



*BOTSWANA INSTITUTE FOR
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**Main ingredients for a Public-Private Sector Strategy for Private Sector
Employment Creation in Botswana Prepared for the Fourth Sector
Conference on Employment Creation, Francistown
26-28 May 1996**

**By Jan Isaksen
BIDPA Working Paper No 4**

Abstract

This paper sees a resumption of rapid economic growth through diversification and industrialisation as the most important contribution to the acceleration of employment creation in Botswana. The author attempts to draw lessons from growth policies from policy experiences in Eastern Asia. On the basis of such lessons, the paper suggests a number of practical policy steps with relevance to the policy debate in Botswana.

Keywords

Employment creation

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Main Ingredients for a Public - Private Sector Strategy for Private Sector Employment Creation in Botswana.

by Jan Isaksen, Executive Director of the Botswana Institute for Development Policy Analysis (BIDPA).

Prepared for the Fourth Private Sector Conference on Employment Creation ,
Francistown 26 - 28 May 1996.

Introduction.

This paper deals with "a public-private sector framework for employment creation". Employment creation is considered largely synonymous with economic growth and industrialisation. The discussion of employment policies therefore largely becomes a discussion of growth policies. A resumption of rapid economic growth through diversification and industrialisation is seen as the most urgent need to accelerate employment creation in Botswana. Growth is also a precondition for other important employment promoting factors like choice of technology which is not dealt with in this paper. Employment through Public Works has played a considerable role in Botswana but is neither considered here as it is not likely to be more than a partial and short term antidote to unemployment. The paper attempts to draw lessons from policy experiences in Eastern Asia. On the basis of such lessons the paper suggests number of practical policy steps which hopefully would be relevant to the policy debate in Botswana.

Botswana at a watershed.

Research through the late eighties and early 1990ies has indicated that countries with sizeable mineral reserves tend to under-perform in comparison to other developing countries. Youthful, rapidly growing, mineral economies become mineral dependent and are subject to Dutch Disease. They tend not to exercise stringent macro economic policies and end up with very weak development in "non-resource" sectors of the economy (agriculture and manufacturing). Botswana has been cited as an example of how the resource curse can be avoided. Even though one may argue that the most harmful effects of the "mineral curse" has been avoided, Botswana has only just began to tackle the problem of sustainable growth.

The question is then: how can Botswana make the transition to a mature economy with considerable emphasis on manufacturing and generally labour intensive industries?

Looking for Policy Successes.

Since theory does not give much guidance, the policy maker will look at the empirical "facts" and draw policy lessons. The early models for economic growth in the third world were industrialised countries (in the West and in the East). The simplistic view adopted by many developing countries (often on the advice of foreign experts and IFTs) was essentially that they had abundant labour and only needed major injections of capital to get self sustaining growth going. The emulation of such strategies proved mostly very wrong, seriously so in some cases.

At present, the industrial latecomers are looking to the Eastern Asian countries for policy and strategy guidelines. We do not yet know whether any emulation attempts will be as unsuccessful as the earlier attempts at using the industrialised countries as models. What we can hope is that the considerable insight we now have into the "miracles" in some of these countries will contribute to avoiding misguided replication.

In large measure the rapid growth of the Eastern Asian countries has confirmed that textbook economics works - as far as it goes. These countries have had high savings and investment rates and a very marked upgrading in human skills. They have also upgraded their technological level very rapidly and improved their poverty situation. Exports have been used very intensively as an engine of growth. Among non-economic growth factors an efficient and orderly (if not totally uncorrupted) civil service, isolated to a great extent from undue political influence has been very important.

Recipes and underlying factors.

We can observe that certain macro economic variables in the rapidly growing East Asian countries behave according to the textbook. However, such observations does not constitute a recipe for the policy maker. The question is really this: How have the various players in the economy, governments as well as private sector producers and consumers acted to *produce* the result that shows up at the macro level? We are talking about a large number of

decisions, policy makers and decision makers being subject to a myriad of influences, economic, social and cultural. Economic research, attempting to create order and establish central cause-and-effect relationships has a very difficult task. The prevailing view is that the collective experience of the East Asian countries does not add up to a *model* of development.

It seems useful to *split* the results of research and observation so far into two categories: The first category is *the recipes*, i.e. those policies, measures and actions which are discernible and appear to approach the level of general validity. The second category are all the other factors, some of which perhaps will become part of the recipe and some which will forever just belong to the socio-economic, cultural, religious or attitudinal basis for the "miracle".

Chief among the *recipe* category are the macro economic policy tenets. There is now a considerable agreement that these are necessary (but not sufficient) conditions for growth and can be created by through government policy:

Manageable budget deficits.

Keep the external debt under control.

Keep exchange rates realistic.

Quick policy responses to macro-economic shocks.

Measured against these tenets (which fall in line with the policies promoted by the World Bank and the IMF), there can be no doubt that Botswana has done very well. The debate of whether good luck or good management has been the predominant factor in securing the present fortunate macro economic climate seems to come out with the answer "a bit of both". The important issue for the future is that the period of "luck" based on mineral expansion appears to be over. In future it will be more important for Botswana to keep to its "good management" macro policy. One can expect that it will also be more difficult to manoeuvre because the cushioning effect of diamond revenue on public budgets will be less significant.

Why were the East Asian countries able to stick to the tough macroeconomic and other policies which African countries, by and large, did not want to adopt or did not successfully manage? These were policies that led to considerable hardship, wage restraint, long working hours and environmental damage. Particularly in the early days of rapid development large groups of the East Asian populations paid a high price for these growth rates, why did not

anybody protest under way? There must have been different interest groups, why does it look as if all groups had the same ends? A look at these questions may be of considerable value for Botswana in future when (as pointed out above) stringent macro policies may put more strain on Botswana's social and political fabric than they have so far.

This brings us to the level of *underlying factors*. Unlike the fairly clear macro-economic recipe they constitute a very complex web of economic, social and cultural factors. These are the more important and interesting factors, for several reasons:

firstly because they provide a more fundamental explanation for the ability of East Asian countries to institute policies which made the transition possible,

secondly because it is among this group of factors one will find the "traps" for those countries which are interested in emulating East Asian experience,

thirdly because many of the policy measures they have given rise to are less in line World Bank (or western) orthodoxy and more difficult to accept and understand. Particularly fascinating, and I believe potentially useable for other developing countries, are the relations between state and the private sector. It is easy to find, however, that such relations are not built on a simple decision to set up certain institutions but are linked to a number of cultural and attitudinal factors.

Fourthly, since Botswana has done very well in terms of macro economic policies and still failed to diversify noticeably during NDP 7 it follows that we should look at the second set of factors rather than the first.

The difficulty is how to deal with such a mixed bag of factors in a practically useful way. I have chosen to do it by reference to what I call development philosophy.

Some important themes of the East Asian economic "development philosophy".

The examination of this philosophy, or perhaps more accurately, the motivating system of beliefs, concepts and principles, may appear a bit theoretical and far from the action. Considering however that it constitutes an important part of the foundation for an economic

system that has seemed to work very well for developing countries seen to be basket cases 20-40 years ago, it merits investigation for today's late industrialising countries like the African. This of course does not mean that the philosophy will have to be copied by these countries. Botswana will have to find its own ways. Not only is this country very different from e.g. Malaysia at the time it started its industrialisation process. Perhaps even more important is the fact that Botswana will have to play on an international economic stage which is totally different.

In the following brief overview of important themes in the East Asian development philosophy I shall stick to a scheme presented by the American author James Fallows. In his book called "Looking at the Sun - The Rise of the New East Asian Economic and Political System" one section: "The idea of Economic Success" outlines the author's feeling about the essence of the differences between what he calls the "Anglo-American" economic philosophy and the philosophy of the Eastern Asian countries. (A side story is that he calls the latter the "German school" based on the fact that he sees the German economist Friedrich List as the foremost spokesman for this school of economic philosophy. He maintains that for the Japanese and other East Asians Friedrich List became what Adam Smith became for the Anglo-American line of philosophy.)

First: the idea of "Automatic" Growth versus deliberate development.

Whereas the Anglo-American school emphasises the market and its unplannability and unpredictability, the East Asian idea is that from time to time a *big push* has to be made by governments or other major players. The transition from an agricultural to an industrialised economy, it is argued, does not happen because millions of small units makes just the right decisions. If everybody put their money where the return is greatest, there is no guarantee that this would set development off in a way that is best for the nation in the long run. In Friedrich List's own words:

"In England Edward the III created the manufacture of woollen cloth and Elizabeth founded the mercantile marine and the foreign trade. In France, Colbert was responsible for all that a great power need to develop its economy. Following these examples every responsible government should strive to remove those obstacles that hinder the progress of civilisation and should stimulate the growth of those economic forces that a nation carries in its bosom."

Second: Consumers versus Producers.

Whereas the Anglo American school tends to measure the ultimate good of a nation by its level of consumption, the East Asian view is that this will be self defeating in the long run. Their tendency is to say that a society's welfare in the long run is determined not by what it can buy but by what it can make. This is the corollary of the saying that: If you give a man a fish, you feed him for a day. Teach him how to fish and you feed him for life.

Third: Process versus result

Whereas the Anglo American philosophy emphasised *how* the game was played, the rules, the East Asian focus is much more on *who wins* and *who loses*. In the Anglo American system government intervenes mostly to guard that the *process* runs right, not to steer the system. The East Asian school is much more paternalistic. Another writer on the Japanese sociology, Ronald Dore, has said that the Japanese "like all good Confucianists" believe "that you cannot get a decent, moral society, not even an efficient society, simply out of the mechanisms of the market powered by the motivational fuel of self-interest".

Fourth: Individuals versus the Nation

The Anglo American view focuses on how *individual decision making* unit fare as consumers or producers and how *the whole world* fares as a trading system, but it does not really care about the intermediate levels, the levels *between* the individual and all six billion - that is about communities and nations. The East-Asian system is more concerned with the welfare of people in groups, in communities, in nations. One example quoted by Fallows is that American managers live more opulently than their counterparts in Japan but they have to guard themselves physically and morally against the down and out people with whom they share the country.

Fifth: Business as peace versus Business as war

The Anglo-Americans look at business as a positive sum game whereas the German school has a more sombre view at it, as a zero sum game. List even introduced the concept of "The Dominant Nation" and saw business not as a level playing field but as a hierarchical structure with the dominant power on top. It is clear that certain events like the mid 80'ies when the Japanese more or less took over the world's chip market could as easily be analysed by using an "economic war" model as by using a "free market" model.

Sixth: Morality versus power

Whereas the Anglo American "rules" of the market now have been exalted to represent the pillars of morality, the German / East Asian view is that economics is not a matter of right and wrong of cheating or playing fair but of whether you are strong or weak. If a nation decides to help itself by protecting its own industries, by discriminating against foreign products then this is a *decision*, not a *sin*. The decision and its implementation can of course turn out bad or good, but this is more a matter of the wisdom or the amount of circumspection with which the decision is taken.

Lessons for Botswana ?

There are a number of areas where the Eastern Asian philosophy is very different from the "World Bankish" western that Botswana has adopted. The leadership by the state, the nationalistic fervour as well as the strong relationship between state and business we observe in so many of the East Asian countries appear to have been important keys to their rapid growth successes. However, having the history of African private -public sector cooperation in mind, it is a bit scary to propose that one should think about emulating this. To many who believe in the privatisation, commercialisation as well as arms length distance and well defined distribution of roles between government and the private sector, this is sure to be seen as a retrograde move.

Looking for parts of the East Asian system which we may adapt, it has to be remembered that it forms part of a societal and cultural pattern which is even different between the East Asian countries and which other countries would not be well advised to emulate in a straightforward manner. The differences comprise a large number of aspects: the outlook of political groups, behaviour of unions and professional associations, the media, the civil service and the whole -civic society.

It is possible to adapt ideas without necessarily embracing the entire culture. Cultures and attitudes are not unchangeable. All cultures change in the long run. Cultures and attitudes in Botswana have clearly changed as the country has gone through a period of immense economic growth. In the past, change was *caused* by rapid economic growth (replacing e.g. rural with urban cultures). In the future the task may be to *actively promote* certain changes. I believe that such changes are possible and necessary in the long term, both because they

have been important underlying factors in the Asian Miracle and because I see them, as a whole, simply to make sense.

If we carefully tried to change our ways somewhat more in line with the East Asian "philosophy", to what might that possibly lead?

More active promotion of growth.

For at least twenty years Botswana has become used to *automatic* growth. The main emphasis of Government economic policy has been to handle and to distribute the proceeds of growth. For example, national development plans have largely been plans for handling the public sector economy. Much of the growth in the non-export private sector has also come more or less automatically because diamonds created the moving force of the economy. In the future, as diamond exports levels out, more emphasis has to be put on other "movers and shakers" in the economy, be they government or private.

The private sector operators and institutions, including the banks, ought to see it more as their *duty* to take initiatives, to create economic growth and employment for the nation. Through its own platforms, hopefully spurred by Government, the business community ought to focus the importance of new investment and new production for their *long term* profits. Interest in only short term profits may be self defeating in the long run. The planning system ought to keep its emphasis on orderly and serious planning for the public sector but in addition play a much more active role in the promotion of production and expansion of economic activities outside the public sector. There is a great need for changing attitudes in certain parts of the civil service.

Production orientation.

The Anglo-American philosophy of consumption as main end of economic activities has certainly been accepted by Botswana. Some main features of Botswana's economic history has made it easy to come to the conclusion that production is no end in itself. The rural economy could only do so much to increase production, the main influence was the climate. The diamond age created an economy where the main resource flow came from a mineral rent which was directed through Government into various forms of consumption (and public investment).

Attitudes need to be changed towards one where producers, not the conspicuous consumers, are admired. But it is all too easy to suggest a "change of attitudes" and all too difficult to make it happen. Somehow, the official Botswana must start valuing production and productivity. A real change can only come about through a very broad front attempt involving the schools, all kinds of civic organisations, the business community as well as Government.

Result orientation.

Quite clearly, Botswana has embraced a strategy of "letting the private sector do it". Governments' role is to set the rules, and to care for the "enabling environment". If the environment is considered appropriate and nothing happens, Government is not to be blamed. Government's interest ought to swing more towards *results*. This would mean at least two things, first that Government would be given its part of the blame "when nothing happens" in the private sector and second, the public sector would have its "ear to the ground" watching the *result* of policies rather than formulating new policy pronouncements.

For instance, Government would have to be much more vigilant in demanding results from any concessions given to the private sector. In most East Asian countries a "carrot and stick" approach was used. If concessions were given, a concrete result was expected, if not achieved, this would cause stern penalties. Again, this means that civil servants will become more closely involved with industry. This calls for great attention to impartiality, efficiency and incorruptibility in the service.

More Economic Nationalism.

A Botswana "Esprit de Corps" must be built, Botswana, as well as non-Botswana business, operating here must get the feeling that they are part of "Botswana Inc". Particularly, a large gulf between the public and private sectors is not consistent with such a strategy. As important, and a key lesson from East Asian experience, is to offer opportunities for people to escape excessive poverty and income inequalities. Without a widespread sense among people that they *share* the proceeds of growth, the idea of "Botswana Inc." will remain a hollow promise.

Cultural homogeneity and the small population size of Botswana are factors that would contribute to make the "Inc." a workable project. On the other hand, the economy has a

number of players that may not centre their economic interest on Botswana and feel that they are part of the "Inc". Another point of caution is our place in and dependence on the region. Economic Nationalism Botswana style will not involve building unnecessary walls between ourselves and our neighbours.

Business, power and "economic war".

Botswana is neither by attitude nor by size very well suited to choose a "Business as War" path. Nor do we have a great measure of political power that may be converted into economic gains.

It is however possible to "outsmart" other economic powers because they are bigger and slower than us, or less "on the ball". I believe also that we have strong allies in those aid agencies, bilateral and multilateral, which have been active in Botswana since Independence. Several of them are now scaling down the traditional type of activities, but most have made private sector cooperation, or the like, an important part of their strategy for further cooperation. To utilise our small scale advantages and the good will of our friends there is need for cooperation and cohesion: between the various parts of the private sector, between various parts of the public sector and between private sector and government.

Practical steps

I believe that Botswana *can* use a measure of East Asian experiences. It is necessary that we, to a certain extent, adopt some of the attitudes without which it is hard to see Botswana industrialise and grow. Industrialisation is not going to be easy. Botswana has handled its youthful mineral phase very well but has a lot to contend with to manage the transition from mineral dependent growth to industrialisation. Looking at the types of changes and emphases that emanate from East Asian philosophy it is striking how, in one way or another, all the philosophy elements mentioned above seem to place relations between public and private sectors in a strategic position. Also, it is clear that the public-private sector relationship is part of a much larger partnership between virtually all organisations in the whole nation.

In the next section I shall *firstly* present a few modest practical examples of how these relations may be changed. The emphasis is on *relations* and not on policy. *Secondly*, I shall present some suggestions for what ought to come out of such a changed relationship in terms

of policies and strategy. I would hope that implementation would be approached with due circumspection and that we follow the kind of pragmatism that runs right through the East Asian experience: "If it does not work, let's stop it and try something else."

Public private sector relations.

First: Developing a common vision for the future

Perhaps first of all, there is a need for a common vision. Because of the extent of changes that will have to come it will have to be a long term vision. Because industrialisation concerns all of society, the vision will have to comprise the whole civic society, public and private sectors as well as NGO's, professional associations, external agencies, the whole civic society. A starting point may be NDP 8. In practice, this could take the form of a Plan chapter containing a long term vision for growth and employment, based on considerable consultation, particularly with the business sector and organised labour.

On the basis of this common vision one needs perhaps to review those present policies which are the key ones for industrialisation and growth e.g. Incomes Policy, FAP, Industrial Policy, Education and training, privatisation and liberalisation. Perhaps one ought to go back and look at the Economic Opportunities Commission. These reviews should also be conducted in close cooperation with the private sector enterprises and labour.

Second: Creating a wider platform for Government / Private sector contact.

So far, the basic philosophy of government / business relations has been that government sets the enabling environment within which business invests and produces. The Government is mostly concerned with rules and regulations. The character of communication has largely *not* been one that has stressed the common aim of industrialisation and economic growth in Botswana. It has been one that, from the side of business, stresses the importance of more concessions from government "because it is so difficult to do business in Botswana" and from Government a somewhat suspicious attitude that Government is not getting anything back from the concessions that are given.

Can this state of affairs be changed? I believe it can, but it will take a change of attitude from both parties. I believe that Government on its side could take business more into confidence, whereas business on their side will have to be more responsible so that when deals have been

made and incentives have been given, *results* come forth and are clearly visible to government. The newly formed high level committee will certainly play a role, but one needs to get this down to the working level, both in central and local government.

Botswana's time tested planning system is a very good basis to build on. The modification that I would suggest is that there be formed joint private sector / government working groups for certain important economic sectors. Their function would be a bit like the Japanese Consultative Councils. Under NDP 8, if it is not already too late, it would be possible to have government / private sector groups discussing the outlook for different sectors, particularly certain manufacturing sub sectors, tourism and construction. These sectors are key ones in the strategy put forward in NDP 8. The idea would be that private sector and government would agree to aim at certain goals for the sectors.

On the one hand, the private sector could apprise government about the barriers for reaching certain goals and the policies needed to remove obstacles. On the other hand, government would have to have some kind of undertaking from the private sector that they would achieve the agreed (indicative) growth rate. The goals would be reviewed from time to time and reasons for under-achievement analysed. If the under-achievement was due to government not delivering, this would propel greater effort from Government to do so. If under achievement was due to failures on the private sector side, the private sector would be in danger of losing any concessions they might have been given.

There are certainly difficulties attached to this approach: *Firstly*, there would have to be *capacity* on both sides to take on the task in addition to present activities. *Secondly*, there is lack of data and information for sectoral analysis. *Thirdly*, the composition of the working groups would have to be carefully thought through. There is for instance the danger that foreign based "big" business or other powerful groups would completely dominate decision making. Also, if it is true that about 95 % of business in Botswana has its real centre of interest in *South Africa*, one might foresee difficulties in establishing groups with the necessary drive and loyalty towards the good of the *Botswana* economy. On the other hand, examples from East Asia tell us that it may be a better strategy to involve and take into confidence strong minority business groups (like the Chinese in East Asia) rather than to estrange them.

Elements of a joint strategy.

Hopefully, the outcome of a more regular relation between Government and the private sector would be to create practical policies for growth and long term development in Botswana. It is difficult to pre-guess the specifics of these policies. Some of the elements that would be expected to come up would be the following.

A clearer focus on growth and industrialisation.

Growth through industrialisation is the only way in which Botswana can solve its unemployment problems. Although Botswana has a number of strong points initially and perhaps is the most likely African country to make the transition to a diversified economy, a number of formidable obstacles exists. To overcome the obstacles, as the East Asian countries demonstrate, it is hardly enough to have industrialisation as only *one* of a large set of government objectives. An all pervasive, obsession-like occupation with the industrialisation project will be necessary. A closer cooperation between Government and those private sector operators who get involved in industrial investment will hopefully serve to demonstrate the multitude and severity of obstacles and bring us closer to a joint approach to overcoming them. It will also serve to draw attention to any deficiencies in the bureaucracy when dealing with the private sector. Gaborone abounds with stories about inefficiencies and lack of interest in that part of the administration. If we are serious about industrialisation, the MCI needs to made a first class and preferred place of work for the cream of the civil service.

Efficient mechanisms to deal with the "small" but important problems.

From the private sector and would-be investors, much is made of the slowness and delays in Government, even when it comes to providing services which are not concessions but of a standard nature. The Bank of Botswana Annual Report 1995 has a number of striking examples of waiting times for public services:

1-2 years for allocation of a commercial or industrial plot,

1-2 years for a telephone

2-3 years for a post office box

6-9 months for a business licence

10-12 months to find out if they qualify for a low manufacturing tax rate

9-12 months for approval of FAP application
hours for paying a water or electricity bill,
days to get a vehicle licence
6-9 months for work permits

In a different category come charges for public goods and services that may be two to three times as high as those that efficient public enterprises elsewhere could achieve.

A more active cooperation between government and the private sector would perhaps help make the importance of efficiency clearer within Government and thus hopefully precipitate action to solve the problem. This would be likely to bring the quality and efficiency of the civil service generally under scrutiny. The "reward-for-output" principle of the private sector might "rub off" on the public sector. It must be said, however, that the above problems, as outlined by the Bank of Botswana seem to be candidates for swift action rather than clearer understanding.

Wooing big foreign investment.

I believe that at this stage of Botswana's development, the occurrence of what one could call "flagship investment" is very important. Examples of these may be Hyundai, Owens Corning Pipe, General Motors. Not only do these investments create jobs and capacity building opportunities, they also can have a considerable "knock-on" effect by demonstrating to other investors that Botswana is valued as a host country by well reputed international firms. To "angle" for such investment one needs close and efficient cooperation between the private sector as FDI partner and Government as a facilitator. Such cooperation is more likely to result from a situation where, in stead of *ad hoc* action, *regular* working relations exist and the parties are kept constantly aware of investment and market developments.

A social contract

Through working closely together, government and its private sector partners are more likely to realise how interdependent they are. This is likely to lead to a better basis for negotiating factor shares profits, wages and salaries and consider them together with government taxation and spending policy. Mechanisms for dealing with the economic shares of the social groups without resorting to open conflict have often been called "social contracts" and have successfully been used to prevent major conflicts in the labour market which can throw

development of course for a long time. Absence of labour unrest may be a competitive edge for Botswana as an investment location in the region.

The banks

The central role of the banking system in development is well known. Because of the relative secure financial position and the amount of liquidity and, on the other hand, the need for productive investment, the banks in Botswana have a particularly important role in linking up savers and investors. Criticism of the banks' lukewarm participation in productive investment comes particularly from the small and medium enterprises. Banks, business and government, (the latter represented by the Bank of Botswana) are necessary partners in trying to find a solution to the quite strongly perceived problems.

Information

There is little doubt that the nature of economic development is changing very rapidly from an emphasis on *manufacturing* to *information*. Access to information about markets and technologies are increasingly key factors to successful business. More and more relevant information can be accessed through electronic media. Botswana could gain a competitive edge from the information revolution. Its relatively high per capita income and high levels of education makes it more likely that firms and individuals can acquire and use computers. Well functioning infrastructure makes the use of electronic equipment less risky than elsewhere on the continent.

Still, Botswana is behind in terms of connection to the Internet. Much lower per capita income countries have suppliers of Internet services. Botswana individuals and firms still have to dial South Africa for connection and pay many times as much as they ought to. This situation prevents the very important learning process which any country will have to go through before efficient use of information technology can take place. The lack of domestic hook up facilities also represents a brake on business development. Even though there may be technical and legal obstacles, the procrastination by Telecomms in this area ought to be the object of public outcry.

A regional perspective.

A joint strategy for growth and industrialisation may have the chance to be successful. Botswana, of all African Countries, has perhaps the best chance of making it. This can however not be a "one man show". An often heard complaint is that Botswana is such a small market. This is in fact not true, we just need to get out there and organise our selves to use the much larger SACU market. We are undeniably part of the Southern African economy, for better or for worse. Can we have our own goals and pursue them strongly as long as we have to adhere to the rules and regulations set up within SACU and SADC? There may be cases in which these rules constitute hindrances for highly nationalistic policies and measures. Whether Botswana should try to change these will be a question about the gains and losses from breaking out of any of the groupings.

Despite its size, Botswana has played a very central role in regional cooperation through SADC and albeit in a different manner, in SACU. I believe that it is important for Botswana to keep this role and use these organisations for building a sub-regional consensus on a vision for growth and development. Botswana depends much on the economic development of South Africa as well as the smaller economies in the region. An officially spelled out vision for economic growth and employment for the whole region could create a basis for more predictability for the smaller partners.

Suggested recommendations

1. *The planning system in Botswana, while retaining its emphasis on planning for the public sector should allow for direct inputs from the private sector through public / private sector working groups for industries which are central to government growth strategies (manufacturing, tourism). BOCCIM and the MFDP and MCI should jointly consider the possibility of such working groups and, if found feasible, determine the mandate and functions of such groups. If practicable, such groups should play a role in the formulation of the appropriate parts of NDP 8.*

2. *A high level government/ private sector committee will be formed to investigate the following deficiencies in public services and propose action to deal with them swiftly:*

1-2 years waiting for allocation of a commercial or industrial plot,

1-2 years waiting for a telephone

2-3 years waiting for a post office box

6-9 months to obtain a business licence

10-12 months to find out if businesses qualify for a low manufacturing tax rate

9-12 months for approval of FAP application

several hours of waiting for paying a water or electricity bill,

several days to get a vehicle licence

6-9 months to obtain work permits

Local connection for Internet only available through South Africa at high cost.

3. *The Bank of Botswana should take the lead in a joint private / public sector effort to make the Banking system in Botswana more development oriented. In its next Annual Report the Bank of Botswana should introduce an assessment of the banking sector's activities to promote growth and industrial development.*

