

THE ECONOMIC SOCIETY OF SOUTH AFRICA

ANNUAL REPORT 2004

ANNUAL GENERAL MEETING 8 SEPTEMBER 2005



TABLE OF CONTENTS

	Page
1. Agenda for the Annual General Meeting	2
2. Minutes of the previous Annual General Meeting	3
3. Membership position	4
4. Council members for the year 2004/05	5
5. Branch secretaries	6
6. Entries for Economic Society Prizes.....	7
• Founders Medal for doctoral theses	
• Founders Medal for masters dissertations	
• ABSA Bank Prize	
7. Branch activities.....	8-9
8. Financial Statements of the Society and Journal	10-21

AGENDA

for the 79th Annual General Meeting to be held at The Elangeni Hotel, Durban, on 8 September 2005 at 08:00

1. Confirmation of the Minutes of the Annual General Meeting held on 16 September 2004.
2. Adoption of the Annual General Report of the Council and the Financial Statements of the Society and of the Journal for 2004.
3. Constitutional change to include the new Journal of Development Perspectives (JDP).
4. Matters arising.
5. Election of auditors.
6. Winners of:
 - Founders' Medal for doctoral theses
 - Founders' Medal for masters dissertations
 - ABSA Bank Prize
7. Other

François Fouché
Honorary Secretary
PO Box 73354
Lynnwood Ridge
0040

Elsabe Loots
President

MINUTES

Of the 78th Annual General Meeting held on 18 September 2004 at The Michelangelo Hotel, Sandton, Johannesburg.

1. The minutes of the 77th Annual General Meeting held on 18 September 2003 is approved as distributed.
2. The AGM approves the Annual General Report of the Central Council and the Financial Statements of the Society and of the Journal for 2003.
3. The AGM approves the appointment of C. van der Merwe Inc. as auditors of the Economic Society of South Africa's, and the South African Journal of Economics' auditors for another year.
4. The AGM approves the following constitutional change:
 - 7 (a) ...
 - (b) The term of office of the Council shall expire *after two years* at the conclusion of each Annual General Meeting.
 - (c) Biennially, a nominations committee, appointed by the Council, *from the members of the society* shall present the outgoing Council with a shortlist of candidates *after inviting nominations for President and Vice-Presidents respectively* and their curricula vitae, not less than 21 days before its first meeting on the occasion of an Annual General Meeting of the Society. The outgoing Council shall first elect a President and then Vice Presidents *from these two separate lists*. Further, the Secretary and the Treasurer, who need not be members of the shortlist, will be appointed by Council.
5. The following members are elected to serve for another year on the Central Council of the Economic Society of South Africa by the AGM in terms of Article 7(a)(iv) of the Society's Constitution:
 - (i) M Holden
 - (ii) C Lüus
 - (iii) R Baxter
 - (iv) R Cassim
 - (v) D Kaplan
 - (vi) E Calitz
6. The Central Council decided to make the following awards:

The Central Council notes that the very high standards of the submissions for the Economic Society of South Africa's prizes, and decides to make the following awards:

 - (i) The Founders' Medal for Doctoral Thesis to both:

Edwards, L.J. *Trade Liberalisation, Technological Change and the Skill Structure of Employment in South Africa*
and
Casale, D.M. *The Rise in Female Labour Force Participation in South Africa: An Analysis of Household Survey Data 1995-2001*.
Both candidates have received a medal.
 - (ii) The Founders' Medal for Masters Dissertations:

Hess, S. P. *The New Economic Geography of a SADC Free Trade Area*.
 - (iii) The ABSA Bank Prize for Honours Students:

Marinkov, M. *The behaviour, volatility and long run equilibrium of the South African real effective exchange rate*.
7. The Central Council proposal so raise annual ESSA membership fees from:

R250 p.a. to R265 p.a. for normal members and
R75 p.a. to R100 p.a. for student is accepted.
8. There was no other business.

MEMBERSHIP

as at 31 December 2004

Branch	Normal		Honorary members		Lifetime members		Pension Members		Student members		Total	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
Bloemfontein	23	17	0	0	0	0	0	3	1	2	24	22
Cape Town	32	36	0	0	3	2	4	2	1	0	40	40
KwaZulu Natal	32	35	0	0	0	0	1	2	0	0	33	37
Johannesburg	96	126	0	0	2	3	1	3	1	9	100	141
Eastern Cape	22	25	2	2	3	3	1	1	0	0	28	31
Pretoria	205	219	2	2	4	3	0	0	9	7	220	231
Stellenbosch	24	30	0	0	0	0	1	2	15	19	40	51
North-West	10	10	0	0	0	0	1	1	10	28	21	39
Limpopo	0	15	0	0	0	0	0	1	0	0	0	16
Foreign countries	8	10	0	0	3	3	1	1	0	1	12	15
Total	452	523	4	4	15	14	10	16	37	66	518	623

COUNCIL MEMBERS FOR THE YEAR 2004/05

President:	E Loots
Vice-presidents:	RWK Parsons E Masilela
Honorary Secretary:	F Fouché
Honorary Treasurer:	P Perkins

Elected in terms of the Constitution:

7(a) (iv) M Holden
C Lüus
R Baxter
R Cassim
D Kaplan
E Calitz

7(a) (v) P Black

7(a) (vi) F Barker
JH van Heerden
L Kritzinger van Niekerk

Elected by Branches in terms of article 7(a)(iii) of the Constitution:

• Bloemfontein:	P Burger	GM Wessels
• Johannesburg:	J Luiz	R Gouws
• Cape Town:	J Gerson	M Leibbrandt
• KwaZulu-Natal:	M Dias	D Posel
• North-West:	W Krugell	A Saayman
• Eastern Cape:	H Nel	CVR Wait
• Pretoria:	Z Botha	C Harmse
• Stellenbosch:	J Laubscher	BW Smit
• Limpopo	KSM Matjekana	A Gyekye

**BRANCH SECRETARIES
2004**

Bloemfontein

JA de Beer
Department of Economics
University of the Free State
PO Box 339
Bloemfontein
9300
Tel: (051) 401 3270
DeBeerJA.BLMS@mail.uovs.ac.za

North West

M Mathee
School for Economics
Risk Management and International Trade
Private Bag X6001
North-West University
Potchefstroom Campus, 2521
Tel: (018) 299 1362
eknmvdw@puk.ac.za

Cape Town

J Wakeford
School of Economics
University of Cape Town
Private Bag
Rondebosch
7701
Tel: (021) 650 2733
jwakefor@commerce.uct.ac.za

Pretoria

K Siebrits
Department of Economics
Unisa
PO Box 392
Pretoria
0003
Tel: (012) 429 4878
siebrfk@unisa.ac.za

Eastern Cape

CVR Wait
Department of Economics
University of Port Elizabeth
6031
Tel: (041) 504 2205
Charles.Wait@upe.ac.za

Stellenbosch

S du Plessis
Department of Economics
Private Bag X1
University of Stellenbosch
Matieland
7602
Tel: 021 808 2247
sophia@sun.ac.za

Johannesburg

D Blaauw
Department of Economics
University of Johannesburg
PO Box 542
Auckland Park
2006
Tel: 011 489 3799
pfb@rau.ac.za

Limpopo

L Tala
School of Economics and Management
University of the North
Private Bag X1106
Sovenga
0727
Tel: (015) 268-2434
ltala@unorth.ac.za

KwaZulu-Natal

R. Diaz
Department of Economics
University of KwaZulu-Natal
King George V Ave
Durban
4001
Tel: (031) 260 1040
diaz@nu.ac.za

Comments

Send membership enquiries to:
The Honorary Secretary
PO Box 73354
Lynnwood Ridge
0040
Tel: (012) 362 5266
saje@up.ac.za

ENTRIES FOR PRIZES OF THE ECONOMIC SOCIETY

1. The Founders' Medal

The Founders' Medal was instituted to commemorate the work of the late Profs HES Freemantle and RA Lehfeldt and the late Mr CW Pearsall, through whose efforts The Economic Society of South Africa was founded in 1925. The award is made to encourage research in the field of economics in South Africa and to give recognition to outstanding economic research conducted at South African universities. The award for the doctoral thesis consists of a 9ct gold plated medal. The award for the best masters' dissertation is a silver plated medal. Entries must be submitted by the relevant university.

1.1 The Founders' Medal for doctoral theses

1.1.1 The following entries were received for the Founders' Medal for 2004:

- Gouws, A.R. *The Determinants of South African Exports: Critical Policy Implications.*
- De Wet, W. *A Structural GARCH Model: An Application to Portfolio Management.*
- Jordaan, J.C. *Foreign Direct Investment and Neighbouring Influences.*

1.2 The Founders' Medal for masters dissertations

1.2.1 The following entries were received for the Founders' Medal for 2003:

- Vermaak, C. *Trends in Income Distribution, Inequality and Poverty in South Africa, and the Effects on Poor Whites: An Analysis of Household Survey Data, 1995-2001.*
- Szebeni, K. *The Effect of Common Currencies on Trade.*
- Smith, L.C. *A Multivariate Evaluation of Mainstream and Academic Development Courses in First-Year Microeconomics at the University of Cape Town: A Comparative Study.*
- Van der Walt, M. *The Integration of the South African Floriculture Industry into the Global Market.*

2. ABSA Bank Prize for Honours students

This award (a bronze medal) is made as an incentive to honours students in economics.

2.1 The following entries were received:

- Breier, M. *Making water work for rural communities: a game-theoretic analysis.*
- Hobden, T.P. *An examination of the economic motivations for land reform in South Africa.*
- Swanepoel, C. *Poverty and poverty dynamics in rural Ethiopia.*
- Von Maltitz, M. *Household welfare, health and social capital in KwaZulu-Natal.*

3. Owen Horwood Scholarship

The Owen Horwood Scholarship is awarded in accordance with the following guidelines and criteria:

- Research/study must be undertaken in the field of development economics.
- The scholarship will be considered for full time or part time research/study at post-graduate level.
- The amount of R3,000 can be awarded as a lump sum.
- The successful candidate will be selected by a panel appointed by the Central Council of the Economic Society of South Africa. The reward is made every two years, and was last awarded in 2002.

BRANCH ACTIVITIES

Pretoria

- 28-Feb-04 *The 2004/05 Budget*
Speakers: Abri Meiring ((Old Mutual)
Kuben Naidoo (National Treasury)
Dawie Roodt ((Efficient Group)
- 04-Aug-04 *Modelling the determinants of crime in South Africa*
Speakers: Kay Brown ((National Treasury)
- 14-Sep-04 *The WTO and domestic regulation*
Speakers: Peter Holmes (University of Sussex)

North West

- 20-Feb-04 *The 2004/05 Budget*
Speakers: Waldo Krugell
K Coetzee
- 23-Jun-04 *Economic and Business Outlook for Sub-Saharan Africa*
Speaker: Economist Intelligence Unit
- 03-Aug-04 *Seminaar on research projects and focus areas*
Speaker: Wime Naude
- Regional Economics*
Speaker: Waldo Krugell
- 10-Aug-04 *Economic Data in South Africa*
Speaker: Ian Marsberg
- 11-Aug-04 *Competition Policy*
Speaker: Geoff Parrr
- 17-Aug-04 *GEAR*
Speaker: Krige Siebrits
- 13-Oct-04 *Branch's year-end function*
Speaker: Rudolf Gouws
- 29-Oct-04 Branch's AGM

Stellenbosch

- 19-Feb-04 *Democratisation and economic reform*
Speakers: Philip Mohr
- 24-Feb-04 *Economic diversification, resource abundance and skills shortages*
Speakers: Philippe Burger
- 26-Feb-04 *Qualitative change and economic development*
Speakers: PP Saviotti
- 04-Mar-04 *The Productivity-Wage Relationship in South Africa: An Empirical Investigation*
Speakers: Jeremy Wakeford

11-Mar-04	<i>Explanations for African Underperformance</i> Speakers: Ronelle Burger Stan du Plessis
29-Apr-04	<i>Domestic credit and private investment in African countries: Investigating the effects of monetary policy</i> Speakers: Léonce Ndikumana
06-May-04	<i>South African poverty, inequality and social delivery: Did democracy bring progress?</i> Speakers: Servaas van der Berg
13-May-04	<i>A new view of saving and investment</i> Speakers: Basil Moore
27-May-04	<i>Africa: Tracking trends in socio-economic inequality and poverty</i> Speakers: Ronelle Burger
19-Jul-04	<i>Measuring Central Bank Transparency in newly inflation targeting countries</i> Speakers: Janine Aron
22-Jul-04	<i>Forecasting (and Explaining) U.S. Business Cycles</i> Speakers: John Muellbauer
29-Jul-04	<i>Africa's development challenges: What could we learn from past experiences?</i> Speakers: Elsabe Loots
05-Aug-04	<i>Distribution of "Power" and the Regional Allocation of Public Capital</i> Speakers: Melvin Ayogu
19-Aug-04	<i>Reconsidering the business cycle and stabilisation policies in South Africa</i> Speakers: Prof Stan du Plessis
16-Sep-04	<i>First lecture as extraordinary professor</i> Speakers: Basil Moore
23-Sep-04	<i>Explanations for Zambia's economic decline</i> Speakers: Stan du Plessis Sophia du Plessis
30-Sep-04	<i>Willing hands and charitable hearts? Explaining community perceptions of NGOs in Uganda</i> Speakers: Ronelle Burger
07-Oct-04	<i>Exploring poverty and migration in the Khayelitsha/Mitchels Plain area</i> Speakers: Sihaam Nieftagodien
21-Oct-04	<i>First lecture as extraordinary professor</i> Speakers: Phillip Black
Free State Branch	
Oct-04	Gala event with Bloemfontein Chamber of Commerce and Industry <i>A new growth initiative for the Free State Economy</i> Speakers: Wolfgang Thomas

ESSA/Investec Forum (including Johannesburg and Cape Town Branches)

- 17-Jul-04 Cape Town
Behavioural Finance
Speakers: Brian Kantor
 Don Ross
- 27-Jun-04 Cape Town
Income distribution and demographic momentum in SA
Speakers: Johan van den Heever
 Murray Leibbrant
- 12-Aug-04 Johannesburg
AIDS and the South African Economy
Speakers: Ernest Maguirira
 Gift Buthelezi
 Yasmin Dada-Jones
 Gavin Keeton

THE ECONOMIC SOCIETY OF SOUTH AFRICA

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2004

ECONOMIC SOCIETY OF SOUTH AFRICA

INDEX

Report of the independent auditors	F2
Balance sheet - The Economic Society of South Africa	F3
Income Statement - The Economic Society of South Africa	F4
Income Statement - Owen Horwood Fund	F5
Income Statement - EHD Arndt Fund	F6
Balance Sheet - Central Council Conference	F7
Income Statement - Central Council Conference	F8
Notes to the annual financial statements	F9
Balance Sheet - The South African Journal of Economics	F10

Approval and statement of responsibility

The financial statements which appear on pages 2 to 9 were approved by the council on
_____ and signed on their behalf

PRESIDENT

HONORARY TREASURER

~C Van Der Merwe Incorporated~

REG NO 1995/002334/21

Registered Accountants & Auditors / Geregistreeerde Rekenmeesters & Ouditeure

274Queen / Koningin Wilhelmina Avenue / Laan, Nieuw Muckleneuk. Pretoria, 0181

PO Box / Posbus 12600, Hatfield, 0028

BUSINESS TELEPHONE: 012 346 5624; **FACSIMILE:** 012 346 5604 **E-MAIL:** cmaudit@cmaudit.co.za; **FACSIMILE:** 0866 75 2628

THE REPORT FROM THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ECONOMIC SOCIETY OF SOUTH AFRICA FOR THE YEAR ENDED 31 DECEMBER 2004

We have completed the audit of the books of your society and wish to report as follows:

- We have examined the books, accounts and vouchers of your society and have satisfied ourselves of the existence of the securities.
- We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of the audit.
- In our opinion and to the best of our information and according to the explanations given to us:
 - The Balance Sheet gives a true reflection and fair view of the state of affairs of the Society at 31 December 2004; and
 - The Income Statement gives a true and fair view of the income and expenses for the year ended 31 December 2004.

C van der Merwe Incorporated

Per:



Registered Accountants & Auditors
Chartered Accountants (SA)

Pretoria
29 August 2005

Page F2

**THE ECONOMIC SOCIETY OF SOUTH AFRICA
BALANCE SHEET AT 31 DECEMBER 2004**

	2004	2003
Assets		
Cash	165,957	197,397
Investec Money Market (Owen Horwood)	55,282	51,279
ESSA Money market accounts	76,910	6,410
Member's dues	1,077	286
Cash in bank	32,688	139,422
Investec investments	340,000	340,000
SA Journal of Economics	306,589	260,377
Cash in bank	201,134	128,022
Current assets	87,413	118,793
Debtors	5,836	
Office furniture & fittings	12,206	13,562
EHD Arndt fund	210,901	217,077
Equities / Aandele	675	675
Investec Investments	100,000	100,000
Cash in bank - Money market fund	107,308	192,297
Cash in bank	1,251	(77,309)
Cash in broker account	1,667	1,414
	1,023,447	1,014,851
Funds and liabilities		
Capital endowment fund	17,627	16,577
Accumulated funds	302,480	295,975
Balance 1 January	295,975	279,075
Add: Surplus income	6,505	16,900
Sundry creditors	91,545	134,543
Creditors		-
C. van der Merwe Inc.	-	2,800
S.A. Journal of Economics	87,413	118,793
Members due paid in advance	4,132	12,950
Conference account		
S.A. Journal of Economics	306,589	260,377
Accumulated funds	306,589	259,737
Liabilities		640
Owen Horwood Fund	94,305	90,302
Balance 1 January	90,302	88,167
Add: Surplus income	4,003	2,135
EHD Arndt Fund	210,901	217,077
Accumulated funds	210,901	217,077
Balance 1 January	217,077	215,041
Add: Surplus income	(6,176)	2,036
Creditors	-	-
	1,023,447	1,014,851

THE ECONOMIC SOCIETY OF SOUTH AFRICA
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
Income	111,213	96,807
Members' dues received	109,267	85,992
Investment income	1,946	10,815
Expenditure	104,708	79,907
Bank charges	671	691
Prizes awarded	295	371
Stationery, printing & postage	409	680
Refreshments & entertainment	10,377	2,662
Auditors remuneration	-	2,800
Travel	1,993	-
S.A. Journal for Economics	87,413	68,793
Branch grants	2,500	1,900
Capital Endowment Fund	1,050	1,050
Website costs		960
	6,505	16,900

THE ECONOMIC SOCIETY OF SOUTH AFRICA
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004
OWEN HORWOOD FUND

	2004	2003
Income	4,003	5,135
Interest received	4,003	5,135
Expenses	-	3,000
Bursary	-	3,000
	4,003	2,135

THE ECONOMIC SOCIETY OF SOUTH AFRICA
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004
EHD ARNDT FUND

	2004	2003
Income	15,264	20,037
Dividends	253	780
Capital		
Interest	15,011	19,257
Other income		
Expenditure	21,439	18,000
Editors fee	9,000	18,000
Logo development	12,439	
	(6,176)	2,037

**THE ECONOMIC SOCIETY OF SOUTH AFRICA
BALANCE SHEET AT 31 DECEMBER 2004
CENTRAL COUNCIL CONFERENCE**

	2004	2003
Assets		
Investments	210,000	210,000
Investec Fund 1	73,500	73,500
Investec Fund 2	136,500	136,500
Current assets	54,175	58,625
Bank balances	17,265	52,215
Sundry debtors		
Money market fund	36,910	6,410
	264,175	268,625
Funds and liabilities		
Accumulated funds	264,175	263,125
Balance 1 January	263,125	287,873
Surplus income	1,050	(24,748)
Current liabilities	-	5,500
Sundry creditors	-	5,500
	264,175	268,625

**THE ECONOMIC SOCIETY OF SOUTH AFRICA
CENTRAL COUNCIL-CONFERENCE
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004	2003
Income	3,000	2,542
Capital gain Guardbank Growth Fund	500	642
Interest received	2,500	1,900
Conference surplus		
Branch allocation (ESSA)		
Expenditure	1,950	27,290
Branch activities	1,950	1,900
Bloemfontein branch	1,950	1,900
Northwest branch		-
Bank charges		
Conference deficit		25,390
Branch allocation		
	1,050	(24,748)

THE ECONOMIC SOCIETY OF SOUTH AFRICA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1. Basis of preparation

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention and has not been modified in respect of revaluation of assets, as it is the council's opinion that the assets have not deteriorated in value since purchase at cost price.

1.1 Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation is calculated on the straight line method to write off costs of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of fixed assets are as follows:

Office equipment 10.00%

2. Investments

	Carrying value	Market value
<i>The Economic Society of South Africa</i>		
Investec investments - 2004	297,977	447,500
investec investments - 2003	297,977	396,209
<i>EHD Arndt fund</i>		
Investec investment - 2004	100,000	150,199
Investec investment - 2003	100,000	133,013
<i>Central council conference</i>		
Investec investments - 2004	210,000	315,030
investec investments - 2003	210,000	278,982
<i>Horwood fund</i>		
Investec investments - 2004	42,023	62,748
investec investments - 2003	42,023	55,567

3. Capital endowment fund reconciliation

	2004	2003
Balance 1 January	16,577	15,527
Unattached members dues	1,050	1,050
Balance 31 December	17,627	16,577

**THE SOUTH AFRICAN JOURNAL OF ECONOMICS
BALANCE SHEET AT 31 DECEMBER 2004**

	2004	2003
Assets		
Non-current assets		
Fixed assets	12,206	13,562
Current assets		
Central council	294,383	246,815
Bank and cash	87,413	118,793
Debtors	201,134	128,022
	5,836	
	306,589	260,377
Funds and liabilities		
Accumulated funds		
	306,589	259,737
Current liabilities		
Accounts payable and provisions	-	640
Prepaid subscriptions	-	640
	306,589	260,377