

**Appendix 1 of Annexure W of the UDM Constitution
UDM Economic Policy Proposals**

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1. Why the new South Africa needs a new economic plan

The South African economy fails to deliver what is expected of it. It is acknowledged that certain fundamentals are in place, but it is equally true that the urgently required jobs and economic growth are not materialising. Since 1994 hundreds of thousands of jobs have been destroyed and formal employment shrinks at an alarming rate. These are the signs of an economy held afloat by potential that has not been properly unleashed.

Expectations about the economy and its potential for growth were justifiably high in 1994, when the first democratic government was elected. It was assumed that the end of sanctions combined with international goodwill and aid, as well as the extensive natural and human resources of the Country would all contribute to a healthy and fast growing economy capable of swiftly rectifying the damage done by the isolated Apartheid government. This document aims to build on the positive strides that have been taken and to address the shortcomings that prevent the South African economy from reaching its full potential and improving the quality of life of all South Africans. The present government lacks policies aimed at alleviating the need of especially the poor and economically marginalised people. As a result all South Africans find themselves poorer than in 1994, and poverty is on the increase on all fronts.

It is critical that we recognise that a responsible government cannot depend on market forces alone, and sit back while the economy and the quality of life of all its citizens are destroyed. In the final analysis, the needs of every South African citizen are rooted in the need for to a decent job and income. Therefore massive unemployment is at the root of every significant challenge facing South Africa today.

The economic choices need not be as stark as either extreme leftwing socialism, or extreme neo-liberal capitalism. In a globalising world no responsible government can allow itself to be caught in this ideological trap at the expense of its citizens. That is why supposedly staunch capitalist countries practice some form of state





intervention, and vice versa why many supposedly firm socialist countries have introduced some form of open markets. It must be acknowledged that the terror attacks against the United States of America will mean a significant shift in the international agenda of the developed world, placing further responsibility on the South African government to engage in economic and social infrastructure development.

With a responsible government we mean, **“A government willing to help all of its people become productive and self-reliant, capable of taking care of themselves and to contribute to the whole Country’s success.”**

The UDM intends to place the faltering economy on a higher growth path. The UDM economic policy focuses on job creation with two broad strategy pillars, namely small business development and planned sustainable development aimed at infrastructure delivery.

Small business development is based on the belief that the most rapid and sustainable method of creating jobs is through small businesses, but this will require removing all the obstacles that have prevented small business growth to date.

Since 1994 there has been a heavy emphasis on attracting Foreign Direct Investment (FDI) which did not realise as was originally expected. At the same time government has neglected the encouragement of domestic investment. The UDM will pursue planned sustainable development programmes to promote domestic investment in our economy.

South Africans are suspicious and mistrust government because of perceptions that government is not equitably distributing the resources of the Country. The resources are exclusively enjoyed by a new privileged political elite. There is no consensus on a macro-economic policy that can transform the economy in a manner that could create and spread wealth wider and improve the lot of the disadvantaged majority. There are in particular concerns about the inadequacies and contradictions of the fiscal, industrial and labour policies. The government's order of priorities leaves much to be desired.

Therefore the UDM proposes the establishment of a Presidential Council on planned sustainable development to reach consensus on these issues. In order for the Council to succeed the UDM suggests that it could be composed of the business community, labour, key state departments, institutions of traditional leadership, NGOs, civil society, religious groupings, youth, women and others. The Presidential Council will operate with nine provincial planned sustainable development substructures to accommodate and coordinate development at provincial and local government level.

We will introduce a policy of intervention by the state in the economy through planned sustainable development Programmes that create jobs on a large scale whilst developing and maintaining infrastructure for the whole South Africa. These programmes will enhance economic and social infrastructure to increase the quality of life of all the people and communities of South Africa. The ultimate aim must be to ensure that the people of South Africa live in communities that are economically and socially viable.

The UDM recommends that a new body, the Presidential Council on planned sustainable development must be established to oversee the restructuring of public enterprises, so that the proceeds flowing from this process will be used to address backlogs and the imbalances of the past. We will look at models of other free market economies that had successes with state intervention in the economy, to determine which lessons can be applied to South Africa.

The UDM presents policies to South Africa to prove that there is indeed a responsible policy alternative that can increase economic growth and create jobs.



2. Vision statement

The UDM proposes that government must be focussed on job creation and stimulating economic growth, investor confidence and efficient service delivery, but must be equally aware, and willing, to responsibly intervene with the economy to open up business and employment opportunities for all South Africans.

The core of this economic plan is small business development. The UDM's vision is to vigorously pursue policies that encourage and open up opportunities for individuals, single households, or groups of people to start and sustain their own small businesses. Through these activities they will empower and enrich themselves materially and spiritually, provide employment to others in their communities and enhance the general well being of society. The role of government is to promote and encourage the policies that will kick start business opportunity and enable small businesses to grow and prosper. Currently many South Africans cannot start small businesses due to obstacles, such as a lack of access to capital.

3. Broad objectives

The UDM's economic plan combines a sustainable higher rate of real economic growth with a manageable budget deficit and responsible government intervention in the economy aimed at infrastructure development and job creation. The aim is to stimulate investor confidence, and bring about faster job creation, and more efficient service delivery.

South Africa needs an inspiring and shared economic vision of where we are going in the next ten years, in which all South Africans will feel that they have an important part to play in making the Country an economic, social and political success.

By trying to do too many things at once, government often fails to succeed. Government has therefore too many priorities putting its capacity and resources to deliver under severe pressure. It is faced with an overload of priorities and often focuses on peripheral issues, whilst neglecting major issues.

The UDM believes that our economic goals should be prioritised, namely:

- Achieving a rate of real economic growth of five to six per cent per annum, which we believe can be made sustainable.
- Turning the economy from "jobless growth" to "job-creating growth" by embarking on a job creation initiative that will not only reduce the current unemployment levels, but also create opportunities for new job seekers. This will be achieved with two broad strategies. Firstly, small business development will aim to unleash the job creation potential of small business by removing obstacles limiting or preventing their growth. Secondly, planned sustainable development programmes will be aimed at creating jobs through the development of new infrastructure and the maintenance of existing infrastructure.
- Alleviating poverty and reducing inequality predominantly through the creation of jobs and the expansion of business opportunities in our society, and assisting the poor to escape the poverty trap and become self-reliant and productive contributors to the economy. A Basic Service Subsidy, to assist poor people to afford basic service rates. This will also address the current discrimination against the rural poor, with urban areas being favoured for housing subsidies.

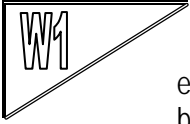
4. Specific proposals

The UDM regards the following fourteen issues as critically important parts of an economic policy.

4.1. Job creation through economic growth

Since 1994, the present government has failed to solve the economic problems of our Country and has not provided impetus to sustainable economic growth and investment.

The fact that the Minister of Finance expects an average real economic growth rate of 3.3% per year over the medium term expenditure framework is not good enough for South Africa, particularly as we may not even sustain economic growth at that rate. Unless we are able to achieve an average real



economic growth rate of five to six percent per year over a long period, we will not be able to reduce the backlog of unemployment and poverty in South Africa, let alone create new and sustainable job opportunities and addressing inequalities in our society.

Unemployment remains the Achilles heel of the South African economy. Official statistics estimate that the level of unemployment in the formal sector of the economy is approximately twenty-five percent, while some analysts estimate it as substantially higher.

Under the present government, the economy has under performed in many areas in relation to its potential, and has not achieved the much higher levels of economic growth needed to reduce unemployment and poverty. It is simply not possible to continue with economic policies that do not allow people to grow their economy and to create jobs.

The UDM believes that the creative spirit inherent in many South Africans must be unleashed to create jobs. This can be done through a policy of small business development, whereby citizens can become wealth creators. A creative business spirit and capacity can be fostered by identifying and overhauling obstacles like unnecessary legislation and regulations, creating access to capital, establishing accessible markets for products, and by appropriate education, training and skills development.

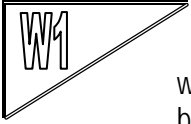
Alternative and innovative financing options will be facilitated to assist small entrepreneurs. Such options will include the establishment of local stock exchanges, small and medium business investment corporations, community development banks, negotiations with investment and insurance funds for venture capital, and the establishment of credible micro-finance institutions.

We need a holistic plan for the development of South Africa. This includes infrastructure development that creates for government the opportunity to responsibly intervene in the economy. Rapid infrastructure development and maintenance should be designed to stimulate economic development, growth and job creation. In this regard government will be an important role player, coordinating the efforts of all spheres of government through planned sustainable development programmes.

The UDM will steer the Country in the direction of high economic growth by improving the confidence of all participants in the economy. A major challenge is to close the gap between the "haves" and the "have-nots" by enabling our people through sustainable economic development, making South Africa a world-class nation in ten years.

It is essential to engage representatives of all socio-economic sectors, including all spheres of government, business, labour, churches and NGOs in active discussion on a one-to-one basis to ensure maximal economic policy cohesion and consensus for progress and development. Big talk-shops, such as NEDLAC will be abolished. The UDM proposes specifically, in its public works policy for job creation and infrastructure development programmes, the establishment of a new body, the Presidential Council on Planned Sustainable Development. Labour and all other economic and social stakeholders will find that this new forum will be a much better mechanism to implement, and not only talk about, economic and social programmes that increase the quality of life of all South Africans. Labour and all other participants in the Presidential Council will become signatories to a Development Accord that recognises that the economic and social upliftment of all South Africans is the number one priority of every South African committed to making the new democratic South Africa an economic and social success, and attracting domestic and foreign investment.

The UDM recognises the key role of international and domestic tourism in job creation. It is estimated that tourism currently contributes approximately only 5% of our GDP, whilst it is possible to double it over the medium term. It is estimated that such growth could create as many as 750 000 jobs. The UDM



will therefore actively pursue policies and actions to promote tourism. Greater government resources will be dedicated to develop and market tourism in South Africa and to stimulate the local and international market. The concept of Transfrontier Conservation Areas (TFCAs) or “peace parks”, spanning the borders of countries in the Southern African region, should be endorsed by SADC as a regional priority where governments will become the drivers of this concept. The South African government should play a leading role in this process and thereby contribute to increasing tourism to South Africa and the region. Tourist infrastructure will have to be modernised.

4.2. Manageable Budget deficit

The UDM supports the concept of a Manageable Budget Deficit, requiring fiscal discipline to ensure that government borrowing does not exceed reasonable limits, but allowing government the leeway to invest in infrastructure delivery, thereby creating jobs, to address imbalances and inequality. The UDM believes that government is in a position to embark on such programmes because it has a constant overrun on its income side due to the success of SARS in collecting taxes. This concept of a Manageable Budget Deficit will only be applied to capital expenditure on infrastructure development programmes aimed at job creation.

Furthermore, wasteful and unnecessary government expenditure must be identified and terminated.

4.3. Progressive tax policy

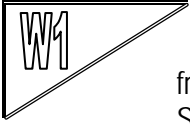
Under the current government the level of taxation on individuals in South Africa is comparatively high in comparison with other emerging countries. Overall tax rates are also high by world standards. This is an extremely negative factor in the economy and has severely undermined the savings performance. Under the current government taxation is becoming increasingly complex and cumbersome, with the introduction of a number of new taxes and levies. The UDM proposes that taxation must be simplified over the medium term.

To boost an improved national savings performance, the UDM believes that the focus of taxation should be progressive – taxing the rich more than the poor – and that tax on personal income, up to R 4000 per month, should be abolished. Such a step will give much needed relief to lower income groups. This tax-free bracket should be adjusted over time to allow for inflation, and regularly reviewed, as and when the livelihood of average households improves in line with improved economic conditions in our society.

Recognising the huge challenges facing South Africa currently, the UDM proposes that income tax be kept at the same level for an interim period and that this income be earmarked for priority issues. The UDM will commit itself to an accord with voters that this is a temporary measure and that this money will be spent on two priority areas in a manner that makes a visible difference in the quality of life of all South Africans. The one percent of income tax earmarked for this purpose will be divided equally between Crime Fighting and Skills Creation. The proceeds will go directly towards these two programmes, and will be reported upon as separate items by the National Treasury.

The UDM will see to it that the existing 20c levy on all South African banking transactions is altered and enhanced to a new ad-valorum rate of 0,05%, which could generate additional revenue of approximately R10 billion per annum. This will also be levied on non-residential bank accounts to include all speculative transactions. The healthier our economic system, the lesser room there will be for speculators to impact negatively on the lives of millions of ordinary people.

The UDM will abolish the marketable securities tax (MST) on investment and trading in the Venture and Development capital markets of the JSE Securities Exchange. This will boost the depth and liquidity of these sectors and facilitate the listing of more small companies, as well as the flow of foreign investor funds to these sectors. All capital gains, which investors generate in these sectors, will be declared tax-



free. The current 0.25% marketable securities tax rate on the transactions on the main board of the JSE Securities Exchange will remain. The UDM will also make it attractive for small businesses to list and participate in the Venture and Development Capital Markets of the JSE Securities Exchange through measures such as tax incentives.

The UDM believes that Capital Gains Tax (CGT) is the wrong tax at the wrong time for South Africa, due to the fact that it will have a negative influence on investor confidence and may hurt people with no access to land tenure.

The tax on fuel will be cut to relieve the burden of transport costs on commuters who travel long distances. Subsidies to big synfuel companies will be abolished.

In order to boost the property market and make it easier for first time homeowners to acquire property, transfer duties on all property transactions and property tax will be made progressive with low rates for transactions below R100 000.

4.4. Globalisation and trade liberalisation

The present government's over hasty and unbalanced approach to globalisation of the economy and its irresponsible abolition of import protection and export subsidies for key industries resulted in hundreds of thousands of job losses, especially among low-income industrial workers, thereby contributing to poverty.

All international treaties and trade deals entered into by SA must serve the interests of South African taxpayers first. SA is not making the most of its resources. The prescripts of the World Trade Organisation against state intervention is being contravened by several major developed countries, which is not to say that unbridled intervention must be allowed, but simply that it would be irresponsible for government to stand by whilst certain industries and sectors are decimated by international trade. In such cases, it is vital that government, for a limited period only, give those industries some form of adjustment assistance to ensure that industries adapt to the new market conditions.

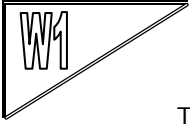
The UDM will introduce a balanced globalisation policy to reverse the job losses that have occurred as a result of policies that have distorted the South African market.

In this regard, new supportive measures will be considered for pressurised industries such as clothing and footwear. Antidumping mechanisms and effective border control will be stringently applied.

With regard to exchange control and currency regulations the UDM supports the orderly abolition of exchange control and allowing the Rand to adjust to an internationally competitive level for maximal economic growth and foreign investment.

To be internationally competitive, we must have advanced technology, industry and research institutions. Not only will the UDM ensure that we retain our developed technology and highly trained citizens, but that we take the lead as a nation to make new and internationally accepted technological breakthroughs.

The UDM believes that the creation of an Export Processing Zone (EPZ) or an Industrial Development Zone (IDZ) on a trial basis in one of our coastal provinces or in an identified industrial area should be seriously investigated. This will then be properly researched and evaluated, to determine the long-term costs and benefits. The objectives of an EPZ or IDZ are to earn foreign exchange and to create jobs. The introduction of an EPZ or IDZ will be done in consultation with the relevant provincial or local government.



The UDM recognises that close to twenty percent of South Africa's exports of goods and services go to African countries and will actively promote cooperation, joint development projects and free trade within Sub-Saharan Africa. The UDM will definitely not approach Africa on the current government's "crisis by crisis" basis.

4.5. Investment and business confidence

In a globalised world investor confidence is a vital commodity. Therefore it is necessary to avoid negative sentiments towards South Africa, such as those created by the manner in which the government handles sensitive issues such as the Zimbabwe crisis, the HIV/AIDS debate, the implementation of the arms deal, racism, etc.

Certain policies of the current government are not contributing to establish an environment that improves investment and business confidence in South Africa. Business and investor negativity is caused by a lack of skills in the labour market, deteriorating institutional efficiency and infrastructure, and violent crime, coupled with an ineffective criminal justice system. Of specific concern is government is handling of HIV/AIDS and corruption. The result is that South Africa has not attracted the much-needed direct investment that will stimulate higher economic growth and create jobs.

The UDM believes that business operates best in a relatively stable environment. That means business needs greater certainty regarding policies and their effective implementation. The UDM will aim to bring stability in the Country. This includes the reestablishment of trust between government, business and labour, clearly spelling out what initiatives government has selected as its priorities. Business and labour can assist to encourage more local and foreign investments. The UDM will make sure that its policies on prevention of crime, management of the HIV/AIDS pandemic, affordable taxation and an efficient labour framework promotes investment in South Africa to create jobs for our people.

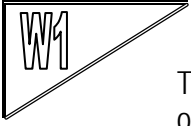
Business and investment confidence, as influenced by perceptions regarding government and politics, can be improved with the following steps:

- The UDM will apply the principle of the "best person for the job" in government. We will not hesitate to offer key governmental positions to talented individuals from outside the political sector.
- The UDM will promote a separation of power between the Cabinet and Parliament, i.e. between the executive and the legislature. The role of Parliament and its committees must be enhanced. A government perceived to be under close scrutiny at all times will perform better and improve investor confidence.
- The UDM will also see to it that municipal councillors do not demand exorbitant salaries and benefits which are out of line with service delivery for the communities they serve.

4.6. Labour policy

The unemployment crisis in South Africa has many causes that underscore the need for a comprehensive strategy. The primary objective must be an attempt to stem the tide of rising unemployment, with its obvious adverse consequences for social and economic exclusion. The UDM aims to create more jobs, secure (where viable) current jobs, and enhance the quality of all jobs over time.

Under the present government, unemployment is still rising. It is especially in the formal sector of the economy that jobs are being destroyed. The previous government as well as the current government have failed to unleash the full potential of South Africans to start small businesses and have not removed obstacles in the way of small business development.



The aim of the UDM is to ensure that each South African has the opportunity to be gainfully employed in order to contribute to the economy and society, and committed to individually and collectively creating a new South Africa at work for the social and economic prosperity of all South Africans, irrespective of race, gender or class.

The UDM will dedicate a half percent of income tax specifically for Skills Creation, on the condition that such funds should be visibly and effectively used for the purpose it is earmarked.

The current government fails appallingly, despite plans and the introduction of a skills levy, to promote and accelerate skills development among the majority of our economically active population, which still remains largely unskilled. The UDM will cooperate with viable business sectors to enhance effective Sectoral Education and Training Agencies.

Recognising the essential role of rapid small business growth in other countries, the UDM will aggressively promote the concept of small business development. Examples in this regard include the UDM suggestion that government programmes will employ and train the unemployed in agricultural and community development projects, and planned sustainable development programmes that will create infrastructure by involving local small businesses.

4.7. Crime Prevention

The criminal justice system and the high levels of crime and violence in the Country continue under the current government, with little signs of the political will and power to reverse this unacceptable state of affairs. The criminal justice system in South Africa has deteriorated in many areas and on many levels. Of particular concern is the failure of the current government to fulfil one of the primary functions of a government, namely to protect the lives and property of its citizens. Serious crimes are at totally unacceptable high levels. The current government's response is lukewarm and shows no sense of urgency in this regard.

The UDM proposes that 40 000 new police officers be recruited to address the current staff shortage. These new police officers will receive specialised and intense training, and will be brought into the South African Police Services (SAPS) over a period of three years. In addition, the structure of the SAPS must be decentralised to ensure that the best talent and capacity are not promoted or deployed away from active crime fighting.

The UDM proposes that the projected decrease in personal income tax be put on hold for an interim period. A half percent of income will be earmarked for fighting crime. The spending of such funds must be visible and effective and be reported upon separately in the national budget.

The UDM recognises that a framework of law and justice is essential for economic progress. We regard the establishment of safety and justice as an immediate priority.

The UDM will enhance coordination between the ministries of justice, police services, correctional services, defence and national intelligence. The UDM proposes the establishment of a Crime Prevention Ministry to coordinate the work of these departments. Specific objectives and deadlines will be set for the departments to achieve our goal of a safe society.

The UDM will also improve border and rural security. The reserve force of the South African National Defence Force (SANDF) will be re-empowered, reorganised and retrained. The South African Army will be transformed into a smaller, disciplined, professional and well-trained force, able to rapidly expand and mobilise when required.



4.8. Restructuring of public enterprises

The UDM will rapidly turn around the current government's poor performance of infrastructure creation, especially via the development of a restructuring programme, which is beneficial to all South Africans. Such a programme will accelerate the creation of infrastructure whilst attracting investments, and enhancing local ownership.

The indecisive and confusing approach of the current government on restructuring of public enterprises should be condemned. It creates the impression of a lot of talk, with little action and severe uncertainty, which depress investor confidence and employee morale. In this process the government is losing its credibility in many respects, and may not be taken seriously in future about their intentions.

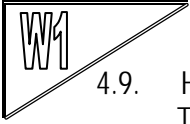
The UDM proposes the establishment of a Presidential Council on Planned Sustainable Development, representing all stakeholders. The Council will specifically monitor and evaluate restructuring. It may commission reports and research for debate and implementation. This mechanism will not replace the oversight role of Parliament.

The Department of Public Enterprises will be done away with and the line function management of public enterprises will become the responsibility of the department of Trade and Industry.

4.8.1. Principles for Restructuring

Restructuring must be implemented within the following principles:

- Government should not waste money and capacity on nonessential services to ensure that it can focus on its primary service delivery responsibilities.
- Restructuring must ensure better services, and in the long-term lower prices. This means that public enterprises, which cannot be run more effectively for the consumer by private owners, should not be sold.
- Any form of restructuring of public enterprises, the sale of equity stakes or public offerings, should be timed to ensure that prevailing market conditions lead to government receiving the maximum benefit or return.
- Restructuring must be aimed at maximising local ownership, and as far as possible empowering employees by, for example share schemes.
- Restructuring of public enterprises, rendering core services, should seek formulas such as strategic equity partners, and not wholesale privatisation.
- Restructuring can have short-term negative results in terms of job losses and higher consumer prices. In such case, government must step in to ensure that those who lose jobs are accommodated in infrastructure development programmes or receive skills training with a view to new employment. A basic service subsidy to assist poor people to afford basic rates, especially when basic service fees rise in the short term.
- Restructuring must place upon new entrants and owners the obligation to actively assist in the roll out of infrastructure to previously disadvantaged communities. As small business development and infrastructure creation through planned sustainable development programmes take hold and many more communities become economically viable, that investment by companies will earn good dividends.
- Restructuring must be coupled with intensified skills training for employees for example, the awarding of three to five year contracts to former employees, as small business subcontractors.
- The proceeds or savings from a restructuring programme should be used to finance public infrastructure development programmes and to improve the delivery of services to the people.
- There should be no nepotism or favouritism.



4.9. HIV/AIDS

The impact of HIV/AIDS looms large over the Country's economic future. Together with tuberculosis, it has become the Country's prime enemy in the area of health.

The current government still does not have a national plan to combat the HIV/AIDS pandemic, despite the fact that an estimated 4,7 million South Africans are already infected with HIV (Eleven percent of the total population, though some estimates put it at twenty to thirty percent).

The UDM will deploy resources through a National Plan of Action to focus on combating HIV/AIDS and tuberculosis. The fight against HIV/AIDS is the responsibility of every South African. The UDM believes that each person should at least be aware of his/her HIV/AIDS-status to manage his/her quality of life. This is possible if HIV/AIDS is declared a notifiable disease, whilst simultaneously respecting the right to confidentiality.

These measures coupled with strong independent research on HIV/AIDS, and diseases in general, are vital if SA is to deal with this pandemic.

4.10. Education and skills creation

The current government seems to have little appreciation of the crisis developing in South Africa with respect to education and the shortage of skills. Our Country is losing skilled people through emigration at a rate unprecedented in history. At the same time the cumbersome administrative requirements of the department of Home Affairs discourages skilled immigration. The current education system, instead of producing more skilled people for the job market, is producing a declining number of skilled people.

The UDM recognises a well-educated population and skilled workforce as an essential basis for sustained economic development and progress. The UDM believes that school education should move "back to the basics" of reading, writing and arithmetic with a general commitment to a culture of learning and discipline. Drugs and gangs should be eradicated from all schools.

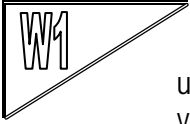
The whole system of education should be reformed and designed to be capable of generating the type of skills that our economy will need. It will require proactive, policy driven investments to make education and skills training knowledge based. This is an investment in our future.

The UDM proposes that the projected decrease in income tax be put on hold and a half percent of income tax be specifically earmarked for a skills creation programme (the other half will be dedicated to the fight against crime). Sectoral Education and Training Agencies, skills orientated school curricula as well as literacy and numeracy programmes will be enhanced. Specific pilot schemes aimed at current school-leavers are vital to ensure that they can enter the labour market with relevant skills.

4.11. Infrastructure delivery

Since 1994, microeconomic development has been neglected. Relatively few infrastructure projects of note have been initiated while existing infrastructure, particularly South Africa's roads network, is deteriorating due to insufficient maintenance. Many capital expenditure programmes earmarked for maintenance of existing infrastructure have either been put on hold or cancelled. In addition, many informal settlements and rural areas experience a crisis, of insufficient resources and inefficient delivery, with government not responding to their desperate needs.

We will introduce a policy of intervention by the state in the economy through planned sustainable development programmes that create jobs on a large scale whilst developing and maintaining infrastructure for the whole South Africa. These programmes will enhance economic and social infrastructure to increase the quality of life of all the people and communities of South Africa. The



ultimate aim must be to ensure that our citizens live in communities that are economically and socially viable. The UDM therefore proposes that a new body, the Presidential Council on Planned Sustainable Development, must be established representing all stakeholders to coordinate development.

The UDM recognises the need for rapid infrastructure development, primarily because it provides the basis for other forms of economic development. Expenditure on infrastructure development could be financed from the proceeds obtained from the successful implementation of a restructuring programme and the clever disposal of unused Public Works property. Furthermore, the UDM proposes that within the framework of a Manageable Budget Deficit the government will be able to finance such programmes. Currently the government is consistently underspending on infrastructure maintenance and development.

Similar deterioration is witnessed in service institutions and infrastructure, which are supposed to deliver an efficient service, for instance the company registrar's office, the patent office, tender offices, the Masters of the High Court and other courts, etc. These offices are becoming increasingly inefficient.

Physical and socio-economic infrastructure will be expanded and properly maintained. Combined with an effective local governance system this will ensure efficient service delivery. Physical and socio-economic infrastructure will be built on a larger scale focussing on houses, dams, clinics and schools, roads, airports, harbours and services to open new business opportunities, particularly tourist services. These infrastructure programmes, managed by Public Works, and coordinating the efforts of other government departments, will aim to create much needed employment in the short term. These programmes will inject funding and incentives into infrastructure with the express aim of encouraging the growth of labour intensive small businesses.

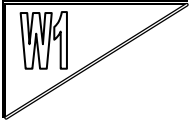
Revised business-government relationships in expanding physical and social infrastructure development should be explored, for instance in the building of roads. Mechanisms must be considered to engage private sector capacity in a partnership with the public sector. There is great potential to create jobs through emerging small businesses in such infrastructure programmes.

Infrastructure development through planned sustainable development programmes must aim to create productive and safe environments. This means that the infrastructure programmes required making a community economically and socially viable must be developed in conjunction with the community. These programmes must recognise that South Africa needs an urbanisation strategy and a plan to assist rural areas.

4.11.1. Urbanisation

According to the population census of 1996, only 53.5% of all South Africans were living in urban areas. This level of urbanisation clearly indicates that the urbanisation process in South Africa has not yet been completed and that we are in urgent need of an urbanisation strategy for the Country. Such a strategy has to include at least the following:

- Identify urban geographical areas where new communities can be established.
- Determine where and how existing urban areas can be improved and expanded.
- Find ways to maintain and protect existing urban infrastructure and build new infrastructure.
- Determine a new urban housing policy, including aspects such as density, land tenure, property rights, permanency of a job, etc.
- Develop innovative new mass urban transit systems.
- Protect surrounding rural areas (farmland, forests, etc.) from urban sprawl.



- Provide in the needs of urban populations, e.g. water, power, sewerage, schools, health care and open spaces.

4.11.2. Rural revitalisation

The UDM will pay particular attention to rural revitalisation, against the background of an accelerated urbanisation strategy. Many rural areas are experiencing a crisis with regard to resources and service delivery. Visible strategies will be established especially to assist emerging farmers by focussing on access to resources including capital, land, infrastructure and training. The government's role will be restricted to creating an environment conducive to entrepreneurial and agricultural development.

The UDM believes in the introduction of government programmes that employ and train the unemployed in agricultural, tourism and community development projects. These programmes will be transformed into self-sustaining, privately owned businesses that have the potential to grow, accumulate assets, and create employment. The role and institution of traditional leaders will be recognised and protected.

4.12. Immediate poverty alleviation

The current policies of government have not succeeded in reducing, and in some cases have even contributed to a deepening of, the level of poverty in South Africa. Under the present government poverty has not decreased as was promised.

Immediate poverty alleviation to address poverty, caused by an economy in transformation, will be realised through a basic service subsidy to assist poor people to afford basic service rates. The process will be monitored and adjusted as the positive effects of short-term and long-term job creation strategies manifest itself in the lives of ordinary South Africans.

4.13. Equal Economic Empowerment

The UDM recognises the aspirations and needs of the previously disadvantaged people of South Africa to participate meaningfully in the economy. The UDM believes that specific groups that should be targeted by such an economic strategy should include the youth, women, rural poor as well as informal settlement dwellers.

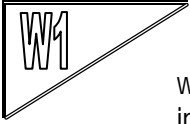
The UDM notes that the present Black Economic Empowerment (BEE) only empowers a selected few. Furthermore it is racially divisive and excludes most people, irrespective of race, who need to be economically empowered. BEE is perceived to be a buzzword for self-enrichment by the new elite. The UDM seeks to empower all South Africans, in particular economically marginalised groups.

It is vital that South Africans share an economic and political vision focussed on partnership between all the people of South Africa. We believe that the gap between the "haves" and the "have-nots" can be narrowed by unleashing the creative spirit inherent in our diversity.

4.14. Anti-corruption and clean governance

South Africa is constantly confronted by scandals of corruption and abuses of power that damages service delivery. This ranges from top ranking officials to levels lower down in the economy and even "petty" corruption, involving traffic police, theft of examination papers, etc. Many officials with "struggle credentials" have looted government funds. In some instances loyalty was rewarded with protection against investigation or prosecution.

The UDM will swiftly and mercilessly eradicate corruption in the government, recognising that those entrusted with the public service will not only be ineffective and mistrusted if they disregard the law but



will bring the whole institution of government into disrepute. By doing so, we will improve the morale, image and attitude of government officials and thereby, restore the public's confidence in them.

To ensure clean governance the following principles must be implemented:

- Government officials and politicians must serve the people and not themselves. There shall be zero-tolerance for corruption and abuse of power.
- Integrity, commitment and hard work are required from all in government and in the private sector.
- A sense of pride in and ownership of government must be encouraged and nurtured in all South Africans by establishing a new ethical framework of incorruptibility, accountability, transparency and impartiality in governance.
- The best quality must be ensured in all appointments, so that merit, responsibility and integrity will be guaranteed, and excellence rewarded.
- Effective procedures must be established and implemented to investigate and prosecute those in the public and private sector involved in corruption.
- Independent anticorruption task teams must be established in each province to determine the level of corruption and to immediately introduce recovery steps. Guilty officials must be prosecuted.