



EVENT REVIEW

LUNCHEON WITH TONY TWINE

- Date:** 26th March 2009
- Venue :** Johannesburg Country Club, Woodmead
- Speaker :** Tony Twine, Director and Senior Economist
ECONOMETRIX
- Topic :** Political Change and the S.A. Economy



SwissCham Southern Africa – South Africa Chapter held a very successful luncheon presentation with Tony Twine, Director and Senior Economist at Econometrix. Thomas Hippele, Vice-President of SwissCham welcomed the guests. The event began with a starter of Parma Ham and Melon and an excellent main course with fresh Scottish Salmon, before Thomas Hippele read a short CV of Tony Twine and invited him to take to the podium.

Tony explored expectations for post Polokwane political influences on government economic policy after the General Election of 22nd April 2009.

He analysed past ways of the political spectrum compared with current trends.

South Africa's macroeconomic policies, which some observers have flagged as being potentially vulnerable to a "shift to the left" after the April 22nd elections, were unlikely to change materially following explicit statements from the new leaders that they had no intention to shift macroeconomic policy after the elections.



Tony Twine flanked by SwissCham Directors. From left: Marcel Brühwiler (Buhler), Roberto Agustoni (Pharmaco), Tony Twine, Thomas Hippele (Mercurius) and Yves Manghardt (Nestlé).

Although the ousting of President Thabo Mbeki at Polokwane was ostensibly a shift leftwards, its impact was likely to be modest at macroeconomic level. (Macroeconomic policy in this context being understood as the policy dealing with the pursuit and distribution of National Income). This had also been borne out, he asserted, by recent economic statements by the new ANC leadership that seemingly indicated fiscal and

monetary policy “business as usual” as well as by the 2009 Budget and its associated medium-term expenditure framework.

This was reasonably reassuring to both the local and foreign business community, who has appreciated the Washington consensus style of macroeconomic policy since 1994.

“However, I am not quite as confident about the good health of microeconomic policy after the election”, Tony Twine cautioned.

The new Government and Cabinet, which should be assembled in May, was setting out its “developmental interventionist stall” and Tony counselled business to be on the lookout for what could be some significant changes on the microeconomic-policy front, as these could have major implications for sectors as diverse as pharmaceuticals through to transport and automotive sectors.

“We might just find the rules of our industry, the rules of our sector regulated to an increasing extent”, he said.

The new government was also likely to be far more interventionist at a municipal and provincial level, which could have positive spin-offs for business, particularly in the event that it encouraged improved delivery.

He concluded that the new cabinet would probably sustain broad macroeconomic policy beyond April 2009, but warned that government interventions at the microeconomic level, influencing and regulating market operation, company structures and price formation will probably increase.

“Where there are impacts, watch the exchange rate”, he said. “The exchange rate will tell you very, very quickly whether we are doing something exceptionally well, and liked by foreign investors, or if we are doing something that they suspect will be to the detriment of their interests here in South Africa”, Tony Twine said.

Tony stressed, however, that the Rand would remain volatile regardless, given that it remained a gateway currency, owing to its liquidity, for the capital markets of the developed world into the emerging markets.



The event was attended by more than thirty SwissCham members and their guests. The luncheon ended with a traditional Cape Brandy Pudding and coffee.

Creamer Media captured the presentation on video and published a video clip on the Engineering News website.