



**THE ECONOMIC SOCIETY
OF SOUTH AFRICA**
(EST. 1925)

Annual Report 2009

The Economic Society of South Africa

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AGENDA

for the 84th annual general meeting of the Economic Society of South Africa

Date: Monday, 20 September 2010

Time: 18h30

Venue: Monash University, 144 Peter Road, Ruimsig, Johannesburg

1. Welcome and apologies
2. Adoption of the agenda
3. Confirmation of the minutes of the annual general meeting held on 9 September 2009
4. Adoption of the annual report of the Council and the financial statements of the Society and of the journals for 2009
5. Appointment of auditors for the 2010 financial statements
6. Annual membership fees for 2011
7. Prize winners for 2010
8. Journal of Development Perspectives
9. Constitutional amendment (Annexure A)
10. Any other business
11. Address by Prof Peet Strydom on the topic Economics for a new era
12. Closing

Annexure A

The proposed changes to the ESSA constitution are underlined, with deletions indicated by a strikethrough. See 8 (b) and (d).

THE JOURNALS

8. (a) The official publications of the Society shall be called "The South African Journal of Economics" and the "Journal of Development Perspectives", hereinafter referred to as the Journals, and shall be published quarterly and biannually, respectively, or for such other periods as the Council may decide.
- (b) The Journals shall each be edited by ~~at least six~~ a panel of editors appointed by the Council, one of whom shall be the Managing Editor.
- (c) The respective Managing Editors, who shall be appointed for four years, renewable once only, will have the following duties:
 - (i) ensuring the regular publication of the Journals;
 - (ii) ensuring that the Journals are of an acceptable standard;
 - (iii) management of the staff and financial matters of the Journals;
 - (iv) developing and implementing the editorial policy of the Journals;
 - (v) marketing the Journals with a view to promoting the membership of the Society and increasing the subscriptions to the Journals.
- (d) Editors, other than the Managing Editors, shall serve for renewable periods of ~~four~~ two years.
- (e) The services of the Managing Editors or an editor shall not be terminated without due cause and fair procedures, in accordance with the law.
- (f) A honorarium shall be payable to the Managing Editors, as determined by the Council.

MINUTES

of the 83rd annual general meeting of the Economic Society of South Africa

Date: 9 September 2009

Time: 9h00

Venue: Feather Market Convention Centre, Port Elizabeth (conference venue)

1. Welcome

Prof Leibbrandt (chair) welcomed all to the AGM.

2. Adoption of the agenda

The agenda was adopted without change.

3. Confirmation of the minutes of the annual general meeting held on 13 October 2008

The minutes were approved.

4. Adoption of the annual report of the Council and the financial statements of the Society and of the journals for 2008

The annual report (2008) and financial statements were approved.

5. Appointment of auditors for the 2009 financial statements

H. Gordon & Partners Incorporated were appointed to audit the 2009 financial statements.

6. Annual membership fees for 2010

The annual membership fee was raised from R460 (2009) to R500 (2010) for ordinary members, and from R230 to R250 for students and pensioners.

7. Prize winners for 2009

ABSA prize for honours essay

Van Rensburg, Melissa (Stellenbosch)

The demand for test match – and one day international cricket in South Africa – an economic analysis

Supervisor: Mr Krige Siebrits

Founders' medal for master's dissertation in *partial* fulfilment of the degree

Fiandeiro, Maria Fatima (Wits)

Trade liberalisation and wages in South Africa

Supervisor: Dr Neil Rankin

Founders' medal for master's dissertation in *full* fulfilment of the degree

Van der Stoep, Gabrielle (KwaZulu-Natal)

Identifying Motherhood and its Effect on Female Labour Force Participation in South Africa: An Analysis of Survey Data

Supervisor: Prof Dori Posel

Founders' medal for doctoral thesis

Aziakpono, Meshach (Free State)

The depth of financial integration and its effects on financial development and economic performance of the SACU countries

Supervisors: Prof Philippe Burger, Prof Stan du Plessis

and

Zuze, Tia Linda (Cape Town)

Equity and Effectiveness in East African Primary Schools

Supervisors: Prof Murray Leibbrandt, Prof Valerie Lee

Prof Leibbrandt thanked the adjudicators for all their work and guidance given to Council in the difficult task of choosing winning papers from a diverse collection of high-quality submissions.

8. Journal of Development Perspectives

Prof Leibbrandt summarized the difficulties that had been experienced with the JDP, and reported that a proposal for taking it forward would be considered by the Journal Management Committee and the Executive Committee.

9. Election of President-elect, Vice-President, and six Council members

Prof Leibbrandt provided an explanation of the election process that had taken place. This was the first election process to be conducted in terms of the constitutional changes that were adopted in October 2008. Despite repeated calls for nominations, insufficient nominations had been received to require a vote. Council had considered the matter and had decided that if a similar situation were to arise in future, ballot papers would be sent to all ESSA members to provide an opportunity to respond to single nominations, and that in 2009 those present at the AGM would be given a similar opportunity by show of hands and comment.

Accordingly, Prof Leibbrandt announced the candidates as follows.

President-elect: Prof Stan du Plessis

Vice-President: Dr Monde Mnyande

Six Council members: Prof Malcolm Keswell; Prof Evan Gilbert; Dr Thabo Mokoena; Prof Wilma Viviers; Prof John Luiz (five nominations received)

All candidates were accepted by the AGM by show of hands.

10. Interim arrangement for president during September 2009 – September 2010

Mr Perkins reminded members that the change in the constitution necessitated an interim arrangement for president for the year ahead. Various options had been discussed at the AGM in October 2008, and in March 2009 Council had settled on requesting the incumbent to stay on as president for a further year. Prof Leibbrandt had indicated he would be available to do this.

Accordingly, the proposal that Prof Leibbrandt would continue as president during the interim period was put to the AGM, and was accepted by show of hands.

11. Expression of thanks

Prof Leibbrandt thanked Ms Pretorius (treasurer) and Mr Perkins (secretary) and the outgoing Council members for their time, effort and contributions to the affairs of the Society over the past year.

12. Presidential address: Prof M. Leibbrandt

Prof Leibbrandt delivered the 2009 presidential address: The Case for a Prioritisation of Economic Mobility in the Measurement and Analysis of Economic Well-being in South Africa.

MEMBERSHIP

as at 31 December

Branch:	Normal		Honorary		Lifetime		Pension		Student		Total	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Cape Town	33	23	2	2	3	3	3	4	8	13	49	45
Eastern Cape	19	20	0	0	1	1	1	0	2	4	23	25
Free State	10	11	0	0	0	0	3	3	4	1	17	15
Johannesburg	120	158	0	0	1	1	3	3	4	5	128	167
KwaZulu-Natal	21	21	0	0	0	0	1	1	0	1	22	23
Limpopo	13	16	0	0	1	1	0	0	0	0	14	17
North West	12	17	0	0	0	0	1	1	28	36	41	54
Pretoria	235	275	3	3	2	2	0	0	4	0	244	280
Stellenbosch	33	35	0	0	0	0	1	1	20	14	54	50
Foreign	5	22	0	0	3	3	1	0	1	1	10	26
Total	501	598	5	5	11	11	14	13	71	75	602	702

COUNCIL

2009

President: MV Leibbrandt

Vice-Presidents: SA du Plessis
M Mnyande

Elected / appointed in terms of the Constitution:

7 (a) (iv) E Gilbert
M Keswell
L Kritzinger-van Niekerk
E Loots
C Luüs
W Viviers

7 (a) (v) JW Fedderke
M Holden

7 (a) (vi) RWK Parsons

7 (a) (vii) S Koch
K Todani
PA Black

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

Cape Town	L Edwards	–
Eastern Cape	CVR Wait	G Fraser
Johannesburg	D Blaauw	A Kabundi
Free State	P Burger	J Willemse
KwaZulu-Natal	D Posel	R Dias
Limpopo	KSM Matjekana	A Gyekye
North West	M Mathee	W Krugell
Pretoria	C Harmse	A Gouws
Stellenbosch	BW Smit	SWF du Plessis

Secretary: P Perkins

Treasurer: AM Pretorius

BRANCH SECRETARIES

Branch and Secretary	Contact details
Cape Town Madalet Sessions	madalet.sessions@gmail.com (021) 416 1446
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Stellenbosch Dieter von Fintel	fintel@ekon.sun.ac.za (021) 808 2242 Department of Economics, University of Stellenbosch, P/Bag X1, Matieland, 7602

Membership enquiries:

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ESSA PRIZE ENTRIES

2009

See www.essa.org.za for further explanation and details relating to prizes.

See the 2008 AGM minutes (above) for a list of the 2009 winners.

ABSA prize for honours degree essay

Watson, Samuel David (Wits)

The Stern review of the economics of climate change: a flawed cost-benefit analysis?

Supervisor: Prof Anthony Lumby

Hofmeyr, Clare Elizabeth (KwaZulu-Natal)

How have the returns to higher education changed in post-apartheid South Africa?

Supervisor: Prof Dori Posel

Barron, Kai (Cape Town)

The Gravity of Sub-Saharan African Trade Times

Supervisor: Prof Lawrence Edwards

Dlodlo, Duduzile (Free State)

Hyperinflation and The Demand for Money in Zimbabwe

Supervisor: Prof Philippe Burger

Van Rensburg, Melissa (Stellenbosch)

The demand for test match – and one day international cricket in South Africa – an economic analysis

Supervisor: Mr F.K. Siebrits

Founders' medal for master's degree short dissertation (the degree includes both coursework and a dissertation)

Fiandeiro, Maria Fatima (Wits)

Trade liberalisation and wages in South Africa

Supervisor: Dr Neil Rankin

Odendaal, Martin (Cape Town)

Infrastructure, Transport costs and Trade: A new approach

Supervisor: Prof Lawrence Edwards

Mafereka, Rorisang Oscar (Free State)

Consumption smoothing, saving and liquidity constraints

Supervisors: Prof Philippe Burger, Prof Frikkie Booysen

Du Toit, Leon (Stellenbosch)

Fiscal and monetary policy and output volatility in emerging market economies

Supervisor: Prof Stan du Plessis

Founders' medal for master's degree long dissertation (the degree does not include coursework)

Musasiwa, Edmore T (Wits)

Finance-growth nexus and effects of banking crisis

Supervisor: Prof K. Ojah

Akoto, William (NMMU)

Valuing preferences for freshwater inflows into selected western and southern Cape estuaries

Supervisor: Prof S.G. Hosking

Van der Stoep, Gabrielle (KwaZulu-Natal)

Identifying Motherhood and its Effect on Female Labour Force Participation in South Africa: An Analysis of Survey Data

Supervisor: Prof Dori Posel

Balchin, Neil Gregory (Cape Town)

The business climate, productivity and manufacturing export performance in Africa A Firm-level Analysis

Supervisor: Prof Lawrence Edwards

Founders' medal for doctor's degree thesis

Gwatidzo, Tendai (Wits)

The Determinants of Capital Structure among Select Sub-Saharan African Countries

Supervisor: Prof K. Ojah

De Wet, Albertus Hendrik (Pretoria)

A macroeconomic framework for credit portfolio modelling in South Africa

Supervisors: Prof R. van Eyden, Prof R. Gupta

Zuze, Tia Linda (Cape Town)

Equity and Effectiveness in East African Primary Schools

Supervisors: Prof Murray Leibbrandt, Prof Valerie Lee

Aziakpono, Meshach (Free State)

The depth of financial integration and its effects on financial development and economic performance of the SACU countries

Supervisors: Prof Philippe Burger, Prof Stan du Plessis

Bonga-Bonga, Lumengo (Johannesburg)

Computable general equilibrium (CGE) modelling of the impact of fiscal policy on economic growth, income redistribution and poverty alleviation in South Africa

Supervisors: Prof G. van Zyl, Prof L. Greyling

BRANCH ACTIVITIES

2009

Cape Town / Investec Forum (2009)

9 June	Ann Bernstein, Centre for Development and Enterprise (CDE)	5 million new jobs for South Africa: What must we do to accelerate growth and dramatically reduce unemployment?
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Eastern Cape (2009)

Rhodes University / ESSA postgraduate economics student conference

The Rhodes University / Economic Society of South Africa postgraduate economics student conference took place at Rhodes University on the 9th and 10th of October 2009. This was the eighth year that the conference was run, and it continues to be a highly successful forum for honours and master's students in economics to present their research. As for the previous five years, students from NMMU and Fort Hare were also invited to participate, thanks to sponsorship from the Economic Society of South Africa (ESSA). In 2009 we hosted 9 visitors, all of whom presented a paper.

The theme of the 2009 conference, chosen by the student committee, was *Mind the gap: Meeting minds, bridging gaps*. The keynote address was given by Ms Mikalo Holl of UrbanEcon consulting firm, based in Port Elizabeth.

An innovation at the 2009 conference was the invitation to 50 grade 11 learners (who were taking economics as one of their subjects) and their teachers from township schools in the Grahamstown area. Each learner was assigned to an honours student, who acted as their guide for the afternoon, during which they attended the conference sessions.

Overall the conference was a success, with the visitors adding a great deal in terms of networking and providing feedback on work in progress. As in the past, visitors found the conference an overwhelmingly positive and academically useful experience, as did Rhodes honours and master's students. Staff and students would like to extend their grateful thanks to ESSA, who helped to make this such a productive and successful event.

Johannesburg (2009)

20 March	Prof Peter Sinclair	Trying to Model the Credit Crunch
7 July	Prof Deepak Nayyar	China, India, Brazil and South Africa in the World Economy: Engines of Growth?
23 July	Prof Robert Aumann	Game Engineering
29 July	Ms Fiona Tregenna	Concentration and profitability in the US banking sector
30 July	Prof R Mears & Mr M Biyase	Income and expenditure patterns in Soweto
30 July	Prof John Knight	The New Economics of Happiness
31 July	Prof John Knight	“Wellbeing”, with practical application to South Africa
19 August	Koen Smet	A Clockwork Economy - A three dimensional trade model
27 August	Dr Dave Liu	Endogenous money or nominal rigidities?

North West (2009)

6 February	André Mellet, NWU	Die stand van die SA ekonomie 2009
18 March	Ronnie van Rooyen	Customs and their role in international trade
29 May	Ms Rose Blatch, ITRISA	SA in the international world
18 June	Prof PDF Strydom	The international financial crisis (workshop)
24 August	Dr Gary van Vuuren, Fitch Ratings, London	Rating agencies
25 August	Dr Gary van Vuuren, Fitch Ratings, London	The role of asset correlations in the financial crisis
26 August	Mr Adriaan Snyman	Huidige stand van graanmarkte in SA & werksgeleenthede by Vrystaat Mielies
27 August	Ms Rose Blatch	Employment opportunities in international trade
15 October	Ettienne le Roux, RMB	An overview of the current RSA economy

Stellenbosch (2009)

3 February	Samuel Bowles (Santa Fe Institute)	The nature of wealth and the dynamics of inequality
12 February	Claudia Keser (Georg-August-Universität Göttingen)	Voluntary versus enforced team effort
23 February	Monique Reid (Stellenbosch University)	Inflation expectations and risk premia
2 March	Wimpie Boshoff (Stellenbosch University)	Dealing with structural change: how flexible boundaries and architectural knowledge help an existing firm deal with evolving demand

9 March	Prof Servaas van der Berg (Stellenbosch University)	Fiscal incidence & social outcomes: How much did the poor gain from the redistribution of public spending?
10 March	Analia Olgiati (Princeton University)	Paying the piper: The high cost of funerals in South Africa
12 March	Prof Basil Moore (Stellenbosch University)	The 2009 World Depression: A once-in-a-generation opportunity
16 March	Profs Evan Gilbert & Estian Calitz (Stellenbosch University)	Ensuring the solvency of private banks: a critical review of the regulatory regimes in South Africa since 1970
19 March	Prof Alexander Zimper (University of Johannesburg)	On attitude polarization under Bayesian learning with non-additive beliefs
25 March	Prof Eric Schaling (University of Pretoria / Tilberg)	On determinacy and learnability in a New Keynesian model with unemployment
26 March	Manoel Bittencourt (University of Cape Town, Göttingen University)	Populism and hyperinflation: Some evidence from Latin America
30 March	Johan Fourie and Dieter von Fintel (Stellenbosch University)	Inequality in a newly settled, pre-industrial society: The case of the Cape Colony
2 April	Shakill Hassan (University of Cape Town)	Currency crises and monetary policy in an economy with credit constraints: the no interest parity case
16 April	Prof Johann Fedderke (University of Cape Town)	Was the Asian financial crisis a transmission of shocks through fundamental links between countries, or a case of pure contagion?
20 April	Hassan Essop (Stellenbosch University) and Derek Yu (University of the Western Cape)	Alternative definitions of informal sector employment in South Africa
23 April	Prof Jim Levinsohn (University of Michigan)	HIV status and labor market participation in South Africa
30 April	Leonce Ndikumana (African Development Bank)	The crisis and African economies: the role of the African Development Bank and lessons for Africa's growth model
7 May	Waldo Krugell (North-West University)	Landlocked or all at sea: Does location matter for South African manufacturers?
11 May	Debra Shepherd (Stellenbosch University)	A question of efficiency: decomposition of South African reading test scores using PIRLS 2006
14 May	Mare Sarr (University of Cape Town)	Traditional knowledge as private information
18 May	Krige Siebrits and Prof Estian Calitz (Stellenbosch University)	Institutions and the sustainability of fiscal policy in South Africa, 1960-2008
22 May	Michael Jordaan (First National Bank)	How did SA banks escape the worst of the sub-prime crisis and the credit crunch?

2 July	Marc Quintyn (IMF)	Trends in, and determinants of, financial supervisory independence and accountability
6 July	Camelia Minoiu (IMF)	Development aid and economic growth: a positive long-run relation
8 July	Ales Bulir (IMF)	The dynamic implications of foreign aid and its variability
23 July	Prof Frikkie Booysen (University of the Free State)	Antiretroviral treatment: panacea or palliative for the woes of the South African labour market?
27 July	Le Roux Burrows (Stellenbosch University)	Sensitivity analysis in CGE models
30 July	Dr Charles Adjasi (University of Ghana's Business School)	FDI and economic growth in Africa: The role of local financial markets
17 August	Liezl Nieuwoudt (Stellenbosch University)	The at risk Economics 1st year genus - spotting, informing, curing
20 August	Indraneel Dasgupta (Durham University)	Supply theory sans profit maximisation
24 August	Prof Philip Black (Stellenbosch University)	Tobacco smuggling: on the fiscal implications of a tax hike
3 September	Prof Dominick Salvatore (Fordham University in New York)	Globalization, international competitiveness and growth
17 September	David Parsley (Vanderbilt University, Nashville, Tennessee)	Evaluating exchange rate management - an application to Korea
21 September	Melt van Schoor (Stellenbosch University)	Social networks and job matching in an artificial economy with endogenous network formation
22 September	Prof John Dunne (Bristol Business School, University of the West of England)	Military spending and economic growth
05 October	Kevin Kotze (Stellenbosch University)	The role of the exchange rate in a South African New Keynesian DSGE model
12 October	Sophia du Plessis, Ada Jansen and Dieter von Fintel (Stellenbosch University)	Household responses to adult settler mortality in the 18th century Cape Colony
15 October	Ilike van Zyl (NKC Independent Economists) and Prof Philip Black (Stellenbosch University)	Evolutionary economics: Do the fittest necessarily survive?
19 October	Prof Mei Linhai (Jinan University, China)	The cyclic economy of China and China's sustainable development
21 October	Prof Sunil Mani (Centre for Development Studies, India)	High skilled migration from India, an analysis of its economic implications
6 November	Caroline van Rijckeghem (IMF)	The evolution and determinants of the Turkish private saving rate: What lessons for policy?

9 November	Caryl McNeilly (IMF)	External vulnerabilities: How do we tell which countries are at risk?
11 November	Prof Thorvaldur Gylfason (IMF)	From Boom to Bust, Big Time: The Case of Iceland
19 November	Prof Nathan Nunn (Harvard University)	Commercial Imperialism: Political Influence and Trade during the Cold War
26 November	Stefan Schueder (Göttingen University)	Monetary Policy: An alternative theoretical foundation for the "Impossible Trinity"
30 November	Ronelle Burger, Sophia du Plessis, Gideon du Rand, Pietie Horn and Eldridge Moses (Stellenbosch University)	An analysis of various sources of crime data: Do they tell the same story?

ESSA CONFERENCE

2009

The Economic Society conference was hosted by the Eastern Cape branch. It was held in Port Elizabeth in the historic Feather Market Conference Centre from 7 to 9 September 2009. The attendance for the conference was good, with 271 delegates registering for the conference. The conference was organized by Eastern Sun Events, who ran a very professional event.

The keynote speaker was Dominick Salvatore. Excluding the keynote and presidential addresses, a total of 181 contributed papers were delivered at the conference. Some delegates presented more than one paper, but approximately 60 per cent of the delegates actively participated in the conference. The standard of the papers submitted was high, which resulted in almost all the submitted papers being accepted for inclusion in the programme. The main reason that papers were not accepted was that they were not of an economic nature.

The total income generated by the conference from registration fees, the gala dinner, the shuttle service, exhibitors and sponsors was R660 062.21. The response from potential sponsors was poor, which was not surprising considering the financial climate at the time. The total amount of sponsorship was R101 000, which was made up as follows:

Anglo Operations Limited	R30 000	General sponsorship
Investec	R20 000	Panel discussion
Rand Merchant Bank	R30 000	General sponsorship
Rand Merchant Bank	R21 000	Welcome brunch

Eastern Sun Events were supportive and negotiated competitive rates from suppliers to keep the costs of the conference as low as possible. Eastern Sun Events also took a cut in their fees, which resulted in the conference breaking even. This was a major achievement considering the low level of sponsorship for the conference.

A participant evaluation of the conference was conducted, and although only a few delegates took the effort to complete the form, the majority of the respondents rated the various aspects of the conference as good or excellent. These included the registration, audiovisual services, content of the academic programme, venue, meals, the welcome brunch and the gala dinner.

One issue that caused some concern was that of the definition of a student paper to be eligible for the student prizes. This is being addressed by the Council and will reduce the uncertainty in awarding student prizes in future.

A file put together by Eastern Sun Events is available, which includes a total breakdown of the finances, the marketing of the conference, the suppliers, delegates, programme and evaluation.

The Organizing Committee

Profs Charles Wait (Chairperson), Jen Snowball and Gavin Fraser

THE ECONOMIC SOCIETY OF SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2009

**THE ECONOMIC SOCIETY OF SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
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The reports and statements set out below comprise the annual financial statements presented to the council:

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**THE ECONOMIC SOCIETY OF SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
COUNCIL'S RESPONSIBILITIES AND APPROVAL**

The Council is required by the Society's constitution to maintain adequate records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Society as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledges that they are ultimately responsible for the system of internal financial control established and places considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, they set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effectively monitored throughout the period and all officers are required to maintain the highest ethical standards in ensuring the Society's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Society is on identifying, assessing, managing and monitoring all known forms of risk across the Society. While operating risk cannot be fully eliminated, the Society endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council is of the opinion, based on the information and explanations given by officers, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Council is satisfied that the Society has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Council is primarily responsible for the financial affairs of the Society, they are supported by the external auditors.

The external auditors are responsible for the reviewing and reporting on the Society's annual financial statements. The annual financial statements have been examined by the Society's external auditors and their report is presented on page F2.

The annual financial statements set out on pages F3 to F10, which have been prepared on the going concern basis, were approved by the Council on 30 September 2010 and were signed on its behalf by:

Secretary

Treasurer

REPORT OF THE INDEPENDENT AUDITORS

To the members of THE ECONOMIC SOCIETY OF SOUTH AFRICA

We have audited the accompanying annual financial statements of THE ECONOMIC SOCIETY OF SOUTH AFRICA set out on pages F3 to F10, for the year ended 31 December 2009.

Council's Responsibility for the Annual Financial Statements

The Society's Council is responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in a manner required by the Constitution. These responsibilities include: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the annual financial statements.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the society at 31 December 2009 and the results of its operations and cash flows for the year then ended in accordance with International Reporting Standards, and in the manner required by the constitution.

**H. GORDON & PARTNERS INCORPORATED
CHARTERED ACCOUNTANTS (SA)
REGISTERED ACCOUNTANTS AND AUDITORS**

30 September 2010

**1ST FLOOR
BYRON PLACE
320 SCHUBART STREET
PRETORIA
0002**

THE ECONOMIC SOCIETY OF SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
BALANCE SHEET

Figures in Rand	Notes	2009	2008
ASSETS			
NON-CURRENT ASSETS			
Office equipment	1	553	5 047
		553	5 047
CURRENT ASSETS			
Cash and cash equivalents	6	444 079	250 780
Equities held		402	326
Investment accounts	12	937 302	881 099
Money market account	13	303 280	276 697
Trade and other receivables	10	102 097	30 697
		1 787 160	1 439 599
Total Assets		1 787 713	1 444 646
FUNDS AND LIABILITIES			
FUNDS			
The Economic Society of South Africa		890 138	766 627
EHD Arndt Fund		311 023	283 515
Owen Horwood Fund		179 511	163 813
		1 380 672	1 213 954
LIABILITIES			
NON-CURRENT LIABILITIES			
The South African Journal of Economics	9	262 913	156 176
		262 913	156 176
CURRENT LIABILITIES			
The Economic Society of South Africa			
Trade and other payables	9	124 402	54 789
Capital endowment fund	2	19 727	19 727
		144 129	74 516
Total Funds and Liabilities		1 787 713	1 444 646

THE ECONOMIC SOCIETY OF SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
INCOME STATEMENT

Figures in Rand	Notes	2009	2008
INCOME			
Investment income		77 080	100 749
Members' dues received		324 936	207 488
Prize entry fees		5 850	3 970
		407 866	312 207
EXPENSES			
Auditors' remuneration	3	5 000	14 235
Bank charges		2 507	1 110
Courier services		1 517	64
Depreciation	1	4 494	4 494
Entertainment and refreshments		-	4 164
Gifts		1 014	-
Prize adjudications		5 000	1 600
Prizes awarded		1 096	588
Stationery, printing and postage		3 778	3 158
The South African Journal of Economics		259 949	165 990
Travel and accommodation		-	9 443
		284 355	204 848
Surplus / (Deficit) at the beginning of the year		766 627	659 268
Surplus / (Deficit) for the year		123 512	107 359
Surplus / (Deficit) at the end of the year		890 138	766 627
OWEN HORWOOD FUND			
Investment income		15 698	20 108
		15 698	20 108
Surplus / (Deficit) at the beginning of the year		163 813	143 705
Surplus / (Deficit) for the year		15 698	20 108
Surplus / (Deficit) at the end of the year		179 511	163 813
EHD ARNDT FUND			
INCOME			
Fair value adjustment on investments - MTN shares		76	-
Investment income		27 432	39 867
		27 508	39 867
EXPENSES			
Fair value adjustment on investments - MTN shares		-	59
		-	59
Surplus / (Deficit) at the beginning of the year		283 515	243 706
Surplus / (Deficit) for the year		27 508	39 809
Surplus / (Deficit) at the end of the year		311 023	283 515

**THE ECONOMIC SOCIETY OF SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
BALANCE SHEET - CENTRAL COUNCIL CONFERENCE**

Figures in Rand	Notes	2009	2008
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	-	51 381
Investment accounts		447 148	420 289
Money market accounts		54 378	49 616
Trade and other receivables		53 143	-
Total Assets		554 669	521 286
FUNDS AND LIABILITIES			
Funds		501 301	496 405
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	53 367	24 881
Total Funds and Liabilities		554 668	521 286
INCOME STATEMENT - CENTRAL COUNCIL CONFERENCE			
INCOME			
Conference registration fees		495 562	-
Exhibition income		5 000	-
Functions and meeting income		42 600	-
Investment income		35 044	67 074
Sponsorships		101 000	36 250
Transportation income		15 900	-
		695 106	103 324
EXPENSES			
Branch activities			
Branch activities - Eastern Cape		6 565	6 535
Branch activities - Limpopo		7 130	-
Bank charges		7 793	390
Communication expenses		9 043	-
Entertainment and refreshments		7 988	-
Equipment rental		136 800	-
Fees paid		202 744	-
Functions and meetings		42 002	-
Gifts		376	-
Registration fees		2 550	-
Stationery, printing and postage		49 512	-
Travel and accommodation		21 835	-
Venue rental		195 872	-
		690 210	6 925
Surplus / (Deficit) at the beginning of the year		496 405	400 007
Surplus / (Deficit) for the year		4 896	96 399
Surplus / (Deficit) at the end of the year		501 301	496 405

**THE ECONOMIC SOCIETY OF SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
BALANCE SHEET - JOURNAL OF DEVELOPMENT PERSPECTIVES**

Figures in Rand	Notes	2009	2008
ASSETS			
CURRENT ASSETS			
Trade and other receivables		35 797	41 613
		35 797	41 613
Total Assets		35 797	41 613
FUNDS AND LIABILITIES			
Funds		(12 933)	35 797
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	48 730	5 816
Total Funds and Liabilities		35 797	41 613
INCOME STATEMENT - JOURNAL OF DEVELOPMENT PERSPECTIVES			
INCOME			
Sponsorships		-	85 046
		-	85 046
EXPENSES			
Auditors' remuneration	5	-	4 200
Bank charges		-	972
Employee costs		8 507	8 507
Publication costs		40 223	34 926
		48 730	48 606
Surplus / (Deficit) at the beginning of the year		35 797	(644)
Surplus / (Deficit) for the year		(48 730)	36 440
Surplus / (Deficit) at the end of the year		(12 933)	35 797

**THE ECONOMIC SOCIETY OF SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
BALANCE SHEET - SOUTH AFRICAN JOURNAL OF ECONOMICS**

Figures in Rand	Notes	2009	2008
ASSETS			
NON-CURRENT ASSETS			
Office Equipment	1	-	-
		-	-
CURRENT ASSETS			
Cash and cash equivalents	7	121 763	269 677
The Economic Society of South Africa	9	262 913	156 176
		384 676	425 853
Total Assets		384 676	425 853
FUNDS AND LIABILITIES			
Funds		302 549	268 383
		302 549	268 383
CURRENT LIABILITIES			
Trade and other payables	11	82 127	157 470
		82 127	157 470
Total Funds and Liabilities		384 676	425 853

THE ECONOMIC SOCIETY OF SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
INCOME STATEMENT - SOUTH AFRICAN JOURNAL OF ECONOMICS

Figures in Rand	Notes	2009	2008
INCOME			
Blackwell Publishing revenue		98 892	86 878
Dalro income		25 767	46 233
Membership revenue		259 949	165 990
Sponsorship received		-	184 000
Submission fees		25 940	15 061
		410 548	498 162
EXPENSES			
Auditors' remuneration	4	4 000	10 800
Bank charges		5 361	4 021
Communication costs		10 037	11 128
Depreciation	1	-	2 809
Employee costs		234 480	221 364
Loss on exchange differences		1 516	1 645
Publication costs		110 409	115 272
Repairs and maintenance		-	1 391
Travel and accommodation		10 579	28 450
		376 382	396 880
Surplus / (Deficit) at the beginning of the year		268 383	167 101
Surplus / (Deficit) for the year		34 166	101 282
Surplus / (Deficit) at the end of the year		302 549	268 383

**THE ECONOMIC SOCIETY OF SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand **2009** **2008**

Basis of preparation

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

These accounting policies are consistent with the previous period.

1.) FIXED ASSETS

All fixed assets are initially recorded at cost. Depreciation is calculated on the straight line method to write off costs off each assets, or revalued amounts, to their residual values over the estimated useful lives.

The depreciation rates applicable to each class of fixed assets are as follows:

Office equipment 33.33%

	2009			2008		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Office equipment - ESSA	13 483	(12 930)	553	13 483	(8 436)	5 047
Office equipment - SAJE	12 206	(12 206)	-	12 206	(12 206)	-
	<u>25 689</u>	<u>(25 136)</u>	<u>553</u>	<u>25 689</u>	<u>(20 642)</u>	<u>5 047</u>

Reconciliation of Fixed Assets - 2009

	Opening Balance	Depreciation	Total
Office equipment - ESSA	5 047	(4 494)	553
Office equipment - SAJE	-	-	-
	<u>5 047</u>	<u>(4 494)</u>	<u>553</u>

2.) CAPITAL ENDOWMENT FUND - ESSA

Balance as at 1 January	19 727	19 727
Balance as at 31 December	19 727	19 727

3.) AUDITORS' REMUNERATION - ESSA

Audit fee - 2007 financial year	-	8 235
Audit fee - 2008 financial year	-	6 000
Audit fee - 2009 financial year	5 000	-
	<u>5 000</u>	<u>14 235</u>

4.) AUDITORS' REMUNERATION - SAJE

Audit fee - 2007 financial year	-	6 300
Audit fee - 2008 financial year	-	4 500
Audit fee - 2009 financial year	4 000	-
	<u>4 000</u>	<u>10 800</u>

5.) AUDITORS' REMUNERATION - JDP

Audit fee - 2007 financial year	-	2 700
Audit fee - 2008 financial year	-	1 500
Audit fee - 2009 financial year	-	-
	<u>-</u>	<u>4 200</u>

**THE ECONOMIC SOCIETY OF SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	2009	2008
6.) CASH AND CASH EQUIVALENTS - ESSA		
First National Bank	421 404	240 682
Nedbank Limited	18 946	6 369
EHD Arndt Fund	3 729	3 729
	444 079	250 780
7.) CASH AND CASH EQUIVALENTS - SAJE		
First National Bank	121 763	269 677
	121 763	269 677
8.) CASH AND CASH EQUIVALENTS - CENTRAL CONFERENCE		
First National Bank	-	51 311
	-	51 311
9.) TRADE AND OTHER PAYABLES - ESSA		
Income received on behalf of Central Conference	53 143	-
H. Gordon & Partners Incorporated	5 000	6 000
Journal of Development Perspectives	41 613	41 613
Membership revenue received in advance	24 646	7 176
The South African Journal of Economics	262 913	156 176
	387 314	210 965
10.) TRADE AND OTHER RECEIVABLES - ESSA		
Expenses paid on behalf of Central Conference	53 367	24 881
Expenses paid on behalf of JDP	48 730	5 816
	102 097	30 697
11.) TRADE AND OTHER PAYABLES - SAJE		
Blackwell income received in advance	-	98 892
H. Gordon & Partners Incorporated	4 000	4 500
John Wiley & Sons Ltd publishing expenses	25 374	25 374
Membership revenue received in advance	52 753	28 704
	82 127	157 470
12.) INVESTMENT ACCOUNTS		
The Economic Society of South Africa	635 049	597 003
EHD Arndt Fund	213 191	200 384
Owen Horwood Fund	89 062	83 713
	937 302	881 100
13.) MONEY MARKET ACCOUNT		
The Economic Society of South Africa	113 311	103 386
EHD Arndt Fund	108 502	98 998
Owen Horwood Fund	81 467	74 313
	303 280	276 697