



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

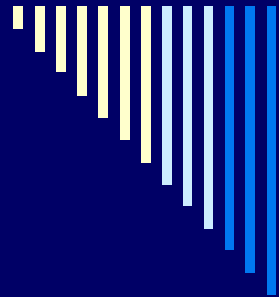
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Economic  
Research  
Southern  
Africa

# Public Economics

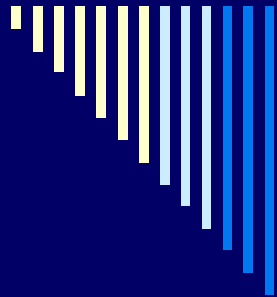
**South African research topics**

Andrew Donaldson  
National Treasury  
August 2009 & May 2010



# Public finance issues – 2010 perspective

- Fiscal consolidation
  - Large adjustments required in major OECD economies
- Impact of global rebalancing on SA
- Fiscal measures and employment
  - Divergent international experience – lessons for SA
- Fiscal & monetary coordination –
  - Financial transactions tax?
  - Capital flows, reserve accumulation & sterilization
  - Policy lending?
- Comprehensive expenditure review
- Institutional aspects of government performance



# Macroeconomic & fiscal management

- Growth, investment and macro-fiscal sustainability
- Long-term planning, scenario-building
  - Demographic trends
  - Employment & human development
  - Climate change & implications for public policy
  - Technology & investment choices
- Debt management & monetary-fiscal management
- Global financial crisis, fiscal stimulus & long-run growth
- Public & private investment: crowding-out, crowding-in
- Global public goods, regional integration
- National accounts & the public finances: measuring the deficit & managing uncertainty



# Financial sector economics

- Banking and financial sector regulation:
  - Capital adequacy
  - Prudential standards
  - Customer protection
- Credit market analysis, risk-management
- Role of development finance institutions
  - Housing
  - Land & agriculture
  - Industrial development, small enterprises
  - Student credit
  - Infrastructure investment
- Product regulation and market conduct
- Financial deepening, institutional vulnerability, financial fragility



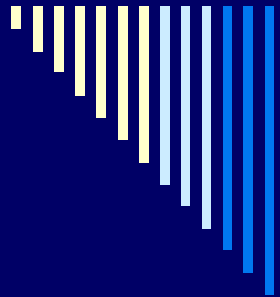
# Network industries

- Infrastructure planning
- Industry structure: regulation & competition
  - Transport
  - Communications
  - Energy – generation, transmission, supply
  - Water resources & services
- Tariffs: demand management, equity, efficiency
- Cross-border infrastructure networks: Inter-jurisdictional issues, cost-sharing
- Public utilities & local government finances
- Public-private partnerships



# Social policy

- ❑ Social assistance & social insurance – impacts on income distribution, poverty & labour markets
- ❑ Demographic dynamics: social policy & household structure
- ❑ Education: access, quality, effectiveness
- ❑ Health services: impact on health outcomes, financing, institutional arrangements, technology
- ❑ Public and private services; centralised & decentralised governance



# Pensions & the savings industry

- Industry structure: regulation, competition, governance
- Tax treatment of retirement funding arrangements
- Interaction between mandatory and voluntary savings & social insurance plans
- Behavioural underpinnings of welfare and social insurance policy
- Cost containment, risk-pooling & investment fund management



# Industrial & sectoral economics

- ❑ Investment allowances, incentives, trade policy & competitiveness
- ❑ Economic development zones
- ❑ Sector development strategies
- ❑ Mining, beneficiation & industrial linkages
- ❑ Technology transfer, R&D
- ❑ Productivity & skills development
- ❑ Globalisation, industrial structure and trade policy



# Agriculture and rural development

- ❑ Economics of land ownership & redistribution
- ❑ Land management, local government & rural development
- ❑ Agriculture and environmental economics – resource use, technology, productivity
- ❑ Agriculture, access to land & rural employment
- ❑ Market structure, competition, food security
- ❑ Biotechnology, phyto-sanitary standards, trade regulation



# Taxation

- Income tax structure, impact on investment & labour markets
- Tax structure, incentives & income distribution
- Business taxes, incentives and investment allowances
- Tariff policy and industrial development
- Consumption taxes: incidence, impact & substitution effects
- Measuring the tax gap: evasion & avoidance
- International tax issues, tax harmonisation
- Local government taxation



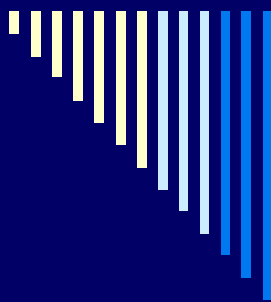
# Expenditure policy

- Public goods & the rationale for public service provision
- Impact and effectiveness of public expenditure; incidence analysis
- Public expenditure & income distribution
- Public sector capital formation:
  - CBA and project appraisal
  - Financing investment
  - Public-private partnerships
- International, regional and local expenditure issues
- Municipal public finances



# Law and the public finances

- Budget law & public financial management
- Constitutional economics:
  - Rule of law & property rights
  - Social & economic rights – progressive realisation
  - Intergovernmental fiscal arrangements
- Public interest law, special interest groups
- Public sector structure & governance: public administration & quasi-public entities
- Regulation of private provision of public interest goods



# Governance, reporting & accounting

- ❑ Measuring and monitoring performance, accountability for service delivery
- ❑ Arms-length public entities, quasi-business enterprises
- ❑ Remuneration standards, rewarding performance
- ❑ Public reporting, disclosure standards: imperfect information & agency problems
- ❑ Accounting issues – accrual accounting for the public sector; accounting for public-private partnerships



# For discussion

- How best to communicate topics to researchers and students
- Mini-workshop or newsletter?
- Access to data
- How to promote feedback loop between research & policy work
- Links between research & public debate