 honours students. Even as a new member of staff was expected from another African country to relieve the staffing pressure, another member was in the process of leaving for a more lucrative opportunity in the civil service.

The HBUs are still relatively disadvantaged in terms of facilities, and while their postgraduate training is also very limited some have ambitions to expand their postgraduate programmes. In reality, however, with the existing high student-staff ratio, further enrolments at postgraduate level would exert undue pressure on the limited teaching staff and other facilities.

The threat of university budget cuts was widespread, with a worry over resources expressed in all universities. The more established universities were concerned about safeguarding against dangers of falling quality, while the black universities were struggling to improve their already bad situation in terms of staffing and teaching facilities. Even in the black universities there was a feeling that the financial squeeze was getting tighter. For instance, at UFH they had received a budget of R67 million instead of the expected R120 million.

At the same time, however, the problem of skewed resource allocation was a concern among some staff and students at the HBUs when they compared their resource position with the relatively better funded established universities. Some of the historically black universities are not far from the better equipped universities (e.g., Vista, RAU and Wits), and it would appear that economies could be gained by sharing facilities. There seem to be some reservations from the more established universities on this, however, as they also perceive the threat of budgetary constraints.

There are instances where some staff have been seconded from the more established universities to teach at the HBUs. One problem that arose was that those staff were paid very highly compared to their counterparts in the HBUs, a factor that planted seeds of tension.

UNISA enrolls about 10,000 students in economics but the dropout rate is high. Fewer than 10% make it to the third year. At the honours degree level about 200 are enrolled in the first year, but only about 25% make it to the final examination—and only about 60% of these pass the exam. UNISA has ten students enrolled for MA and five for PhD. However, with long-distance teaching it is relatively difficult to effectively teach analytical tools for economic analysis. The content of economics teaching is therefore less analytical than one would find in an average established university in South Africa.

The priority question in the new South Africa is what kind of education policy should be adopted and how can it most effectively be linked to the new human resource requirements. This will call for a kind of education that can question socioeconomic systems

and critically analyze policy formulation and implementation under changing internal and external conditions.

In-house training. Many institutions have their own tailored in-house training arrangements. Such training was found to be generally limited and short term, geared to moulding employees to institution-specific job requirements.

Some institutions (e.g., DBSA, SARB) conduct short courses in-house and also send staff for postgraduate training in local universities. For instance, the SARB sends some of its staff for training to the IMF for periods of 5-11 weeks. None of their staff are sent for short-term training in the local institutions although most first appointments are made from graduates of these institutions. Once they are recruited, training is largely internal. Other institutions contribute to training by giving grants for staff development. Some institutions see themselves as developing capacity for policy analysis through on-the-job training and through the consultancies they give out (e.g. DBSA). Others provide training to enable potential beneficiaries of their programmes to make better use of the opportunities they offer. For instance, the Centre for Research Methodology (CENMET) in the research capacity building directorate of HSRC aims to improve the quality of research in humanities and social sciences in South Africa through such activities as methodology workshops.

Training of government policy makers. Many of the responsible holders of public office in the new South Africa are in need of basic economic analysis skills for decision making. One of the approaches that is being adopted to meet this challenge is provision of short courses in selected areas of applied economics. For instance, it was indicated that there is need to develop capacity for economic policy analysis among Parliamentarians in areas such as the process of budgeting. Training is particularly important for specific committee members (e.g., trade and industry, finance, economic related committees of RDP).

Crash programmes are being implemented to train government economists from the disadvantaged groups. One problem mentioned in the interviews is that of awareness. Some economists who have low skills but occupy high positions (especially in the former Bantustans) do not seem to realize that their skills are deficient. Lack of recognition of the problem could itself be a problem, as awareness would enhance demand for training and upgrading of skills among the disadvantaged groups. Exposure to economic policy debates would help give such people a grasp of various current issues and options.

Training programmes have been designed to offer basic training in economics to elected officials. For instance, the Educational Opportunities Council was reported to be conducting courses in general macroeconomics concepts every two weeks. EOC runs courses for government officials including those in provincial governments, members of the legislature and RDP commissioners. The course contains five modules of three days each:

- Macroeconomic framework, covering the basic macroeconomic concepts, circular flow model, open economy framework, balance of payments, national accounts and the regional economy of the province, and productivity and sectoral analysis.

- Budgetary procedures, covering composition of national budgets, comparative trends in taxation, budget deficits, sources of financing, rolling expenditure plans, expenditure control, and expenditure planning.
- Fiscal policy and growth, covering fiscal policy framework, taxation, tax reform issues, government expenditure and international comparison of government expenditure, developing a domestic funding strategy, fiscal policy for growth and stability, and fiscal strategy.
- Intergovernmental relationships, covering rationale for a decentralized system, determinants of the devolution of taxes, methods of revenue transfers between different levels of government, providing regional and local government access to capital markets.
- Policy simulation, consisting of introduction to spreadsheets, simple analytical techniques, introduction to different types of forecasting, budget, inflation model, estimation techniques and computer simulation exercises.

Some of the more established universities have expanded their teaching programmes to incorporate courses on basic economics skills for government officials.

One summer school has conducted courses in economic policy-making skills and provided a certificate of attendance at the end of the course. However, it was not clear whether the activity would continue and if so at what intervals.

NIEP offers a ten-week diploma course in economic policy analysis. The course is conducted in conjunction with Williams College in USA and the Institute for Social Studies in the Netherlands. Five of the diploma graduates went on for MA studies at Williams College.

The summer school run by NIEP uses teachers from UWC, Wits and others to raise the level of skills in economic policy making. At the end of the course a certificate of attendance is given. The programme is funded by USAID. Another ten-week course, funded by the Dutch government, is given in The Hague to 25 people on macroeconomic policy analysis (at Clinindaal Institute); by the end of 1994 about 70 people were expected to have gone through the programme.

What seems to be lacking is higher quality academic programmes that can place such training in the wider context of economic principles and theories and integrate the training into longer-term investment in capability building in economic policy. In this context, a programme leading to a Diploma in Economics Principles has been proposed to provide a qualification in economics equivalent to that of intermediate undergraduate level and thus act as an access route to higher education programmes such as MA in financial economics.

Research

Our focus here is on universities and other research institutions, research in the private sector, research facilitation through grants, and research using institutions.

Universities and research institutions. Staff members of the universities appear to be quite substantially engaged in economics research projects, both through contract work and independently. These projects regularly include the assistance of students. Table 2 shows a sample of the types of projects and sources of funding of the research projects in selected universities that responded on this matter. The subject titles in Table 2 indicate the wide range of research currently being investigated in academic institutions in South Africa.

During the field visits it was found that the various universities and research institutions had different strengths and capabilities in specific areas of research. This in itself is a good basis for cooperation in research. However, it is evident that this complementarity is not exploited by many universities in South Africa. Policy oriented research is expected to be done at special institutions such as NIEP and AIPA. For instance, NIEP has been carrying out a modelling exercise that started as a general equilibrium model and has now been transformed into a planning and forecasting model. It has also been extended to incorporate provincial concerns and public finance. The model was expected to be out in December 1994.

The historically black universities are more disadvantaged in research, and some claimed that the shortage of research funds was the main hindrance to research. The heavy teaching load seems to have been a more binding constraint to undertaking research, however. As well, some universities have many members of academic staff who are good teachers but not necessarily familiar with the culture of research. These were more likely to be found in the black universities and in institutions that offered degrees through distance education.

In August 1990, soon after the unbanning of ANC, the party's Department of Economic Policy (DEP) moved its headquarters from Lusaka to Johannesburg. By mid-1991 the fading momentum in economic policy making was raising concern. In response, Nelson Mandela invited an IDRC sponsored team of economists to make recommendations on how to improve ANC's capacity to formulate economic policy. Among other measures, the IDRC team recommended the establishment of a macroeconomic research group (MERG) to stimulate and coordinate policy research and training in the identified priority areas (IDRC, 1991). Of top priority was the development of a macroeconomic policy framework. This was to be implemented as an 18-month MERG project and would eventually be absorbed into a more permanent Institute for Economic Policy and Training (later referred to as NIEP).

The MERG research projects were to be located at historically black universities and UWC, UDW, UFH and the University of the North (the full participation of Wits came later). These universities would benefit in terms of their own efforts towards institutional transformation (e.g., funds, new human resources). One early objective of MERG was training and capacity building whereby 200-300 black economists would have been trained

Table 2: A sample of research projects in selected universities in South Africa (1993-1994).

University	Research Projects	Source of Funding
UN	1. Project for URC 2. Parks project	University Research Fund of Independent Researchers Natal Parks Board
Wits	1. MERG projects 2. Regional integration 3. Education, the aged and pensions	MERG DBSA UF
RAU	1. Project for transnet 2. Project for IDC 3. Project for South African motor industry	Transnet IDC South African Motor Industry
UWC	1. Research on fiscal policy 2. Relief development	MERG IDT
UNorth	1. Economic growth and stabilization policies 2. Soviet economic systems and their application to African countries. 3. Economic effectiveness of deregulation of passenger transport 4. The future of South African economy 5. Potential for industrial development	HSRC HSRC HSRC UNorth Northern Transvaal Government
UT	1. Job creation and informal sector entrepreneurship 2. Research on the saw mill industry 3. Water provision for the rural areas	N/A N/A N/A
UOFS	1. Economic concentration 2. Poverty profile 3. Fiscal policy issues 4. Research on labour	Owen and Warbank World Bank and SALDRU Department of Finance N/A
UZ	1. Processing of 1991 household budget summary in Lesotho's urban informal sector 2. Taxation policy for development	N/A N/A
UFH	1. Gender Inequalities in African universities 2. Demographic economic model of South African households 3. Research on poverty	AERC N/A N/A
UNP	1. Financing of regional governments 2. Fiscal policy of Ghana 3. Economics of fishing 4. Income distribution in South Africa 5. Economics of small business in Pietermaritzburg 6. Mineral prices and exchange rate determination 7. Management of St.Lucia wetland	DBSA AERC FRD University & HSRC University Research Fund University Research Fund University Research Fund

Note: N/A = information not available

Source: Survey data

by the end of April 1994. Though not all objectives were met (as discussed further in the next section), in a number of universities the MERG initiative was identified as a major landmark in bringing these institutions into policy debates for the first time.

Other research oriented institutions. The Development Bank of South Africa initially focused on sectoral and inter-sectoral programming and developed in-house capability to undertake research in such areas (e.g., agriculture, infrastructure, small business, the regional industrial decentralization programme, poverty issues). In 1992 DBSA shifted its focus towards macroeconomic research and has since been engaging consultants to undertake research on various macroeconomic issues. DBSA also gives policy cooperation grants as part of its technical assistance packages.

The South African Reserve Bank has some 100 economists, of whom about 10 are non-white. The research capabilities are largely on monetary issues although other areas are also covered. There is a feeling in SARB that the time has come to diversify its expertise to research in development economics and labour economics to cope with demands of the new South Africa.

Research in the private sector. Research in the private sector usually focuses on specific areas of interest. In the macroeconomic policy area, research interest has been limited to responses to debates on national issues that have a bearing on private sector activities.

Some NGOs have been active in policy debates too. For instance, with the establishment of its Development Strategy and Policy Unit in mid 1992, the Urban Foundation aimed to become an active and innovative participant in enhancing capacity within communities and strengthening partnerships between business and communities. The foundation does not, however, have an economist on staff.

Research facilitation through grants. The main institution offering research grants is the Human Sciences Research Council. Other grants offered by private sector companies are sporadic and often restricted to specific projects of interest to the financing companies.

The role of HSRC is essentially to enhance research capacity through the generation of policy-relevant data. Liaison and interaction with disadvantaged communities are a priority for HSRC, which seeks to complement the research undertaken by other agencies such as universities, NGOs, businesses, welfare bodies and development agencies. During 1994 HSRC's research priorities were poverty and deprivation, socioeconomic inequality, community empowerment for development, human resource capacity and potential, national coherence and reintegration, conflict management and resolution, sustainable development and economic growth, democratic accountability, environment and development, and prerequisite information for planning and decision making.

HSRC offers research grants in 11 fields including economics, but during our interviews it was suggested that there are relatively few applications for grants in economics. One explanation for this was the competition from more lucrative assignments and many consultancies in the economics field. In addition, in response to perceived demand for

skills, most economists drift to the business sector and some do an MBA rather than pursue higher level research capabilities. It was also suggested that research proposals in economics have tended to follow rather than to lead economic policy processes, thus there is need for more innovative proposals in the field. It was also mentioned that applications for research are few because of the heavy teaching load that academic staff are subjected to. Another view was that the perceived historical role and position of HSRC puts people off, as they see it as a semi-government institution more closely engaged with activities of the establishment than with progressive forces.

Private sector funding of economics research seems to be ad hoc, mainly on contract terms. There is generally no conscious policy to fund research on any particular areas. Anglo American Corporation does fund a chair in economics in one of the universities and considers requests for research grants on a case-by-case basis.

Research using institutions. Research using institutions were selectively surveyed to establish the extent and pattern of their interest in research. Field visits covered a sample of four such institutions, i.e., the Urban Foundation (UF)¹, the Ministry of Labour (ML), the Joint Standing Committee on Finance (JSCF), and the Fiscal and Finance Commission (FFC).

None of these organizations/ministries/departments undertakes economic research directly. For the UF, research in economics is done only in so far as it relates to any developmental issues. When necessary UF commissions economic research relating to selected topics; among these are projects entitled procurement policy, local economic development, migration, monitoring development delivery, metropolitan projects, regional economic development, and South African cities in the global economy. The JSCF accumulates evidence from the public and private sectors and makes recommendations to the government. The committee is involved in the drafting of the annual budget and sometimes conducts presentations and panel discussions to stimulate debate on economic/financial issues. However, the committee lacks a budget to commission research. It may make recommendations to other departments, which would then be responsible for the funding of research ventures. The ML does commission economic research from outside and recently established a Labour Commission.

Nor do any of the four have a comprehensive economic research programme in place. The ML, however, intends to develop a programme on labour market policy for disadvantaged groups in the future. This would involve setting up a directorate for research and labour market statistics. Moreover, the ML also intends to link up with NEDLAC in order to identify its future research capacity. The ML envisages the elevation of labour market policy into the economics arena and hopes to transform what is essentially a social welfare administration into an economic policy making institution. The ML has staff members who are qualified in economics and hopes to develop a relationship with the ILO for training purposes.

It is reasonable that the UF has no economist on staff, as the organization is not centrally involved with economics research. However, it does seem that a person with an economics background would be essential in a committee such as the JSCF (although the staff have access to senior staff with economics degrees). As stated in the *Business*

Report (1995), "there are so few skilled people in the public service that the state simply does not have the resources it needs to run the country's economy". For example, Gill Marcus of the JSCF states that outside of the finance department the state employs only five chartered accountants nationally to manage a budget of R153 billion. The JSCF does, however, have a short-term study programme for its employees with many of the main contributors to major economic research programmes having participated. Beyond that, however, the JSCF does not have any present plans for the development of economic research and training.

The FFC is still in its developmental stages and receives much of its technical expertise from abroad. According to the FFC, South Africa is severely lacking in institutional data on population, medical facilities, schools, education, relative needs, etc. Although the DBSA is a major provider of this information, there is no comprehensive index for South Africa.

The Ministry of Labour states that it is unable to access certain required areas of expertise in economics such as macroeconomic strategy and wages and income policy in developing countries. These are the ministry's priority areas of economic research, along with the social consequences of economic restructuring and strategies for employment creation. The UF also listed macroeconomics as a priority area alongside black economic empowerment, small and medium enterprise development, local economic development, and the economic elements of local government. The JSCF listed budgetary processes and policy, the financing of the RDP, trade and tariff policy, monetary policy, and the role of the legislatures in budgetary processes and policy. The FFC views information dissemination as a top priority. It also lists as important the need for equitable, coherent allocation of resources to the provinces according to identified needs and development of new institutions for intergovernmental financial relations.

Another institution that is very relevant for doing and using macroeconomic policy research is the Central Economic Advisory Service (CEAS), whose main objectives are to advise on economic policy and to promote coordinated economic policy making. CEAS operates as a functionally independent government unit linked to the Office of the President. It undertakes macroeconomic and sectoral economic policy analysis, regional economic research, and advice and research in public finance. CEAS also does macroeconomic research and strives to maintain a macroeconomic policy framework through the utilization of macro-econometric models and other analytical instruments. Among other things, CEAS develops, improves and updates a macro-econometric demand model and a macro-econometric model for the South African economy on an ongoing basis (CEAS, 1995).

Major constraints and challenges

A number of factors were identified that hinder effective research, beyond the very basic lack of sufficient financial resources. These include insufficient trained personnel, the heavy teaching load on faculty members, the trend for academic personnel to engage in consultancy work to augment their salaries, lack of coordination and collaboration, and the challenges inherent in South Africa's transformation.

Insufficient trained personnel. Even if research funds were to be made available they would not necessarily be a panacea in all cases. The problem of sufficient personnel to carry out the research would remain. For instance, in December 1994 Ford Foundation gave a two-year grant to UFH to undertake a research project but the project has not taken off because the staff in the department are so occupied with teaching that they cannot spare much time for research. It had been proposed that staff for the research project be recruited from outside the university, but even that option has not materialized presumably because it is difficult to attract good researchers to a location like that of UFH.

Teaching load. A major problem cited by most universities is the heavy teaching load, which leaves little time for research. This problem was significantly worse at the historically black universities. Moreover, it was clearly expressed that most South African universities consider themselves to be understaffed in relation to student numbers. For example, UN has 12 teaching staff for 1,700 students and Wits has 17 teaching staff for 1,740 students. At UZ there are only 5 teaching staff for approximately 900 students. UVenda and UFH also commented that the universities experience a lack of adequately qualified staff and that a strong staff development programme is urgently required.

Balance between research and consultancy. Some respondents expressed concern that declining government funding of universities in South Africa created additional pressure to alter the balance between academic and contract research in favour of the latter. With the salaries of academic staff falling further behind those in the private sector, it has become more and more difficult to recruit and retain good research staff. Engaging in consultancy work has increasingly become a means of supplementing salaries for those who are retained at universities.

Coordination and collaboration in research. Most research proposals are prepared and submitted by individuals. In general, there is very little team work involved. There is little interaction between different universities in the same locality such as UDW and University of Natal, both in Durban; UCT, UWC and US in the Cape Town area; or RAU, Wits and Vista in the Johannesburg area. Even institutions in the same university have little collaboration, e.g., ISER and the department of economics at UDW. This weakness tends to limit the flow of research findings into teaching, and interaction between teaching and research generally seems to be limited. The overall picture suggests that the potential benefits from greater institutional collaboration among institutions in South Africa have yet to be exploited to the full.

Challenges of transformation. The new South African situation is characterized by internal socioeconomic changes and the country's changing position in the world economy. The real challenge is in transforming the educational system and capacity building in economic policy analysis to cope with the demands of the new context.

Planned capacity building programmes

Training

In the field interviews it was found that a number of training initiatives are in the pipeline. Many universities are planning to expand their intake of students especially at the postgraduate level. In particular, the more disadvantaged universities saw expansion in this direction as one way of redressing historical imbalances. It is uncertain as to what extent the various expansion programmes will be realized in view of the budgetary constraints, however. It is therefore unlikely that reliable projections can be made of the actual realization of planned training programmes. The following activities are mentioned here as illustrations of the kinds of initiatives that are being planned.

A number of steps are being taken to modify courses towards more development-oriented coverage. For instance, the University of Natal is planning a course in development studies in order to fill two gaps: lack of an interdisciplinary approach and injection of more policy analytical material. They would like to engage more in real case studies of policy making and policy analysis in specific African countries outside South Africa.

Other initiatives are directed towards basic economics courses for government and other officials who are already engaged in economics-related administrative functions. For instance, RAU plans to introduce a one-year course in basic economic sciences. RAU pointed out that they had been approached by the provincial government to prepare a course on basic economic policy in the form of informal seminars.

NIEP intends to restructure the current diploma course to train people from the trade union movement. This will be a collaborative training programme with SOAS and ISS along the lines of distance education. NIEP is also developing a training programme with HBUs in collaboration with the New School for Social Science in New York, which had seconded some of its staff to NIEP to help to identify areas of strength and weaknesses of the black universities. So far, general problems and needs have been identified. The identified problems are those that make it difficult not only to offer quality university education but also to build a strong research capacity. Specific requirements by individual HBUs are also being addressed. One area where NSSR may be assisting these universities with capacity development in teaching is a programme to produce many research/teaching assistants in a short time. South African honours graduates could be prepared to become teaching assistants through such a programme.

Research

Some universities do not have long-term plans for research directions they want to take. However, many expressed a desire to shift into the type of development economics more appropriate to the demands of the new South Africa. It is assumed that this can be done with existing staff and no specific programmes have been put in place to facilitate the proposed shift. This may be a focal area for AERC national policy workshops.

Potential future research initiatives show a variety of interests: UN intends to implement an agricultural policy research project and Wits is negotiating the second stages of

the Aged Studies. UN also wants to collaborate with UDW in a joint project, and a financial integration study by Wits would involve collaboration with universities in the southern states of the USA. RAU also expresses its desire to become involved with research on community development in the PWV. Possible future projects for UWC include the effects of capital account liberalization on the real sector, the role and structure of financial institutions in South Africa, and empirical investigation into the determinants of money demand in South Africa. UOFS plans new research projects in fiscal, development and labour economics and competition policy. Declining university budgets in both Wits and UN, however, limit the possibility of undertaking large research projects. Wits also comments that the tight budget reduces the potential diversity of research interests. High administrative and teaching loads, coupled with reduced funds, appear to be having an effect on the quantity and quality of anticipated economic research projects. At UVenda the staff and students do not even have access to computers and UFH comments that there is a strong need to develop a culture of research.

Many universities historically focused their research on the problems in their immediate vicinity and province. In recent years there has been a change towards studying broader problems with a national coverage. This change is evident in the research plans of a number of universities, suggesting that demand for macroeconomic policy research and training is likely to be on the increase. The trend of broadening the scope of research can be demonstrated here by the example of the Economics Research Unit of the Department of Economics of the University of Natal.

The Economics Research Unit was started in 1940 to conduct socioeconomic studies in urban and rural areas of Natal. The scope of research was broadened in the 1960s towards general economic development concerning national and Southern African issues. The main areas of focus are: economic integration, transport, project appraisal, international trade and investment, and human resources. Others are economic development (national and sectoral policies, employment creation), regional economic policy, industrial development, economic systems and urban issues. However, macroeconomic policy research issues and broader development problems and policies such as those addressing inequalities and imbalances in society have remained marginal to the main research themes of ERU.

Another example is the School of Development Studies, a two-year interdisciplinary programme established in 1995 that cuts across departments and faculties at UN. The aim of the programme is to produce graduates who are able to debate, question and evaluate alternative development policies. The brochure introducing SDS notes that "in the past, little systematic attention was given to studying development problems and policies in South African Universities". It is in this context that SDS aims to marshal knowledge across disciplines and create an interdisciplinary approach and ethos. The programme combines economics, politics, sociology and planning.

Information gathered from our field work also indicates that the business community in South Africa plans to establish a research department for SACOB. The department would lead discussions and debates on economic policy issues that are relevant to the operations of the business sector. Participation would be moulded to cope with the new demands for policy analysis.

Policy analysis has so far been short-term and responsive rather than a proactive and independent analysis of long-term economic policy issues. In science development, HSRC has decided to focus its priorities on promoting the human sciences, cooperating with and on behalf of scholars, developing research capacity especially for the historically disadvantaged communities, promoting research projects in South Africa, and providing research support systems and data bases.

IV. Assessment of macroeconomic research and training needs and capacity

Existing skills

Supply of skills at national level

It is generally acknowledged that the national level supply of macroeconomic policy skill falls well below the high demands of reconstruction and development in the new South Africa. However, precise quantification of various existing skills is not yet readily available in spite of several efforts that were found to be ongoing. For instance, NIEP plans a Survey on Skill Profiles to establish the competence available in the middle and senior management in the department of Finance and Economic Affairs. The survey will inform NIEP's Training and Capacity Building Unit data bank on black economists in South Africa. Another study on rural development and one on Bantustan economics officials are in progress. AIPA intends to undertake a study of the supply and demand of black skills. The present study therefore limits itself to the qualitative aspects and nature of existing skills in the field of economic policy analysis.

Demand by government and other public institutions

Before the mid 1980s there had been no tradition to draw upon by researchers opposed to the apartheid state in the area of policy research. The National Party involved right-wing academics in Afrikaans universities and state research think-tanks such as Human Sciences Research Council (HSRC) and CSIR (Council for Scientific and Industrial Research). Those who were deemed opposed to the ideology of NP were thus systematically excluded from policy analysis.

Debates on the implications of economic sanctions and the requirements for a sound economic analysis of the potential costs of the sanctions encouraged the trade union movement to start externally funded non-university research groups: LERC (Labour and Economic Research Centre), Economic Trends Group and CRIC (Community Research and Information Centre). These organizations engaged the university-based academic researchers in their research projects. It was in this process that the need for a fuller analysis of the state of the South African economy led to a two-year project by the Economic Trends Group. Beginning as a project within LERC and involving some ten

economists based at four universities (UCT, Wits, UN and UDW), the study culminated in a book edited by Steven Gelb (1991), *South Africa's Economic Crisis*. With the formation of the Economic Trends Research Group and the MERG, the contribution of intellectuals in shaping policy became critical to the development of the Reconstruction and Development Programme (RDP).

As COSATU grew into a more sophisticated mass-based organization between 1985 and 1990, it required more and more policy-oriented research support. During this period a large network of community-based research units was established in many parts of the country. Most of these units were externally funded. At the same time, training and policy-oriented research units were also set up within mass organizations. NUMSA's Vocational Training Project and COSATU's Industry Restructuring Project represent some of the initiatives in this context (Padayachee, 1994).

The internal developments in economic policy debates were given a further impetus by a variety of external stimuli, largely from conferences organized to discuss economic policy for a post-apartheid South Africa. These conferences usually drew academics and activists from white liberal universities in South Africa and the ANC-supporting academic diaspora. (These meetings became the basis of the draft economic policy approved at ANC's 1991 Economic Conference, which remained the party's most advanced policy position until early 1994, when the RDP was approved.) Also during this period externally-based research groups and centres were set up, e.g., the Economic Research on South Africa (EROSA) based in London.

Interviews with people at a number of institutions indicated that demand for economic policy analysis has not yet been fully unleashed. One reason is that the civil service has its own research departments, but the departments are not equipped well enough with economic policy analysts to initiate demanding research projects or programmes. It also appears that in the transitional phase the new government is still getting its feet firmly on the ground before a well-articulated policy research agenda can be implemented.

Another area where economic policy skill appears to be in high demand is at the provincial level, where needs differ from those at the national level, including, for example, a greater demand for economists with regional and sectoral focus than with macroeconomic policy focus. Our survey indicates that, at the provincial level, elected people generally lack knowledge in economics. Most of those who are knowledgeable in economic policy analysis have been absorbed at the national level, leaving the provinces with very little in terms of skills in economic policy analysis.

For instance, in one of the provincial legislative units (PWV) it was pointed out that only 3 persons out of 50 have some knowledge of economics. All the three are engaged in both executive (Cabinet) and legislative (Parliament) work in economic policy analysis. It was suggested that the building of capacity for policy analysis is badly needed especially by the executive. The strategic management teams at the provincial level were reported to be engaging various knowledgeable people, suggesting the possibility of a high demand for consultants in economic policy analysis.

However, when economists at universities were interviewed, some indicated that they had not been approached by government to assist in economic policy analysis. This

apparent paradox could be explained by the transitional nature of policy making in the new South Africa whereby policy makers are busy finding their way and defining their roles. If this is indeed the case, then it can be expected that the apparent low demand for consultants in economic policy analysis may be a temporary phenomenon. It would appear that there is a small group of economists who are closely engaged in doing work for government and another group that has little to do with policy analysis for government.

Demand by the private sector

The private sector demands economists, but its requirements seem geared more toward commerce and business administration than to macroeconomic policy analysis. Many private sector economists engage in macroeconomic analysis but this is of a popular and descriptive nature. However, the demand, even for these types of economists, has a bearing on the pool of economists that can be available for macroeconomic policy analysis. In particular, with its more attractive salaries, the private sector attracts economists who would otherwise be available for further training in macroeconomic policy analysis.

Some large private sector firms, however, were found to be employing fewer economists than might have been expected, given the level of development of the South African private sector and its role in the economy. Interviews with Anglo American Corporation, Chamber of Mines, and NEDCOR indicated that their demand for macroeconomic policy analysis is rather limited. It was suggested that the type of economist needed in most of the private sector is not necessarily one who is highly trained in economics but one who is versatile and trainable in their line of activities. The policy of many private companies is to recruit experienced and versatile people who have an equivalent of Master's degree plus a business background.

Link between supply and demand

The link between demand and supply of economists is left to the market rather than to any formal institutional mechanism. It has been pointed out that this is one weakness in existing labour market management. Some survey respondents thought that an institution could provide a profile of what is needed and what is missing, as well as match jobs and vacancies. In other circles it was doubted whether it was necessary to have such an institution. It was argued that even without such an institution the demands for economists can still be met over time. Even if such an institution were established, it would likely not be able to do much to match supply and demand under rapid socioeconomic changes in South Africa.

The experience of MERG

Eleven research projects were initially identified for implementation under MERG, but by late 1992 few working papers on policy options had been produced. In December 1992 the ANC leadership requested the new MERG co-coordinator to accelerate the process of producing a macroeconomic framework. MERG published the output towards

the end of 1993 as a book, *Making Democracy Work: A Framework for Macroeconomic Policy in South Africa*.

Capacity for macroeconomic policy analysis was thus first demonstrated at the eve of democratization of South Africa under the umbrella of MERG. Some capacity had been harnessed during the MERG project and much interaction was initiated especially with ANC. However, in the new democratic South Africa that momentum seems to have been lost somewhat. Some of the capacity within MERG has been absorbed into government where day-to-day administrative processes leave very little time for real economic policy analysis. This may well be a temporary phenomenon, but even so there is still need to continue the training process to increase the supply of economic policy analysts.

Some lessons can be drawn from MERG's work that could be useful for future capacity building efforts in training and policy research in South Africa. For one thing, the different universities, which had played different historical roles, had the opportunity to work together and to adjust to serve new demands. This was not without difficulties, but it was a pioneering experience. The domination of white males (even though they were progressive) raised resentment in some circles but reflected the history of development of university education in South Africa under apartheid. The presence of various international experts also sometimes complicated the scene when local researchers felt marginalized. However, the opportunity to interact with international scholars had otherwise been uncommon historically. The interaction was a step away from isolation of South African researchers.

Moreover, the ANC itself is complex, deriving much of its complexity from the diversity of views and experiences of its members. This wide range of experiences and backgrounds is reflected in the many differences that arise as members debate economic policy. Such debate should not be considered altogether unhealthy.

Further, the expectations of researchers sometimes differed from those of policy makers. The latter expected researchers to provide technocratic backup as an input to decisions taken by policy makers and politicians, while the researchers expected to play an active part in the process. They resented what they perceived as the secondary role of justifying and rationalizing what politicians were already doing anyway. The researchers, however, seem to have underestimated the influence of other actors in the policy-making process. For instance, in the course of time the voices of IMF/World Bank and the business community became more influential than expected. The combination left some academic researchers feeling that their views were being marginalized.

Finally, the MERG research training component turned out to be less automatic than had earlier been assumed. When MERG started it drew its members from existing universities. There were hardly any black economists. MERG began with the target of providing 200 black economists with skills for policy research and quantitative analysis and scholarships over a three-year period. This was an ambitious objective that did not materialize. While MERG was based at WITS department of economics a linkage was developed with SOAS in London (with ODA financing) whereby students were sent for upgrading of their skills through training at MA level at SOAS. The MA course offered at Wits did not provide higher level analytical techniques, and only about 10 will have completed MA studies. Moreover, very few of the economists in the programme have

gone into research, as many have been absorbed into government and other institutions.

Modelling work under MERG also had a limited training component. Although five or six younger economists who were engaged in modelling the fiscal sector are reported to have benefited through learning by doing, there was a perception among our respondents that many recent changes have been made to South Africa's macroeconomic policy with little involvement of local economists. It was also pointed out that the rationale behind many of these changes has not been documented. The absence of systematic documentation coupled with the limited in-house capacity for modelling at NIEP may have contributed to reducing the training benefits from the project.

During the field visits some universities expressed concern that the wide network of researchers that had been initiated under the MERG project was narrowing. For instance, MERG used to be active at UFH, which benefited from the presence of MERG in terms of funds for MA research. The connection with MERG also enabled UFH to have a research project on macroeconomic policy and implications for the Bantustans. Since MERG was transformed into NIEP, the contact with UFH has been marginal. The change in position could be explained by the lack of sufficient resources for research from NIEP and by the fact that NIEP's research agenda does not coincide with the interests and capabilities at UFH. For instance, UFH's proposed regional and rural research project could not be funded by NIEP because it did not fall among the priority projects of NIEP.

Even though some of the economic capability harnessed under MERG has dissipated into the civil service and parliament, this could be a blessing in disguise. The capacity for economic policy analysis in universities and research institutions may be lessened temporarily, but Parliamentarians and government officials may create demand for macroeconomic policy analysis and more effectively engage economists in universities and research institutes. Under current arrangements, while the Parliamentarians are free to ask for research on any policy subject, in practice they do not have a secretariat with staff, research backing or other facilities. Although this problem appears to be receiving attention at present, the ability to use researchers and to commission research work is still limited. The result is an *appearance* of lack of demand for economic policy analysis. There is need for a small secretariat or at least a researcher who can link with other researchers in the country. Such an arrangement would help to identify who can do what in various policy issues.

Potential for participation in AERC research and training programmes

Persons who participate in AERC research and training programmes are in general researchers in macroeconomic policy in universities, research institutions, and policy study units within government departments. South Africa is no exception. The pool of researchers who could participate in AERC research and training will largely be drawn from universities, research institutions like NIEP, and institutions like DBSA and SARB. The actual numbers could easily match the current level of participants from Nigeria, for example, given that the two countries have about the same number of universities and

other institutions of higher learning and research. South Africa, however, probably stands a better chance than Nigeria of attracting research funds from other internal and external sources. On the training side, in particular, the possibility of organizing a training programme at the national level should be given serious consideration.

Participation of previously disadvantaged groups

Racial and gender imbalances

The situation on the ground depicts white male domination in many activities in South Africa. The under-representation of blacks and women is conspicuous in skilled and managerial functions in government, other public institutions and the private sector, and among the student population and staff composition in universities and institutions of higher learning and research. The Government of National Unity resolved that this imbalance should be redressed through affirmative action by enhancing the positions of Africans and women.

Our survey confirms that the racial composition of students still reflects the historical position of the various universities (see Table 3). The white established universities (e.g., Wits, UN and RAU) had a larger white student population, and the historically black universities (like Vista) had a largely African student population. The historically coloured universities (e.g., UWC) are still dominated by the coloured population, while the historically Indian universities (e.g., UDW) are still predominantly Indian. The historically large imbalances, however, are being reduced over time.

Table 3: Distribution of students by race in selected universities in 1994 (%)

	VISTA (All)	WITS (All)	UNP (Honours)	UNP (MA)	UN (MA)	UWC (MA)
White	2	80	82	60	90	-
African	91	6	10	35	10	40
Indian	1	12	8	5	-	5
Coloured	6	2	-	-	-	55

Source: Survey data

Recruitment facilities, staff and remedial courses for disadvantaged students appear to be to some extent on the agendas of most of the universities. UN has an extended curriculum programme for disadvantaged students (EEC) and works with the schools' liaison office of the university. The introduction of English as a second medium of instruction has been one deliberate attempt to encourage non-white students to enrol in the traditional Afrikaans universities. RAU recruits students and staff through media campaigns and offers a certificate in economic sciences (one-year programme). Wits is researching the possibility of a commerce college and also recruits disadvantaged staff and students through marketing and advertising.

UWC is investigating the possibility of initiating an academic support programme. UOFS draws undergraduate students from all communities and postgraduate students from Vista, and conducts a trainee teacher programme. Extra tutorial programmes and bridging programmes are also available as remedial facilities for students. UNP encourages applicants from disadvantaged groups, and its economics department participates in various information programmes at schools that include disadvantaged groups. At the undergraduate level, the department offers computer assisted learning, supplemental instruction, revision lectures and a foundation course for disadvantaged students. In 1996 new undergraduate courses are expected to be introduced for students who do not have a maths background.

From the figures provided in Table 4, it is clear that for the most part whites still dominate teaching in economics departments, by quite a majority in most cases. UZ and UNW show a much more even distribution of race in the teaching staff, while UT and UVenda, unlike any of the other universities, have only African staff. A number of African members of staff are expatriates (from other African countries). These universities, however, have comparatively smaller staff bodies than universities like Wits and UN, which may affect the relevance of comparing the statistics too extensively. For instance, UVenda has a total of 6 staff members and UNW has 4, compared to 19 at WITS.

Table 4: Racial composition of teaching staff in selected universities in 1994 (%)

	UN	WITS	UNP	UWC	RAU	UNorth	UZ	UNW	UT	UVenda
White	77	79	69	38	100	60	33	50		
African	-	16	31	38	-	40	33	50	100	100
Indian	23	5	-	12	-	-	33	-		
Coloured	-	-	-	12	-	-	-	-		

Source: Survey data

Most universities in South Africa have members of staff with teaching experience and/or part of their training outside the country. In general they are quite exposed to the university systems in other countries. This exposure, however, was found to be relatively lower for staff in historically black universities.

In terms of the gender of economics students, there do not appear to be any notable discrepancies at UN, UNP, UZ, UT, UNorth and Vista (although there is an overwhelming majority of female students registered for distance tuition at Vista), but at Wits, UVenda and UWC the majority of students are male. At the teaching level, all of the universities have a majority of male employees, though almost all have at least one female member of teaching staff. The exception is UVenda, where all six employees are men. (RAU and UOFS do not provide figures on gender.) It would be necessary to have more information to make any valuable comment on the staff composition of economics teachers at the university level, but if postgraduate student figures have any relevance to future employment at a university, UN has exactly 50 male and 50 female students at the Master's

level. At most of the universities under discussion male/female ratios are fairly even; UWC, however, has 15 male and 5 female postgraduate students.

Mechanisms for targeting disadvantaged groups

It appears that in response to social pressure to implement affirmative action the demand for black economists has received an impetus. This pressure and the consequent shortage of black economists has had various manifestations. The first response by some institutions has been to adopt an artificial "window dressing" posture. In some of these organizations the blacks who are recruited are not always assigned responsible functions. Second, black economists are in such high demand that in some cases they have moved up the ladder too fast at the expense of proper on-the-job training. In some areas the rate of labour turnover has been too high to allow adequate learning by doing or learning through experience.

Third, the widespread implementation of affirmative action has boosted demand for black economists in many institutions, making it difficult for universities to recruit and retain them. In some private institutions it was suggested that even with the willingness to pay a black economist up to 50% more than a white economist with the same qualifications, it has been difficult to recruit blacks. Even in SARB the implementation of affirmative action has been difficult because remuneration there is not competitive enough to cope with what is offered in some sections of the private sector. In many universities, it was pointed out that concerted effort has been made to redress the racial and gender imbalance but the problem was that the remuneration packages offered by universities were not competitive enough. Good students are attracted to the better paying private sector. This has been identified as a major problem in implementing affirmative action through training and research in universities.

These manifestations at the level of employment indicate that there are limits to redressing the imbalance through staffing alone. Giving preferential treatment to blacks at places of employment will not solve the problem of imbalance if the blacks are not educated and trained to occupy those positions. In many places the survey found that blacks did not occupy managerial or other high level positions simply because too few of them are educated/trained well enough. This suggested that the root cause of the problem of under-representation of blacks in high level positions is the low level of education and training. If this problem is not addressed, the effectiveness of affirmative action in employment will be limited. In order to more effectively involve the disadvantaged groups in addressing the problem of imbalance rather than absorbing them into the problem, capacity building through research and training may have to remain the main vehicle for redressing the imbalances.

Many institutions have initiated programmes to implement affirmative action. One area that has been targeted is historically black universities, as they have traditionally been disadvantaged. The vice chancellors of nine of these universities have occasional meetings to discuss capacity-building possibilities through specialization among them. According to AIPA, a study on the capacities in each HBU was in progress at the time of the interview. The black universities are also exploring opportunities for linking and cooperating with universities in other African countries.

It was reported that efforts had been made by some of the more established universities to develop HBUs through training of their staff. In reality, however, training for HBUs was limited even if on some occasions the more established universities were found to have some black students in their postgraduate programmes. The concern was aired about the problem of getting enough black economists who are willing and able to pursue further studies in economics instead of taking up more lucrative jobs, especially the private sector.

Another form in which affirmative action is being implemented is through in-house training programmes in some institutions (e.g., SARB). At the same time it is important to distinguish between training in policy and in collection of data as at SARB. Such schemes are likely to bear fruit only in the long term as it will take some time before these trainees rise to managerial levels.

Existing institutions for capacity building such as HSRC are in the process of changing their role from that of serving the apartheid regime to that of serving the new South Africa. Historically, the black universities had been excluded from support by HSRC because they were never expected to do any research. The research capacity building directorate was established in HSRC in 1993 to support and develop research capacity and research management skills among black, especially African, researchers, institutions and organizations in South Africa.

It was pointed out that one way of implementing affirmative action is to employ a lower cutoff point in the grant awards process for non-whites. It is encouraging to note that HSRC has made efforts to visit many institutions especially the HBUs to give information as to what they can offer. However, it will take some time before these schools can take full advantage of the services of HSRC, partly because of the historical perception of what HSRC represented and partly because many black universities did not prepare their staff for research. In the past these universities were made to believe that they were meant to do teaching and not research.

In some universities there were doubts as to whether sufficient efforts were being made to implement affirmative action. The perceived negligence in implementing the transformation (i.e., redressing the white-male domination in the university administration) led to tensions and pressure from students in some institutions.

Some of the established universities do not keep statistics of students according to race and gender. Yet they claimed that affirmative action was being implemented and that the disadvantaged groups were being given concessions. It is rather startling to note that an issue of so much concern is not reflected in the statistics of some of those universities, casting doubts on the seriousness with which the imbalances are being redressed.

The institutions that undertake distance learning seem to be more balanced in terms of gender and race than those in which teaching takes place only on campus. For instance, at UNISA the racial and gender balances were reported to be better than in most other universities. Distance education tends to cater for those who missed out on normal formal education opportunities. The disadvantaged groups (non-white and/or female) are more likely to be in this category. It is therefore not unexpected that enrolment of such people would have better gender and racial balance than that found in regular university education.

V. Priority policy research issues

Short- and medium-term policy research issues

When asked to prioritize areas for economic research in South Africa, the universities showed considerable disparity. Thirteen institutions (11 universities plus DBSA and SARB) responded on the question of research priorities. Relating to the current thematic areas of the AERC research programme, these institutions indicated the research priorities as shown in Table 5 below.

For institutions other than universities, priorities reflected their basic mandate. At DBSA, fiscal policy ranked highest, followed by balance of payments, savings and constraints on investment, and sequencing of liberalization. The SARB's priority list focused on disadvantaged groups and the wider economy and included monetary policy issues in an open economy, labour market, unemployment and employment, credit facilities for disadvantaged groups and small businesses, and export incentive schemes. The HSRC had no priority list for economic research due to the nature of the organization as a funder of all disciplines.

Awareness of and interest in fiscal policy have surged, making it one of the most topical of policy issues. Sectoral analysis looking into the competitiveness of specific industries seems to be gaining current attention as the South African economy opens up. It was also suggested that there is need to examine the RDP more critically and place it in the context of current macroeconomic thinking. The private sector seems to give priority to research on micro-level issues that have a direct bearing on their activities.

Table 5: Research priorities as expressed by a sample of 13 universities and research institutions in South Africa.

Priority Research Area	Number of Institutions that indicated it as priority
External balance and macroeconomic management	3
Trade, trade policy and regional integration	6
External and internal debt management	7
Financial management and domestic resource mobilization	4
Basic needs, poverty alleviation and income distribution	6
Labour markets	6
Small businesses development	3
Other Sectors	4

Source: Survey data

AERC's contribution to the priority research agenda

The AERC thematic coverage is very relevant to the research priority areas for the new South Africa.² Many universities and other research institutions are engaged in similar areas. The new South Africa has much to learn and benefit from AERC's research output, its ongoing research activities, and the experience that AERC has accumulated in coordinating research in these areas.

Institutional framework

The interviews conducted during field visits indicated that links and coordination between activities undertaken by different universities is nearly absent. Even among institutions around PWV, Cape Town or Durban, links are nearly absent in spite of the advantage that proximity could offer. This weakness may be a reflection of the history and the separate roles that specific institutions were originally designed to play in society. In some cases, however, neighbouring universities have been engaged in capacity sharing by way of taking on some courses when the problem of staffing has reached crisis proportions. For instance, the University of Natal indicated that they had assisted in teaching at UDW when the staffing position at UDW was at its worst. The same relationship was expressed between UWC on the one hand and UCT and Stellenbosch on the other. It was indicated that the relatively weaker universities tend to seek teaching support from the more established universities. But the established universities do not seek collaboration with the less well established universities.

The more established universities provide postgraduate training for some of the best students from the historically black universities. However, this institutional type linkage has its limitations as some of the more established universities aim to skim the best students from the black universities without being effectively engaged in improving the status of scholarship in those schools. Views were expressed that this kind of arrangement does not help to build the capacity of HBUs unless arrangements are made for such students to return to the HBUs as members of faculty. The neighbouring universities could take advantage of proximity and organize joint seminars, courses and other activities. There have been efforts to bring together deputy vice chancellors, librarians, heads of departments. There is still much room for collaboration.

The isolation of South African economists from the rest of the world for many years may have contributed to the limited exposure and interaction with other scholars at home and outside. One role that AERC could play is to facilitate exposure of economists in South Africa and give them the opportunity to engage in debate on economic policy issues with other African scholars.

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VI. Role of donors in supporting economics capacity building

The support organizations that responded to questionnaires about their commitment to economics research and training in South Africa were the Development Bank of South Africa (DBSA), the Human Sciences Research Council (HSRC), the South African Reserve Bank (SARB), the Educational Opportunities Council (EOC) and USAID.

The DBSA does not provide substantial support for economic research, but does give grants to its own staff. There is limited direct training and no bursaries are offered. In terms of technical assistance, however, it provides policy cooperation grants. The HSRC provides substantial support in terms of bursaries to postgraduate students; direct training and grants to individuals, universities, technikons (technical colleges) and NGOs; and support for conferences, symposiums and study trips. The organization funds research in all disciplines and does not indicate how much support is provided specifically for economic research.

The SARB also gives grants to universities and technikons but again these are not restricted to economics. Undergraduate and postgraduate bursaries are also available and the SARB gives technical assistance in research for government commissions. Though not much information is provided on SARB's "Cadet Scheme", this involves training in the economics department of SARB.

It is difficult to assess the contribution of such organizations to economic research since little information is given about the amount of support provided specifically to the field. The SARB does indicate that it provides financial support to UNISA and the University of Stellenbosch for economic studies in household consumption and inflationary expectations, respectively.

The DBSA, HSRC and SARB have facilities for training in either the short or medium term. These, however, do not appear to be economic in content to any large degree. The DBSA offers training through the ISE, the IMD (executive management) and the World Bank (capacity building), and also provides internal training schemes of an academic nature. The HSRC conducts short-term training on general research methodology, statistics and preparing reserved proposals and the SARB provides training on central banking. The EOC and USAID have more specifically economics-oriented training courses. The EOC takes a study tour of 24 people to the USA for three weeks once a year for lectures on social programmes, governance, and fiscal and monetary issues. USAID provides short-term training for disadvantaged South Africans entering the Government

of National Unity to improve economics skills and to provide introductory economics knowledge. USAID also assists the Support for Tertiary Education Project (STEP) and is planning a programme for MS/PhD training in economics as part of a governance component of the post-elections South Africa assistance programme.

The economics training or the support for economics training by the organizations does assist disadvantaged groups through, in the case of the HSRC, affirmative action, access programmes, and block grants and scholarships to disadvantaged students. The SARB also targets disadvantaged groups through the Cadet Scheme. The EOC supports disadvantaged groups by going into the provinces and identifying needs, while USAID targets specific groups for inclusion in their projects.

The HSRC does support activities related to economic policy dialogue in the form of grants, bursaries and travel expenses, and the DBSA conducts forums. The SARB engages more directly in the sense that it uses its economic model to evaluate policy measures and proposals and also participates in conferences. The SARB also publishes occasional papers and departmental studies on various topics. The EOC is planning a national conference in order to assess everything that has been done up to now.

Many donors seem to be very keen—sometimes too keen—to give assistance to the new South Africa. Most are not yet quite clear as to the areas to which they should channel their assistance. While it was felt that donor activity is not focused or coordinated, there does seem to be a collective pronouncement, among potential donors, of support for RDP especially with respect to human resource development. Some initiatives in this area include seminars that have been conducted by European Union groups and a World Bank seminar at PWV on small and medium enterprise development.

The EOC and USAID support capacity building through economics training more directly than the other organizations. The EOC provides direct training for provincial government MPs, finance and legislative committee members, and RDP commissioners. EOC also gives bursaries for economics training, including a bursary for Williams College, Massachusetts, for a Master's in Development Economics. The EOC and USAID place issues of productivity and international competitiveness at the top of the list. The EOC includes human resource development, small and medium enterprise and regional development, and intergovernmental relations. USAID is committed to training in economics. Three aspects are supported: the tertiary education project; postgraduate training in economics as part of the governance component of the post-elections South Africa assistance programme; and short-term training of disadvantaged groups entering government. Some of this support is channelled through the Educational Opportunities Council. USAID also places priority on investigating areas for the greatest growth potential, efficient mechanisms for promoting equitable service delivery and improving access to services.

USAID seems keen to support research especially in labour markets and in management of the reform process including popularization of the process of economic reform. USAID provides grants to the following groups: the National Institute for Economic Policy, to develop the research capacity of South African economists disadvantaged through apartheid; African Institute for Policy Analysis, for economic research related to economic growth in South Africa and examining the roles of South Africa within the

context of Southern Africa; and the Institute for African Alternatives, for workshops on economic development policy options for the GNU and the RDP.

The Ford Foundation and the Government of Australia expressed a willingness to support various activities in economic research and training. The Ford Foundation already supports postgraduate training and research; MA training at UCT and University of Pretoria and support for research at SALDRU are cases in point. Ford Foundation has a programme that can also accommodate support for capacity building in independent think tanks on governance and economic management.

SIDA is a potential donor for economic research and training, but at the time of the field visits (April 1995) the areas of such support were still under consideration. The UNDP's presence in South Africa was still new at the time of the survey and focal areas were in the process of being defined. However, it was indicated that there is a possibility that UNDP support could be channelled to capacity building in management among blacks, support to historically black universities and support to management capacity in provincial governments.

The problems of transition and the associated wait-and-see attitude has made some donors hesitate to give support. One lesson that can be learned from sub-Saharan Africa is that in the absence of a clear national programme into which donor assistance can be integrated, the donor community tends to come with its own agenda. There are already indications that donors are very keen to get into South Africa, yet South Africans do not seem to be prepared to put into place appropriate arrangements to channel the assistance to priority areas.

VII. Recommendations for involving South Africa in AERC programmes

The situation in South Africa indicates that the binding constraint in capacity building in research and training is not so much financial resources, given the amount of resources South Africa has and the keenness many donors have shown to provide various forms of assistance. The most critical asset AERC can offer in these circumstances is likely to be more in terms of the accumulated knowledge in providing logistical support for networking and coordination in research and training. The involvement of AERC in South Africa could be facilitated if there was a network in South Africa to which the Consortium could relate.

At the time of field work it was found that for some time there have been plans to bring together historically black universities and establish the strengths, weaknesses and plans of each with a view to rationalizing their expansion for maximum complementarity. This process has not been completed as yet. Facilitating the process merits priority attention from AERC. The intervention by AERC could help fill other gaps, such as the progressive and critical approach to economic analysis that is largely missing in South Africa. In particular, AERC could offer the experience gained so far in developing capacity for undertaking more independent, longer-term policy research. Our recommendations are made in this context.

Facilitating research

Twinning arrangements between universities in South Africa

This study found that there is considerable complementarity in research capacity in the different institutions in South Africa. Yet there is very limited collaborative research or other forms of cooperation in research among them. AERC could perform the role of catalyst in facilitating twinning arrangements among South African institutions.

Linking South African researchers to the rest of Africa and the world

Many South African scholars have been working under conditions of isolation for a long time, for well known historical reasons. Many of their institutions are seeking links with

other institutions. The exposure of South African universities, in particular historically black institutions, to AERC activities and workshops would in itself be useful. Even the exposure of these universities to the activities of the more established universities inside South Africa would be useful. Here AERC can make use of its wide network and other connections, which can be used to enhance exposure of the long isolated economists to other scholars in the rest of Africa and around the world. AERC could provide opportunities for researchers in South Africa to join its research network under existing arrangements.

Building capacity for research

Short-term training

Through short-term training special attention could be given to equipping needy economists with new techniques and methods of research. Such activities would aim at empowering researchers, with preference given to the more disadvantaged black economists. AERC could avail these scholars with the opportunity to attend the shorter-term courses that are often offered to AERC researchers on a selective basis.

Vocational training

Vocational training could be supported through research projects done for MA dissertations or through teaming of senior and junior researchers.

Arranging short-term visits by young African scholars to South Africa

Some African scholars could be availed the opportunity to visit South Africa as researchers posted to various institutions. AERC could help in raising funds to avoid the practice of each donor wanting to fund its own country scholars.

Institutional arrangements for training of HBU staff

Institutional arrangements for training staff of historically black universities should be put in place. A start could be made by organizing such programmes within South Africa, with AERC facilitating the process as may be seen necessary by the South Africans.

Organizing an MA collaborative programme

An MA collaborative programme could be organized among South African universities, after carrying out a study on the relative strengths and deficiencies of the different universities. Some universities have taken advantage of proximity (e.g., US, UCT, UWC in Cape Town) to organize joint courses. More of this could be planned, and more systematically, so that rationalization and cooperation are institutionalized to a greater extent than has been the case to date. Collaboration could even be extended to the level of

Southern Africa. The question of funding may arise as a constraint, however, and the intervention of donors may be needed. It was even suggested by some interviewees that cooperation may not be possible unless it is supported by a catalyst. AERC could play this role.

Collaborative training arrangements could be among historically black universities, between these colleges and the more established universities, and among the more established universities. Exchange of staff between HBUs and the more established universities could be considered.

NIEP would also like to tap the AERC experience in the MA collaborative programme in designing a special postgraduate programme for graduates of HBUs. AERC could help to design and organize workshops on particular topics, for instance, courses in methodology.

AERC could also help in preparing training modules and in identifying experts who can teach specific subject areas especially when it comes to experiences and case studies from other countries.

Identifying scholars for macro policy analysis

AERC could play a proactive role in identifying individuals who could help to fill specific gaps in macroeconomic policy analysis.

Notes

1. The Urban Foundation has been reconstituted as the National Business Initiative since the completion of our survey.
2. The current thematic areas under the AERC research programme are: external balance and macroeconomic management; trade, trade policy and regional integration; external and internal debt management; and financial management and domestic resource mobilization.

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Appendix A. List of Individuals interviewed

Universities

- Prof. Renfrew Christie - Dean of Research, University of Western Cape; Chair of NIEP Board.
- Prof. Contogioniss - Head of department of economics at UDW
- Prof. Merton Dagut - Chairman School of Economic and Business Studies, University of Witwatersrand, Johannesburg
- Mr. T.T. Dladla - lecturer at VISTA at Soweto Campus
- Prof. Merle Holden - Professor of Economics and Dean of the Faculty of Economics and Management, University of Natal.
- Dr. Brian Kahn - University of CapeTown
- Prof. Robert Klitgaard - Professor of Economics, University of Natal.
- Mr. Leslie Maasdorp - Adviser to the Minister of Labour.
- Mr. Peter Magalela- lecturer in economics at University of Fort Hare
- Prof. M.W. Makalima- Sociology department at the University of Fort Hare and member of the Board of NIEP
- Dr. R.R. Mears - Head of Economics Department at VISTA at Soweto Campus.
- Dr. Kapukile Mlambo- senior lecturer in economics at University of Fort Hare
- Mr. E. Motala - Education Institute in Durban (UDW)
- Mr. F. Mulder - lecturer at Rand Afrikaans University in Johannesburg.
- Mr. Kevin Nell - lecturer in economics at the University of Fort Hare
- Dr. Vishnu Padayachee - Associate Research Professor Institute for Social and Economic Research at the University of Durban, Westville.
- Mr. Pundy-Pillay - Policy Analyst/Economist, Centre for Education Policy Development at UWC, Cape Town.
- Prof. Manana Tuoane- Associate professor and head of department of economics at the University of Fort Hare
- Prof. Francis Wilson - Director, Southern Africa Labour and Development Research Unit, School of Economics, University of Cape Town and Chair of Council, University of Fort Hare.
- Mr. H. Zarenda - University of Witwatersrand

Research Institutions

- Mr. Asghar Adelzadeh, National Institute for Economic Policy (NIEP)
- Mr. Jaya Josie - Executive Director, NIEP

Mr. Ismail Adams - Head Economics Department at the University of Western Cape
Ms Joyce Lestrade-Jeferris of NIEP
Dr. Bax Nomvete- Director of African Institute for Policy Analysis

Research Funding Institutions

Dr. Rose Morris - Director, Research Promotion, Centre for Science Development, Human Sciences Research Council.

Government

Hon. Alec Erwin - Deputy Minister of Finance.
Mr. Andrew Feinstein - Member of Provincial Legislature (PWV) and Chairman Standing Committee on Economic Affairs.
Mr. Papi Muloto - Ministry of Labour

Politicians

Hon. Robert Davies - Member of Parliament ANC
Hon. Gill Marcus - Member of Parliament in CapeTown
Hon. M. Sisulu - Member of Parliament

Banks

Mr. Nick Vink - Associate Director, Centre for Policy and Strategic Analysis, Development Bank of South Africa.
Dr. S.J. Van der Walt - Deputy Head, Economics Department, South African Reserve Bank.

Non-Governmental Organizations

Mr. Dugan Fraser - Research coordinator Development and Strategy Unit of the Urban Foundation
Mr. Tim Hart - Senior Manager development and Strategy Unit of the Urban Foundation

Private Sector

Mr. Dennis M. Dykes - Group Chief Economist NEDCOR Economic Unit
Mr. Gavin Keeton - Economic consultant Anglo American Corporation of South Africa
Mr. Francois Viruly - Chief Economist Chamber of Mines of South Africa

Donors

Mr. John D. Gerhart- Ford Foundation representative for South Africa and Namibia
Ms Sobongile Mkhabela- Programme Officer UNDP in Pretoria
Ms Helen Nordenson- Senior Programme Officer (Development) and First Secretary at the Embassy of Sweden in Pretoria

Appendix B. Analysis of questionnaire dealing with universities

This set of questionnaires deals with the following universities: University of Natal (UN), the University of the Witwatersrand (Wits), Rand Afrikaanse Universiteit (RAU), The University of the Western Cape (UWC), Vista University, University of the North (UNorth), University of Transkei (UT), the University of Zululand (UZ), the University of the Orange Free State (UOFS), the University of the Northwest (UNW), The University of Fort Hare (UFH), University of Venda (UVenda) and the University of Natal, Pietermaritzburg (UNP).

Of all of the universities only Wits, UNP, UVenda and UZ have members of department that have had teaching experience outside of South Africa. At Wits two of these staff members are White (0-5 years of experience) and two African (6-10 years of experience). At UNP a total of 6 staff members have had experience teaching overseas. 5 are White (2 have had 0-5 years of experience, 2 have had 6-10 years and 1 has had 11+ years) and 1 is African (11+ years of experience). At UVenda two African members of staff have 11+ years of teaching experience outside of South Africa. UZ has one white staff member and one Asian staff member with 11+ years of teaching experience outside of South Africa. The overwhelming majority of the teaching staff at all remaining universities do not have teaching experience outside of South Africa. Many of the teaching staff at South African universities, however, obtained their degrees at international institutions. UN, UWC and UT have graduates from North America and Western and Eastern Europe. Wits, UNP, UVenda and UFH have teaching staff from North America and Western Europe. UNW has four members of staff with degrees from Western Europe and UZ has one staff member that is a graduate from an African University, one from Western Europe and one from Eastern Europe. UVenda also has a member of staff that obtained a degree at an African University. RAU's teaching staff all obtained their degrees at a South African university and UOFS did not supply this information.

In terms of the structure of the economics department in the sample universities, they appear to be relatively similar, each having a number of professorships, senior lectureships, lectureships, junior lectureships. The UN economics department is divided into two parts with a separate teaching unit and a research unit (including 2 senior research fellows and a rotating research fellowship). The research unit at UN undertakes projects at the request of a variety of sponsors or are undertaken by staff in fields of their own interest. On occasion the research unit offers conferences, workshops and short courses

and also produces books, articles and papers. Most of the available posts in the universities are filled but UNW, UWC, UT, UFH, UVenda and Wits have vacant posts for professorships. Moreover, it is clearly expressed that most of the South African universities consider themselves to be understaffed in relationship to students numbers. For example, UN has 12 teaching staff for 1700 students and Wits has 17 teaching staff for 1740 students. At UZ there are only five teaching staff for approximately 900 students. UVenda and UFH also comment that the universities experience a lack of adequately qualified staff and that a strong staff development programme is urgently required.

Appendix C. Analysis of questionnaire on a sample of user institutions

This questionnaire considers the Urban Foundation (UF), the Ministry of Labour (ML), the Joint Standing Committee on Finance (JSCF) and the Fiscal and Finance Commission (FFC).

None of the above organisations/ministries/departments undertakes economic research directly. For the UF, research in economics is undertaken only in so far as it relates to any developmental issues. When necessary UF commissions economic research relating to selected topics. Currently, the UF is undertaking economic research in projects entitled Procurement Policy, Local Economic Development, Migration, Monitoring Development Delivery, Metropolitan Projects, Regional Economic Development and South African Cities in the Global Economy. The JSCF accumulates evidence from the public and private sectors and makes recommendations to the government. The committee is involved in the drafting of the annual budget and sometimes conducts presentations and panel discussions to stimulate debate on economic/financial issues. However, the committee lacks a budget to commission research. It may make recommendations to other departments, which would then be responsible for the funding of research ventures. The ML does commission economic research from outside and recently established a Labour Commission.

None of the above organisations/ministries/departments, then, have a comprehensive economic research programme in place. The ML, however, intends to develop a programme on labour market policy for disadvantaged groups in the future. This would involve the setting up of a Research and Labour Market Statistics Directorate. Moreover, the ML also intends to link up with NEDLAC in order to identify its future research capacity. The ML envisages the elevation of labour market policy into the economics arena and hopes to transform what is essentially a social welfare administration into an economic policy making institution. The ML has staff members that are qualified in economics and hopes to develop a relationship with the ILO for training purposes.

It is reasonable that the UF has no economist on their staff as they are not centrally involved with economics research but it seems that a person with an economics background would be essential in a committee such as the JSCF (although the staff does have access to senior staff with economics degrees). As stated in the Business Report, there are so few skilled people in the public service that the state simply does not have the resources it needs to run the country's economy. For example, Gill Marcus of the JSCF

states that outside of the finance department the state employs only five chartered accountants nationally to manage a budget of R153 billion. The JSCF does, however, have a short-term study programme for its employees with 'many of the main contributors to major economic research programmes' having contributed. Further than that, however, the JSCF does not have any present plans for the development of economic research and training.

The FFC is still in its developmental stages and receives much of its technical expertise abroad. According to the FFC, South Africa is severely lacking in institutional data on population, medical facilities, schools, education, relative needs, etc. Although the DBSA is a major provider of this information, there is no comprehensive index for South Africa.

The Ministry of Labour states that it is unable to access certain required areas of expertise in economics such as macro economic strategy and wages and income policy in developing countries. These are listed as priority areas of economic research by the ML, along with the social consequences of economic restructuring and strategies for employment creation in South Africa. The UF also listed macroeconomics as a priority area alongside black economic empowerment, SME development, local economic development and the economic elements of local government. The JSCF listed budgetary processes and policy, the financing of the RDP, trade and tariff policy, monetary policy and the role of the legislatures in budgetary processes and policy. The FFC views information dissemination as a top priority. It also lists the need for allocation to the provinces, coherence from a needs point of view and sees the development of new institutions for intergovernmental financial relations as important.

Appendix D. Analysis of questionnaire on donors and other institutions which support research and training

The support organisations that responded to questionnaires about their support for economics research and training in South Africa are as follows: the Development Bank of South Africa (DBSA), the Human Sciences Research Council (HSRC), the South African Reserve Bank (SARB), the Educational Opportunities Council (EOC) and USAID.

The DBSA does not provide for substantial support for economic research. Grants are provided for their own staff. There is limited direct training and no bursaries are provided but in terms of technical assistance, it provides policy co operation grants. While the HSRC provides substantial support in terms of bursaries to post graduate students, direct training and grants to individuals, universities, technikons, and NGOs and provides support for conferences, symposia and study trips, the organisations funds research in all disciplines and does not give an indication of how much support is provided specifically for economic research. The SARB also provides grants to universities and technikons but again these are not specifically for economics. Undergraduate and postgraduate bursaries are also available and the SARB gives technical assistance in research for government commissions. Not much information is provided on the 'Cadet Scheme' but this involves training in the economics department of the SARB. It is difficult to assess the contribution of such organisations in terms of support for economic research since little information is given to the amount of support provided specific to the field. The SARB does indicate that it provides financial support to UNISA and the University of Stellenbosch for economic studies in household consumption and inflationary expectations respectively.

The DBSA, HSRC and SARB have facilities for training in either the short and medium term. These, however, do not appear to be economic in content to any large degree. The DBSA provided training through the ISE, the IMD (executive management), the World Bank (Capacity Building) and provides internal training schemes of an academic nature. The HSRC provides short term training on general research methodology, statistics and preparing reserved proposals and the SARB provides training on central banking. The EOC and USAID have more specifically economics oriented training courses. The EOC takes a study tour of 24 people to the USA for three weeks once a year for

lectures on social programmes, governance and fiscal and monetary issues. USAID provides short term training for disadvantaged South Africans entering the GNU to improve economics skills and to provide introductory economics knowledge. USAID also supports the Support for Tertiary Education Project (STEP) and is planning a programme for MS/PhD training in economics as part of a governance component of the Post-elections South Africa Assistance Programme.

The economics training or the support for economics training by the organisations does support disadvantaged groups through, in the case of the HSRC, affirmative action, access programmes and block grants and scholarships to disadvantaged students. The SARB also targets disadvantaged groups through the 'Cadet Scheme'. The EOC supports disadvantaged groups by going to the province and identifying needs and USAID targets specific groups for inclusion in their projects.

The HSRC does support activities related to economic policy dialogue in the form of financial support through grants, bursaries and travel expenses and the DBSA conducts forums. The SARB engages more directly in the sense that it uses its economic model to evaluate policy measures and proposals and also attends and takes part in conferences. The SARB also publishes occasional papers and departmental studies on various topics. The EOC is planning a national conference in order to assess everything that has been done up to now.

When asked to prioritise areas for economic research the DBSA's priorities were clearly related to the nature of the organization. Fiscal policy ranked highest followed by balance of payments, savings and constraint on investment and sequencing of liberalization. The SARB's priority list focussed on disadvantaged groups and the wider economy and included monetary policy issues in an open economy, labour market, unemployment and employment, credit facilities for disadvantaged groups and small businesses and export incentive schemes. The HSRC had no priority list for economic research due to the nature of the organisation as a funder of all disciplines.