

At the end of the rainbow? Social identity and welfare state in the new South Africa

Editors: Gorm Gunnarsen, Patrick Mac Manus, Morten Nielsen, and Hans Erik Stolten

(This e-book is the full English version of a printed book published in Danish by Southern Africa Contact: *For enden af regnbuen? Social identitet og velfærd i det nye Sydafrika*, København, november 2006).

Contents

1 Just another country? South Africa and Denmark in a globalised world

By Gorm Gunnarsen, Patrick Mac Manus, Morten Nielsen, and Hans Erik Stolten

2 Rhetoric and reality in South African reconciliation

By Fred Hendricks

3 Macroeconomic policy in South Africa. From RDP through GEAR to ASGISA

By Stephen Gelb

4 Who are the poor? The size and structure of the poverty problem

By David Everatt

5 'Tomorrow will be better than today': delivery in the age of hope

By David Hemson

6 From apartheid to neo-liberalism. What happened to the ideals of the freedom struggle?

By Patrick Bond

7 Black Economic Empowerment: politically correct capitalism or social problem?

By Neva Seidman Makgetla

8 The ANC in South Africa's political landscape. From underground freedom movement to governing party

By Pallo Jordan

9 The transformation of the South African trade union movement and the challenges

By John Appolis

10 The grassroots. The rise of the new social movements in South Africa. The role of the opposition

By Eddie Cottle

11 Land redistribution in South Africa: the property clause revisited

By Lungisile Ntsebeza

12 Learning, living and leading: education in the new South Africa

By Jonathan Jansen

13 South Africa's new education system: great intentions – harsh realities

By Linda Chisholm

14 The media picture: mapping the contemporary media scene in South Africa

By Sean Jacobs

15 The language question. The struggle between English and the other official and unofficial languages

By Kwesi Kwaa Prah

16 The impact of the AIDS epidemic in South Africa

By Hein Marais

17 South Africa in Africa: trends and forecasts in a changing African political economy

By John Daniel

18 List of authors

1 Just another country? South Africa and Denmark in a globalised world

By Gorm Gunnarsen, Patrick Mac Manus, Morten Nielsen, and Hans Erik Stolten

The introduction chapter was written in Danish and has not yet been translated into English for this web-based version of the book. Nevertheless, here are a few introductory remarks on the book.

As the List of Authors shows, the articles in this collection are written by some of South Africa's best social scientists, academic debaters, and trade union and grassroots activists, who present their views on the post-apartheid transformation of South African society and offer their opinions on the status of social conditions. The divergent outlooks in this book provide a broad and inclusive picture of the country's overall situation, since the authors do not agree completely.

The first part of the book describes the social situation through articles measuring the magnitude of the poverty problem and investigating the significance of poverty for declining popular participation in the democratic process. The lack of justice in the truth and reconciliation process is problematised. The economic policy and macro-economic models of the ANC-government are scrutinised and the ideological debate on the lost ideals of the freedom struggle is revisited. Also the latest strategy for racial justice, BEE, Black Economic Empowerment, is discussed here.

The present South African Minister of Arts and Culture, Pallo Jordan, describes the development of the ANC from liberation movement to dominating governing party, while another article is dedicated to the build-up of the grassroots movements of the new left opposition.

Two of South Africa's most well-known researchers in the area of education have provided very different articles on the problems confronting SA youth in schools, high schools and universities.

In this English version, the book also contains statistical analyses of poverty in urban and rural settings in the different provinces and a mapping of the government's delivery problems regarding electricity, water, and housing. The freedom of the press and the persisting racism in South Africa's liberalised media landscape are investigated. The development of the trade unions from mass mobilisation against apartheid to team player in the formulation of government policy is explained and the expansive investment policy of the big South African conglomerates towards the rest of Africa is dealt with.

The work with this book has developed in the collective spirit that characterised the international solidarity of the anti-apartheid movement. Beside the authors, who were paid only a symbolic fee for their efforts, the editors wish to thank the South African Human Sciences Research Council (HSRC), the Review of African Political Economy (ROAPE), and New Agenda for their cooperation and active participation in this book project.

Through generations of exploitation, buttressed by massive political suppression, values and wealth in South African society were distributed extremely uneven, and in many respects, this

situation remains unchanged. More than half of the black population probably lives under the poverty limit.¹

South Africa belongs to the group of higher middle income countries and is among the richest in Africa, however the average income are still several times as high for whites than for blacks.² According to UN's Human Development Index, white South Africa is in line with Spain, while black South Africa remains at the absolute bottom, and when it comes to spread of property, polarisation has not changed significantly either, even if a black elite has been fostered, and the black middle class continues to grow.³

With BNP growth rates only at a few percent until very recently, the economy still shows serious lacunas. Unemployment has increased, the interest for investment is modest, and the currency has been weakened. Nevertheless, everybody seems to assume that South Africa also in the future will be able to play an important and respected role in the international community and in Africa.⁴

The ANC has prioritised national reconciliation and economic stability as most necessary, and has been willing to almost any compromise to avoid national disruption. A relatively tight financial course with a limited deficit will most likely be upheld.⁵

Through five hundred years of colonialism, the Western World has appropriated the riches of Southern Africa. Nevertheless, a rather discouraging picture of stagnating aid from the EU-states to the region can be drawn, which only makes the question of more just trade relations so much more pressing. So far, trade and custom agreements between South Africa and EU have not given the country an especially favourable status, either regarding access to the European market or concerning the protection of its own import sensitive areas.

On this background, there is a profound need for some kind of continuation of the solidarity and for a continued engagement to uphold the pressure for a fulfilment of the ideals of the liberation struggle.

It is in this spirit that Southern Africa Contact, the former Danish anti-apartheid movement, has decided to publish this book in a Danish version.

¹ May, Julian (ed.), *Poverty and Inequality in South Africa: Meeting the Challenge*, Cape Town, David Philip / Zed Books, 2000; Sampie Terreblanche, *A History of Inequality in South Africa 1652 - 2002*, University of Natal Press, 2003.

² Bhorat, Haroon / Murray Leibbrandt / Muzi Maziya / Servaas van der Berg / Ingrid Woolard, *Fighting Poverty. Labour Markets and Inequality in South Africa*, Cape Town, UCT Press, 2001; Carolyn Jenkins and Lynne Thomas: *The Changing Nature of Inequality in South Africa*, UNU/WIDER, Finland.

³ Ashwin Desai, *We Are the Poors: Community Struggles in Post-Apartheid South Africa*, Monthly Review Press, 2002.

⁴ The assesment of the present situation depends from where you choose to see it of course. There are many examples of success stories too. Se for exsampler the bestseller: Brett Bowes and Steuart Pennington (eds.), *South Africa. The Good News. 27 chapters on the remarkable progress achieved since 1994*, South Africa - The Good News (Pty) Ltd., 2002 and the follow up *More Good News*.

⁵ Budget 2004: National Budget Review: Foreward and Table of Contents (February 2004), Government of South Africa, 2004 (Feb.), <http://www.polity.org.za/pol/budget/>; <http://www.polity.org.za/pol/budget/>; Estimates of National Expenditure / Budget Review / Budget Speak, RSA, National Treasury, 2001.

2 Rhetoric and reality in South African reconciliation

By Fred Hendricks

Introduction

The transition from apartheid to democracy in South Africa has been feted internationally as a model of reconciliation inspired by the magical powers of the charismatic Nelson Mandela and the realism of the outgoing president of the last racially exclusive government, FW De Klerk. This chapter subjects this interpretation of South Africa's democratic process to critical scrutiny by focusing on the nature of justice under conditions of political compromise. In particular, the chapter is concerned with the manner in which political deals affect the administration of justice and how they impinge upon the nature of democracy in the post-authoritarian phase. Beyond the obviously repugnant current reality that many former apartheid murderers, other criminals and perpetrators of gross human rights violations are scot free, lie the broader necessities of creating conditions for a legitimate polity which respects the rule of law. In addition, the other reality embedded in the very fabric of South African society is the extreme level of inequality which coincides very much with the racist distinctions left in the wake of apartheid.

The fact that so very many wrongdoers have not been prosecuted cultivates the impression of impunity even if the formal trappings of democracy may be firmly in place in contemporary South Africa. In this respect, it does not help to argue that broad-based, restorative or social justice can replace individual accountability for wrongdoing. Instead, the two are intimately connected. When the nature of political compromise provides amnesty for perpetrators, or constrains the possibility for prosecutions on the one hand and on the other fails to create conditions for material delivery for the vast majority of the previously disenfranchised masses, then an incoherence becomes built into the new circumstances. This chapter tries to highlight some of these contradictions by focussing on the difficulties involved in securing democracy in South Africa. It concentrates on a number of fault-lines as major challenges to the democratic order in the hope that urgent attention can deal with the impending crises. The chapter suggests some preliminary linkages between the amnesty process of the Truth and Reconciliation Commission and the broader problems of material delivery to the previously disenfranchised masses. Its main conclusion is that the long term legitimacy and hence sustainability of democracy in South Africa depend upon a resolution of the problem of black poverty.

The survival of apartheid

Formal apartheid is dead. It was buried in 1994 by the first democratic elections based on universal franchise in South Africa. At a legal level, these swept away centuries of black political exclusion bringing an end to the oppressive apartheid system. The elections were a major milestone in the struggle for citizenship in South Africa and the ANC, the dominant liberation movement against apartheid, won by an overwhelming majority. Subsequent elections, held in 1999 and then in 2004, confirmed the ANC as the ruling party by an increasing majority. Politically, South Africa is a very different place today than it was before 1994. Yet, as much as it has changed in some respects, it has remained almost exactly the same in others. The legacy of apartheid lives on in structural inequalities, systemic discrimination and palpable injustice. Apartheid has cast a long shadow over the new democratic society. Its divisions did not miraculously disappear with the advent of democracy and the rhetoric of reconciliation was a feeble attempt to paper over the deep

discrepancies. The disparities are daunting and they continue to fracture the nation into separate and often opposing camps of racialised identities of white wealth and ownership and black poverty and dispossession. The limited access to land amongst blacks and even more, the severely constricted ownership of land by freehold title are major indicators of the uneven distribution of wealth in South Africa. Whites own the bulk of the country, and, not surprisingly, very few of them are poor. But land is merely one indicator of the divisions which pervade virtually every aspect of democratic South Africa. Apartheid lives happily on in the unreformed criminal justice system which struggles to secure convictions against violators of human rights during the apartheid era. It survives in the urban slums and rural degradation, in the workplace, in schools and universities and in the hospitals. There is a direct thread which links the survival of apartheid to the amnesty process of the Truth and Reconciliation Commission and to the apparent inability of the new democratic government to make substantial inroads on the pervasive predicament of black poverty. There can be little doubt that the most important cleavage in South African society remains the divide between white wealth and black poverty and race continues in many ways to coincide with class.

Problems around the uneven distribution of resources between blacks and whites today pose the most threatening challenge to the sustainability of democracy in the long term. Realizing the social and economic rights of the majority lies at the centre of this discourse. This chapter argues that structural racism is so firmly embedded in South African society that its reversal requires an all-encompassing state-directed approach. It also tries to analyze the attempt at reconstructing a fractured society through the mechanism of a Truth and Reconciliation Commission in the context of political compromises which left the victims of human rights violations with no recourse to their constitutional rights to claim compensation against both the state and the perpetrators.

One of the intractable problems in all democracies is how to deal with the paradox of political equality alongside economic inequality. All democracies uphold political and civil equality, yet they all maintain material inequality. A host of constitutional rights and liberties makes everybody in a democracy equal in a formal-legal way. Simultaneously, all democracies protect private property. Since property is always unequally distributed it follows that constitutional guarantees of property rights constrain efforts to ensure material equality. If, as in South Africa, land is acquired by settlers through colonialism, then constitutional protection merely provides a legal sanction for colonial land theft.

The constitution of the new government enshrines the basic principles and rights of all democracies. In many ways, these are not merely paper rights. The full franchise, freedom of movement, freedom of association, freedom of expression and a range of civil liberties are enjoyed by South Africans who are now all equal before the law. Yet, this political and civil equality exists side by side with enormous disparities in wealth and poverty. To make matters worse, the division between rich and poor still coincides very largely with the distinction between black and white and these cleavages constitute the fault-lines of South African democracy. The lack of material delivery is poignantly reflected in the policy and practice in respect of reparations in the Truth and Reconciliation Commission dealt with later in this chapter.

Thabo Mbeki, then deputy president, made a speech at the opening of the 1998 debate on reconciliation and nation building in the South African National Assembly in Cape Town, which graphically captures the nature of the disparities:

...South Africa is a country of two nations. One of these nations is white, relatively prosperous, regardless of gender or geographical dispersal. It has ready access to a developed economic, physical, educational, communication and other infrastructure...The second and larger nation of South Africa is black and poor, with the worst affected being the women in the rural areas, the black rural population in general and the disabled. This nation lives under conditions of a grossly underdeveloped economic, physical, educational, communication and other infrastructure.

But we have to be careful to ensure that the discourse of race is used to illuminate rather than mask the continuation of class inequalities. There can be little doubt that structural discrimination on a racial basis under apartheid is the most immediate determinant of black poverty. Irrespective of whether race was merely used as a convenient tool for the super exploitation of blacks, the consequences of differential racist treatment are palpably obvious in a variety of ways in South Africa. Besides the violence visited upon the mass of the population by grand apartheid, victims of ordinary, everyday racism have to negotiate their way through a myriad of racist assumptions and taken-for-granted ideas about the connection between worthiness and whiteness. Such hierarchies of superiority and domination are reproduced and reinforced in everyday life by manners, postures and ways of speaking. Every mundane human activity was structured in a racialised manner by apartheid - being born, being nurtured in youth, going to school, travelling by bus or train, making love, getting married, eating and drinking, having a haircut, going to parties, greeting, dying and being buried and so on. Grand apartheid was mediated through the racism of everyday life, and these racist habits may have changed but they have not disappeared with the demise of apartheid.

Mbeki's speech makes the point that the rich-poor, black-white dualism is still vitally important in contemporary South Africa. There can be little disagreement with this forceful statement in the metaphor of two separate nations. Yet, this dualism does not fully capture the complex mosaic of social relations in the country. A wide range of identities has emerged both within and outside of this broad racism and class framework. It is important to take cognisance of this diversity for a full picture of the South African reality. However, the problem with focusing on identity only is that there is a tendency of erasing the significance of class, producing instead a textured analysis of difference without an explanation for the manner in which that difference is perpetuated.

There are some outward signs that the extreme racial polarisation of apartheid is giving way to class differentiation. More and more blacks are purchasing houses in the formerly elite whites-only suburbs, many now roam around in the expensive malls and drive fancy cars. The Gini coefficient, second only to that of Brazil, is about the same between blacks themselves as it is between blacks and whites. On the other hand, white begging is now not uncommon in the larger cities. The racist protection which gave whites better education, health care, social security, employment opportunities, easy credit terms combined to make the sight of whites begging an impossibility under apartheid. While there are a few blacks like Cyril Ramaphosa and Tokyo Sexwale who have managed to get their pieces of the South African economic pie, the vast majority of blacks remain excluded from the benefits of black empowerment, and marginalized in the ownership structure of the society. Race still intersects with class in very real ways in South Africa. For example, Patrice Motsepe is the only black person to make it to the top ten based the value of holding on the Johannesburg Stock Exchange and there are no blacks amongst the top ten earners in the country.

The social reality of racial inequality is reflected in a wide range of areas depicting a growing contrast between fulfilment and deprivation. All whites benefited materially from apartheid. Their life chances facilitated a realisation of their potential and even promotion beyond their capabilities as the apartheid state intervened on their behalf with a policy of affirmative action in order to solve the poor-white problem. It was a massive protectionist scam and its dividend is that many whites have acquired positions of power and wealth and very few of them are poor.

A report prepared for the deputy president and for the Inter-Ministerial Committee for Poverty and Inequality found that 61% of all Africans and only 1% of whites could be regarded as living in poverty. There are many detailed pieces of evidence on how gender has become entwined with race and class pushing rural African women to the very bottom of the economic pile. Besides the fact that whites dominate virtually all aspects of higher education and specifically the area of knowledge production, the structure of separate education systems for different apartheid defined race groups has resulted in manifest inequalities. For example, at the end of apartheid rule, the per capita expenditure on pupils at white schools was R5 400 and about R1 000 for black pupils.

The South African Human Rights Commission recently released its annual Economic and Social Rights Report covering the period from April 1999 to March 2000. One of the most depressing findings of the report is that about 20 million people, or 50% of the population, live below the poverty datum line, measured as a monthly income of R390 (about \$40). While everybody has a constitutional right to receive social security, government efforts driven by the Department of Social Development have reached only 3 million people. There are any number of other indications of racial disparities - the dual labour market and the legacy of job reservation, the fact that blacks are far more likely to be unemployed than whites, the fact that blacks are far less likely to use the internet than whites, blacks tend to have a shorter lifespan than whites, blacks are far more likely to be living with HIV/AIDS than whites, far more blacks will not have access to clean water than whites, far more blacks are likely to be in prison than whites and so on. Yet, the widest gap lies in access to land.

Unlike Tanzania, where white settlers seized less than 1% of the land surface of the entire country, or Malawi where they took 5%, or Namibia where they grabbed 43%, or Zimbabwe where they acquired about 50%, in South Africa, settlers appropriated more than 90% of the land surface. The effect of this dispossession is a grossly unequal distribution of access to and ownership over land between blacks and whites. The mean amount of land held per person is slightly more than one hectare for blacks and 1 570 for whites. White privilege, borne out of colonial land theft has become firmly entrenched and enjoys the sanction of the new democratic constitution. Fundamental land redistribution which shifts substantial ownership of land from whites to previously dispossessed blacks is virtually impossible under the present constitutional framework because of the contradictory objectives of safeguarding the existing property holders in their land rights on the one hand and attempting to redistribute land to blacks on the other.

It is not surprising that the land reform policies of the new government have been dismal failures. The Reconstruction and Development Programme promised to redistribute 30% of agricultural land within the first five years of democratic rule. In reality, after twelve years of democracy less than 3% has been redistributed. In fact, this proportion would be worse if we calculate the increased number of evictions of blacks from white-owned farms since 1994. The problems of urban land occupations, violence, murders and land invasions in some rural

areas have to be seen against the background of the majority of the population continuing to be squeezed into tiny allotments in the rural areas and little hovels in the urban townships.

It is clear that the level of inequality in so very many spheres requires urgent and drastic measures. To be sure, there have been some successes in the provision of electricity and extending access to clean water, but these dwarf the monumental problems of unemployment, illiteracy, ill-health and homelessness which together embrace the grinding poverty of the mass of the population. In the face of this glaring inequality, the country's model of reconciliation appears quaintly irrelevant.

The rhetoric of reconciliation

The Truth and Reconciliation Commission (TRC) was established in 1995. It emerged out of the compromises of the negotiated settlement which ultimately filtered down into three main issues. Firstly, an amnesty process was set in motion for the perpetrators of gross violations of human rights and other crimes. Secondly, victims and survivors of these violations were given the opportunity to publicly recount their stories of abuse and thirdly the state agreed to accept responsibility for the payment of reparations to the victims because the granting of amnesty effectively expunged the right to civil redress.

Three committees were set up to deal with each of these broad issues; the Amnesty Committee which enjoyed autonomy in its functioning as a quasi judicial process, the Human Rights Violations Committee and the Reparations and Rehabilitation Committee. In addition, the commission established an investigative unit as well as a research division. The purpose of the TRC was to promote reconciliation by revealing as much of the truth about past abuses as possible. Since the former apartheid rulers were reluctant to relinquish power without a deal which indemnified them from their crimes and protected them from prosecution, the amnesty process was designed to exchange justice for truth. While the National Party and other apartheid functionaries called for a blanket amnesty, the negotiated process agreed on individual accountability in the sense that amnesty would only be granted if the crimes were proven to be politically motivated and on the basis of a full disclosure of all the facts surrounding the wrongdoing.

Extensive state inspired violence had undermined the very basis of a democratic order. The apartheid state had a monopoly over the use of force and its instruments of repression were systematically used against the mass of the population so as to perpetuate their disfranchisement. This is not to suggest that Apartheid was distinguished by violence only. There were a variety of other mechanisms of subjection which allowed a white minority to rule over a subordinate black majority. Yet, despite the very broad precincts of apartheid rule, crimes of violence were committed by its functionaries. Over and above the endemic violence of apartheid, it had a security system which acted with impunity against the mass of the population. Hidden in the wide variety of responses of the victims and survivors are broader concerns about how to forge a normative framework with respect for human rights and, at the same time, deal with the perpetrators of crimes both in defence of Apartheid as well as in the struggle against it. There are always difficulties when an authoritarian regime makes way for a democratic order based on universal franchise with a bill of rights. One of the gravest of these in South Africa is how to initiate respect for the legislative process, the rule of law and the institutions responsible for implementing these laws. Simultaneously, we have to guard against the temptation of relinquishing these democratic processes for political ends. Sickening as it is for many South Africans to be footing the exorbitant legal bills of apartheid criminals, there is no alternative to due process and proper prosecutions in a

democratic society. Thus far, the prosecutorial authority has fared very badly in trying to bring apartheid operatives to book for their wrongdoing. The disaster of the Magnus Malan trial, the fiasco of the judgement in the case of the Bisho massacre and the failure to convict Wouter Basson have not given the criminal justice system the kind of reputation needed for genuine respect for the rule of law. Furthermore, the very many unsolved murders especially in Kwa-Zulu Natal, suggests that partial impunity is the order of the day.

The TRC's mandate covered crimes and other violations of human rights between 1960 and 1994. In the decade leading up to the first democratic elections in South Africa in 1994, more than twenty thousand people died in political violence. About seven thousand application for amnesty were received in total and about one thousand were granted. The overwhelming majority of cases remain unsolved. Reconciliation was supposed to emerge from the truth. However, when the truth lies hidden under so very many crimes then it is difficult to envisage a lasting peace. The vast majority of the foot soldiers and very many of the ideologues and senior perpetrators of apartheid violence, have not been held accountable for their wrongdoing. What kind of reconciliation allows criminals to live normal lives in a democratic society? More importantly, when the levels of material inequality remain so desperately high, then reconciliation becomes part of the ideological balm designed to create the impression of change where there is none. The really big question is whether there can be reconciliation between unequal partners. The formerly disenfranchised masses remain excluded from the economic mainstream of South African society and marginalised from its ownership structure. They are expected to reconcile themselves to their own poverty in the midst of white wealth. In this respect, reconciliation sanctions the existing inequalities without a programme for transformation and without a solution to black poverty.

Both the criminal justice system and the Truth and Reconciliation Commission were ostensibly engaged in a search for the truth. Their ways part immediately beyond this superficially common objective. While the TRC tried to reach the truth by promising the perpetrators amnesty in exchange for a public (or private) admission of their guilt, the criminal justice system seeks truth through the forensic mechanism of the courts, receiving evidence by means of investigation and cross-examination and passing sentences on the wrongdoers. The aim is clearly retributive rather than reconciliatory. Criminals have to be prosecuted for their offences in the hope that their punishment will somehow act as a deterrent and prevent future wrongdoing by both offenders in particular cases as well as other prospective offenders. Prosecution and punishment are legal processes. Amnesty, on the other hand, was an administrative procedure following a set of criteria as laid down by law, although the amnesty process may have displayed all the trappings of a juristic process with incumbent judges to interpret the act. The legal process on the other hand is contested by a wide variety of actors, including police investigators, prosecutors, defence lawyers, magistrates and judges. In contrast, the Amnesty Committee takes weighty decisions on the basis of the evidence presented without the benefit of cross-examination and contestation, certainly not of the sort that would be needed to prosecute wrongdoers in a court of law. While these decisions may be legally challenged in a court of law, this only marginally affects the overall working of the amnesty committee.

In his judgement in the case of AZAPO and Others v The President of the Republic of South Africa and Others, deputy president of the Constitutional Court, Justice Mahomed made the following statement:

Central to the justification of amnesty in respect of criminal prosecution for offences committed during the prescribed period with political objectives, is the appreciation that truth will not effectively be revealed by the wrongdoers if they are to be prosecuted for such acts. That justification must necessarily and unavoidably apply to the need to indemnify such wrongdoers against civil claims for payment of damages. Without that incentive the wrongdoer cannot be encouraged to reveal the whole truth which might inherently be against his or her material or proprietary interests.

The decisions of the committee did not involve a great deal of detailed evidence at all - certainly not of the sort that usually accompanies criminal prosecution in a court of law. This is not surprising. Amnesty was used as an incentive for the perpetrators to tell the truth, to reveal the full horror of past violations of human rights. It did not make much sense to offer such an inducement to political criminals only to remove it if they do not meet the further requirements of the Act. This would have defeated the initial purpose of the incentive. It was far more expedient to simply apply amnesty by the line of least resistance, and in so doing, deviate from the Act itself. Amnesty had to appear to be working in order to act as an incentive to perpetrators and the only way this could happen is if state criminals and other perpetrators were actually allowed to (literally) get away with murder. Cynically stated, since we were incapable of administering justice, of prosecuting the criminals, we had to attempt to lure them into revealing their crimes and exposing what their roles were in the violence of the past. These very same perpetrators may then walk free without even showing remorse for their actions. Bishop Desmond Tutu (1996) thus appealed to perpetrators to apply for amnesty, "(T)he law doesn't require that they should express remorse: they can come to the Amnesty Committee and say, for example, that they fought a noble struggle for liberation, but that because they opened themselves to prosecution or civil actions as a result, they are asking for amnesty." This is cynical because remorse is supposedly one of the imperatives for genuine reconciliation. If remorse is jettisoned, what manner of reconciliation can be accomplished?

The institutional conflict between the criminal justice system and the Truth and Reconciliation Commission raises broader questions about the nature of democracy and the possibilities for establishing the rule of law in South Africa. There were clearly ample opportunities for perpetrators to avoid civil or criminal prosecution by simply applying for amnesty. On the face of it, the deal appears ludicrous. Criminals simply need to tell the truth before the Amnesty Committee in order for justice not take its course. The wider social implications of not prosecuting criminals needs to be seriously considered in relation to the impact of impunity on the fragile democratic order in South Africa. Amnesty sends a message to future state criminals that there is the chance that they may be exonerated especially if they remain in power long enough to ensure that they are not easily dislodged, or that some compromise may be necessary to remove them from power. Needless to say, it is a message with grave consequences for democracy.

Altogether 7124 amnesty applications were received by the Committee on Amnesty, only 849 of these were successful, the vast majority were rejected. Cynics may ask whether it is worth all the trouble - the enormous public interest, the media exposure, the state expenditure, and the endless debates - for merely one thousand amnesties. According to the Human Rights Commission's submission to the Truth and Reconciliation Commission, about 15 000 people died in politically-inspired violence between 1990 and 1994 - hardly a peaceful transition. Nyanisile Jack, a former TRC researcher, takes this argument somewhat further in suggesting that the underlying reason for the conception of a peaceful transition is the fact that relatively

few whites died in the conflict. On this perspective, it is quite easy to erase these deaths as irrelevant to the democratisation of the country, in order to arrive at the blithe conclusion that the transition was peaceful or even miraculous.

In Kwa Zulu-Natal alone, Ari Sitas, points out that nearly 17 00 people lost their lives in political violence. If so very few people have been officially pardoned for these murders does this imply that the rest have been prosecuted. Sadly not. Especially in KwaZulu-Natal, the TRC has been spectacularly unsuccessful in getting people to come forward to testify before the Committee on Human Rights Violations or to apply for amnesty. Similarly, the criminal justice system has left thousands of cases unsolved. How is democracy to survive in a situation of such monumental impunity? There is no respect for the rule of law and the three agencies of the criminal justice system, the police, the courts and the prisons, are simply incapable of coping with the crisis, themselves fraught with problems of legitimacy, being so firmly rooted in the past.

Conclusion: delivery, reparations and equality

The most serious challenge to the amnesty process came from the case brought before the constitutional court in 1996 by AZAPO, and the families of well-known anti-apartheid notables, Biko, Mxenge and Ribiero. The case was premised on the constitutional rights of redress in case of harm or injury. If amnesty is granted, the pardon is valid at both criminal and civil levels. It is as if the crime was not committed at all, since the perpetrator will not have a criminal record. The TRC was supposed to reveal the truth. In fact, the truth was supposed to be traded for justice. However, the truth is clearly being compromised by pretending that criminals do not have criminal records. The granting of amnesty expunges the constitutionally-enshrined rights of the victim to claim compensation for damages against wrongdoers.

The constitutional court rejected the case of the applicants and re-affirmed the constitutionality of amnesty on the proviso that the state assumes responsibility for reparations for the victims and survivors. The TRC's Committee on Reparations and Rehabilitation was charged with the responsibility of making recommendations in this regard. In effect, the main thrust of the committee's work revolved around how to define various categories of victims and how to decide on appropriate reparations. The committee proposed five different classes of reparations; interim reparations, individual reparation grants, symbolic reparation, community rehabilitation programmes and institutional reform. The committee also identified 22 000 victims and proposed that each be paid a sum of R17 000 to R23 000 annually for six years. The total reparations budget proposed by the TRC was R3billion. In response, the government promised R800million for reparations in the February 2001 budget which amounted to a once-off payment of R30 000 per victim as financial compensation for harm they experienced under apartheid, far less than the TRC proposals. Irrespective of the fact that all blacks were victims of apartheid dispossession, disenfranchisement and exclusion, the TRC arrived at a narrow definition of a victim. Yet, despite this truncated view, the delays and severe limits in payment of reparations to assist victims in overcoming the harm they suffered, appear to parallel the overall lack of material delivery to the previously disenfranchised.

The repression of pre-1994 South Africa is still fresh in very many people's memories and in this sense there has been a fundamental transformation of the country. It is a moot point whether this opening up of the society and especially the accomplishment of the franchise without substantial improvements in the material level of living of the majority is sufficient to

safeguard democracy in the long run. My contention is that it is not. Moreover, the evidence suggests that present government lacks the political will to make the kind of changes that would be necessary for allowing society to become as materially inclusive as possible and that all can share equally in its wealth.

The gravest threat to the process of reconciliation in South Africa remains the cleavages between the wealthy and the poor and the fact that these coincide, by and large, with the distinction between black and white. As long as the society is fractured by these same inequalities the chances for reconciliation are indeed very slim. Democracy has to mean something materially for the mass of people, mainly through a recognition of their second generation rights. This does not imply a certain entitlement, but that the opportunity for success should be equalised. This is the surest manner to broaden the basis of consent and to protect the democratic order.

3 Macroeconomic policy in South Africa. From RDP through GEAR to ASGISA

By Stephen Gelb

The South African economy performed very poorly from the mid-1970s. GDP growth averaged only 3.3 percent per annum in the 1970s and 1.2 percent in the 1980s, and a fierce policy-induced recession intended to cut inflation meant that growth between 1990 and 1993 was -0.6 percent per annum. When the post-apartheid era began in 1994, the expectation was that economic growth would improve, but a decade later, the transition's optimism has been unfulfilled: only limited progress has been made in improving growth while distributional equality has remained stagnant at best. GDP growth averaged only 2.9 percent per annum between 1994 and 2004; with population growth of 2 percent per annum, *per capita* income has barely increased at 0.9 percent per annum. In September 2005, the official unemployment rate was 26.7 percent, and the broad rate (which includes those no longer looking for work) was 38.8 percent. Poverty and inequality remain extreme. 32 percent of the population were living on less than \$2 per day in 1995, and this *rose* to 34 percent in the subsequent five years. The Gini coefficient measuring inequality was 0.56 in 1995 and it *increased* to 0.58 in 2000 (Hoogeveen and Ozler, 2004). In 2000, the income share of the highest decile was 45.2 percent, while the lowest decile's share was only 0.4 percent.

To be sure, there has been financial stability: consumer price inflation has been held below 8 percent almost permanently since 1996 compared with 15.3 percent in 1991 and 9 percent in 1994, and the fiscal deficit reduced from 7.3 percent of GDP in 1993 to below 3 percent since 1999. Yet it is fair to ask, first, whether this represents macroeconomic success, since the external financial position has been extremely volatile, with currency crises and capital inflows and outflows. Second, even if overall performance is regarded as successful, has the price been too high, given the poor performance of output and employment growth.

This chapter examines macroeconomic policy and performance during the 1990s. It starts with a discussion of the transition period because this shaped the policy choices of the democratic government. The next section describes macroeconomic policy since 1994, which has been articulated through the successive frameworks called the Reconstruction and Development Programme (RDP) and Growth Employment and Redistribution (GEAR). The section looks first at fiscal policies and then turns to monetary and exchange rate policies. The third section examines macroeconomic performance, looking at investment, savings and the balance of payments. The final section concludes by assessing the government's new economic framework, the Accelerated and Shared Growth Initiative for South Africa (ASGI-SA), adopted in 2005.

The political economy of crisis and transition

The origins of post-apartheid policies are found in the 'economic crisis' which started during the 1970s, characterised by a structural slowdown in economic growth reinforced by political problems. The slowdown was triggered by the global recession following the collapse of the Bretton Woods monetary system and the 1973 'oil shock'. In South Africa, spontaneous wage strikes from 1973 and student uprisings from 1976 added to slower growth by causing capital flight, while also forcing the government to relax many of the restrictions on the urban black population. The growth slowdown continued during the 1980s despite a brief respite when the

gold price rose over \$800 in 1980/1. Fixed investment dropped from more than 25% of GDP in the 1970s to about 18% in the mid-1980s and productivity growth in manufacturing from 2.3% per annum in the 1960s to 0.5% in the 1970s and -2.9% during the first half of the 1980s. despite slower growth overall, some sectors prospered while others declined. Macroeconomic policy favoured mining exports, but raised manufacturing import costs and lowered profitability. Financial institutions enjoyed a short-term profit boom as mergers and acquisitions rose and foreign corporations disinvested. Ownership concentration, and the economic power of white big business, increased: by 1990, six conglomerates centred on mining and finance controlled companies with 80% of the market capitalisation on the Johannesburg Stock Exchange.

An international anti-apartheid campaign calling for trade sanctions and disinvestment gained momentum as political upheaval increased during the early 1980s. In 1985 international creditors recalled South African public sector debt after the government declared a state of emergency. The capital outflows required for debt repayment further tightened the balance of payments constraint on growth, since investment depended on imports of capital equipment and intermediate goods. These economic pressures helped to shift South African business by 1989 to support democratisation, as they realised that higher growth depended on access to international capital flows which in turn depended on an acceptable political settlement ending apartheid.

The crisis re-shaped the black class structure and civil society as well. Extreme inequality *between* races which was characteristic of the 'grand apartheid' period from 1948 to the end of the 1960s was moderated during the 1970s, as more blacks with education and skills found work: employment in the services sectors grew, and technical and white-collar occupations increased their share of the labour force in all sectors. The number of Africans in 'middle class' occupations grew at more than 6% per annum, nearly trebling between 1970 and 1987 when 19% of employed Africans were in middle class jobs and Africans comprised nearly 25% of the middle class, with Coloureds and Indians another 18%. But there was increased class differentiation and inequality *within* race groups after 1975, as layoffs rose and job creation amongst low-skill blacks was non-existent. African unemployment was unofficially estimated at 11.8% in 1970 and 20.8% in 1980, with job losses primarily amongst unskilled African workers in manufacturing and construction.

The growing urban black professional middle class organised politically and socially through professional and business bodies, media and cultural associations, while a powerful trade union movement emerged, organising semi-skilled and unskilled black workers both in the workplace and outside it, working with community organisations and women's and students' groups. The exiled nationalist movement, the ANC, provided strategic focus to support internal political opposition, while also mounting low-key armed struggle and leading international boycott pressures. As the 1980s proceeded, both black organisations and white power holders outside the state came increasingly recognised their common interest in establishing non-racial democracy. In 1989, black trade unions and white big business campaigned together for the first time against state repression in industrial relations, which was a major step not only towards non-racial democracy but also a transition via *negotiations*, instead of the handover of power by a defeated apartheid state.

The form of the transition reflected the prevailing balance of class power at the time and defined the possibilities and limits of the negotiated outcome. The start of formal political negotiations gave impetus to an already-lively debate about post-apartheid economic policy,

which took place in a proliferation of conferences, workshops and meetings. Negotiations propelled the emerging black middle class to the forefront of the black opposition by providing this group with substantial new political resources, including much-enhanced space to engage in the economic policy process.

The economic debate was not a *tabula rasa* from which any outcome could emerge, the winning policy to be decided simply by political contestation amongst the contending parties, the ANC and the National Party government. In fact there were certain ‘structural imperatives’ reflecting the economic context in which the transition took place and which all sides had to address. The foremost issue was the urgent revival of growth, which would require increases in both foreign capital inflows and domestic fixed investment. Anti-apartheid forces had argued during the 1980s that South Africa’s exclusion from international trade and capital flows was necessary to *reduce* growth and thereby force whites to the bargaining table. The effectiveness of this strategy made it impossible to argue just a few years later that growth could now be reinvigorated *without* foreign capital inflows or re-entry to rapidly globalising international financial and trade markets. Similarly, even if a major economic role for the state was desirable, this would be possible only as a longer-term goal; raising domestic investment in the short term required establishing business confidence amongst domestic and foreign private investors.

Very soon after their unbanning, black opposition leaders acknowledged the growth and investment imperatives facing South Africa, and moved to reassure domestic and foreign investors while insisting on the need to address apartheid’s distributive legacy for reasons of social and political legitimation. A redistributive priority articulated early on by the ANC involved deracialising the ownership and management of the existing large corporate sector, notwithstanding that this affected “the sanctity of private property” (Mandela, 1990). The ANC was also mindful of the threat posed by ‘macroeconomic populism’ to the sustainability of its own long-term project, as illustrated by the fate of the *Unidad Popular* government of Chile in 1973 and of the Sandinista government of Nicaragua in the early 1980s, two progressive governments with popular support which had fallen at least in part as a consequence of the problems resulting from their very government expenditure.

The process of the economic policy debate was also crucial to the way in which specific reforms were introduced. The transition was long (four years) and the debate was decentralised, unco-ordinated and unofficial. There was no centralised political or technical co-ordination and therefore considerable space and autonomy for policy initiatives to proliferate, promoted by small interest groups. The ANC increasingly behaved like a ‘government in waiting’, while the existing state became increasingly incoherent and disorganised, even though many officials actively participated in the process.

A third important factor was the inherited capital stock. South Africa’s transition was different from others where capital assets and their owners were either physically destroyed by war, or politically defeated by revolution, or forced to evacuate the economy by decolonisation. The existing capital stock was very large and diverse, with manufacturing dominated by capital-intensive resource-based materials processing (basic metals, chemicals, pulp and paper), and these sectors would be the main beneficiaries of a shift towards export-led growth. An overwhelming proportion of the private capital stock was still owned by white business, a group which thus retained substantial power. As a result, there were limits on the scope and pace of shifting output and technology to more labour-intensive paths and of the transforming capital asset ownership away from a white monopoly.

A 'basic needs' policy with wide support amongst the ANC and its trade union allies was elaborated as the RDP, the ANC's 1994 election manifesto (ANC, 1994). Despite its great attractiveness in principle based on its directly attacking inequality, this approach was not feasible in the economic and political circumstances of the new democracy. The policy centred on small and medium producers, especially new black entrepreneurs, selling labour-intensive consumer goods into low-income domestic markets. But the set of technology, labour and output choices in production which this implied could not be introduced overnight, while even far-reaching positive discrimination in the post-apartheid capital market could only impact on racial distribution of assets in the longer-term. Further, the basic needs policy was unlikely to avoid significant macroeconomic instability even though it did not address the import dependence and export failure of manufacturing.

An accommodation – or 'implicit bargain' – soon emerged in the informal economic negotiations, reflecting a consensus over three policy objectives: maintaining macroeconomic stability (particularly in regard to low inflation and fiscal deficits); re-integration of South African trade and finance into international markets; and 'capital reform' to deracialise ownership and management in private and public sectors. Large differences remained over specific policies to achieve these goals, and detailed discussion was significantly influenced by the prevailing international conventional wisdom. In the early 1990s, for example, trade and capital account liberalisation and low fiscal deficits were a *sine qua non* for international capital inflows. But the main elements of the bargain have shaped economic policy since 1990.

Economic policy shifts

In the constitutional negotiations, the ANC's strategy emphasised stability, including reassuring whites to prevent a flight of capital and skills. The approach to economic issues reflected the same considerations, with the central bank governor and minister of finance from the pre-1994 government retaining their positions. Detailed policy formulation to implement the 'implicit bargain' started well before the 1994 elections, with ANC officials increasingly included as constitutional agreement was reached. As noted though, there was little policy co-ordination across issues relating to trade, financial markets and labour markets. By the end of 1994 when the ANC had been in government for just 6 months and the RDP was official policy, numerous reforms had already been introduced. Contractionary monetary policy had lowered inflation (which had been around 15 percent between 1973 and 1993) to single digits, fiscal deficit targeting had been explicitly adopted, central bank independence was enshrined in the Constitution, commitments on trade liberalisation had been formally agreed in the GATT, legislation had been passed opening the banking sector and the Johannesburg Stock Exchange to foreign participation and capital controls on non-residents had been scrapped. 'Capital reform' had started in 1993 with the first transfer of equity of a major insurance company to selected black beneficiaries, with other firms soon following. The economic policy shift was not just underway but effectively 'locked in', since the reversal of these policy reforms would have resulted in a massive loss of confidence, capital flight and increased costs of access to external capital.

During 1995, disappointment rose about the RDP's growth and employment impact, and government came to the view that a macroeconomic stimulus was necessary, possible via either currency devaluation or fiscal expansion. While policy discussion was still underway in February 1996, the first of three post-apartheid foreign exchange crises hit, and net capital inflows dropped from R11.2 billion in the second half of 1995 to R2.7 billion in the first half of 1996 while the nominal exchange rate's depreciation of 18 percent made devaluation

redundant. This shifted the priorities in the new macroeconomic policy, and when this was announced in June 1996 – named the *Growth, Employment and Redistribution* (GEAR) strategy – its immediate goal was to stabilise the foreign exchange market. Growth was to be achieved by raising both foreign direct investment and domestic fixed investment through more ‘credible’ (with international investors) macroeconomic policy, especially tighter fiscal and monetary policy. Further objectives included increased exports through a stable real exchange rate together with enhanced competitiveness from labour market reform, skills training and accelerated tariff reform.

But, as many emerging markets have discovered since the early 1990s, adopting and sticking to the ‘right’ policies – often restricting economic activity even when domestic conditions support relaxation – has not avoided external volatility and destabilisation. South African macroeconomic conditions have been dominated by foreign exchange crises in 1996, 1998 and 2001, each involving a capital flow reversal and exchange rate collapse. Growth, fixed investment, savings and the balance of payments have been adversely affected by inconsistent signals from the interest rate and exchange rate, offsetting the intended boost from lower fiscal deficits and inflation rate.

(i) Fiscal policy.

This is *the* economic policy success story since 1994. The new government had inherited a difficult fiscal position due to vast spending in the dying days of apartheid, when the old government tried to buy support from blacks and ensure whites’ supporters future well-being. The deficit rose from 1.4 percent of GDP in 1991 to 7.3 percent in 1993 and government debt from 29 percent of GDP in 1990/1 to 47 percent in 1994/5. Since 1994, the government has completely reconstructed the budgetary and expenditure processes and introduced improved systems of financial planning, expenditure management, reporting and accountability.

Together with the adoption of strict fiscal deficit targets from 1994, these reforms have contributed to the deficit’s steady decline to below 3 percent of GDP in 1999. The fiscal deficit has been one of the few GEAR targets actually achieved, perhaps because a powerful ministry – the National Treasury – has direct control over the policy instrument. However, other indicators, such as the primary surplus (revenue less non-interest expenditure), suggest fiscal policy has been erratic. Real non-interest expenditure grew 7.8 percent p.a. between 2001 and 2004, after real cuts of almost 2 percent p.a. the previous three years. But the primary surplus has actually declined since 2001, suggesting policy has remained contractionary. This underlines that fiscal policy cannot easily be used to stabilise economic activity when capital flows suddenly reverse and the exchange rate declines.

Lower interest rates and fiscal deficits have cut public debt from close to 50 percent of GDP to below 40 percent since 1999/2000, bringing down interest expenditure. This made room in the budget for an increased share of social spending, which rose by 23.8 percent in real *per capita* terms between 1993 and 1997, with significant redistribution across income and racial categories: per capita spending on the lowest income quintile increased by 28 percent and on the next two quintiles 56 percent and 31 percent respectively (Van der Berg, 2001). The distribution of spending remained stable between 1995 and 2004 with social service spending close to three-fifths of government current non-interest spending. Education accounts for 40 – 45 percent of social service spending, with health and welfare each receiving about one-fifth, and the remainder going to housing, land reform and water and sanitation programmes. To address inequality, the *outcome* of government spending is critical. We can distinguish between programmes which distribute money to poor people to supplement current incomes

or provide public goods and services which supplement current consumption, where government has been reasonably effective, from programmes which require asset transfers to the poor for housing or land reform, or ongoing service delivery to enable poor people to *build* assets, such as in education, where success has been limited. In the first category, social assistance programmes have wide coverage and are important in alleviating poverty especially in the rural areas. Between 2000 and 2002, 91% of eligible pensioners received their pensions, though only 44% of eligible recipients got child grants and 59% disability grants (Human Rights Commission, 2003, p 29).⁶ The South African social assistance system amounted to 2.1% of GDP in 1999, well above the 1980 Western European average of 1.54%. In 2004, nearly 21 percent of South Africans received some form of social assistance from the state, either directly or indirectly as a member of a household where assistance was received. (World Bank) By 2002, a free water grant to poor households was available in 69 percent of municipalities with 57% of the population. Outside the OECD, South Africa has perhaps the highest proportion of its population covered by social assistance, a significant achievement which helps poor people to cope with poverty.

In contrast, in programmes to create jobs and to enable poor people to build assets – two approaches to sustainable poverty reduction – outcomes have been less successful, even where expenditure shifts have been significant. Education spending per pupil is now equal across races, but a strong correlation remains between pass rates and pupils' race. The 'apartheid backlog' is unaddressed: forty percent of schools are inadequately supplied with classrooms and/or electricity, while 49% are without textbooks. Housing was a key RDP programme, and by 2003 1.48 million houses had been built, an average of 470 per day over eight years. But housing experts criticise government for a narrow focus on quantitative targets, undervaluing housing *quality*, physical durability and also the diversity of housing demand and broader community development. Land reform budgets have fallen well short of needs. By 2002, only 1% of farmland had been transferred compared to a 30% target (Aliber & Mokoena, 2003, p331).

Since 1994, public investment has grown faster in social infrastructure than in economic infrastructure. Between 1994 and 1997 overall public investment rose in real terms by 9 percent per annum and from 3.7 percent to 4.7 percent of GDP, but then declined from 1998, given the broad fiscal stance. After the 2001 Budget, it grew by close to 10 percent annually for two years. Nonetheless, public capital spending has remained below 5 percent of GDP since 1992 compared with 10 percent during the 1980s.

Fiscal policy success has been helped significantly by the huge improvement in tax collection. The SA Revenue Service was modernised, resulting in greater efficiency, a wider tax base as more people were drawn into the tax base, and greater taxpayer compliance. From 1998/99 to 2002/3, the number of individual and company taxpayers each grew about 12 percent p.a. Tax revenue rose from a low of 22.6 percent of GDP in 1995/96, and has remained just below the GEAR-specified ceiling of 25 percent since 2001/2. Improved revenue has enabled reduction of tax rates, but 86 percent of the R72.8 billion of forgone taxes since 1994/95 has been allocated to personal income tax cuts for the middle classes, supporting higher consumption spending, rather than alternatives such as public spending on the poor or lower business taxes

⁶ These numbers may be an overestimate. Van der Berg estimates 75-80% coverage (van der Berg & Bredenkamp, 2002).

to support job creation. The income tax burden – the share of aggregate personal income paid in tax – fell from almost 15 percent to below 12 percent.

(ii) Monetary and exchange rate policy

In any economy, the monetary authorities would choose, if they could, to have an open capital market to enable access to external finance, and a stable nominal exchange rate to support international trade *and* the freedom to adjust interest rates to meet domestic objectives such as output growth and price stability. But these three goals constitute a ‘trilemma’: only two can be pursued simultaneously, at least in the medium-term, so policy authorities must decide which one to abandon.

Until 1994, South Africa’s capital account was closed, with exchange controls and a dual exchange rate (commercial and financial rand rates) to discourage capital outflows and disinvestment. Domestic business strongly favoured liberalisation to allow capital outflows, and the Reserve Bank was committed to this by 1994. The two-tier currency was abolished in March 1995 removing restrictions on foreign owners of capital, and three-quarters of the foreign exchange control regulations on domestic investors were eliminated by 1998. In 1995, branches of foreign banks were allowed to operate and the Johannesburg Stock Exchange admitted foreign brokers. By 2000, there were 12 foreign bank branches and 61 representative offices in South Africa. Inflows of direct foreign investment have also been encouraged by the establishment of promotion agencies to woo foreign multinationals and more liberal regulatory regimes in most infrastructural services.

After opening the capital markets, the Reserve Bank initially tried to avoid the trilemma and pursue all three objectives. The Bank was anxious about excessive *inflows*, which can cause price inflation and exchange rate appreciation damaging international competitiveness. Between July 1994 and June 1995, there was a *net* inflow of R18.6 billion (about 3.8 percent of GDP), compared with the accumulated net outflow of R50 billion between the debt standstill in 1985 and 1993. Capital account liberalisation in March 1995 was also intended to reduce *net* short-term inflows by offsetting large gross inflows with capital outflows. Capital inflows were used to increase foreign exchange reserves, enabling the Reserve Bank to reduce its large ‘contingent liabilities’ of US\$25.8 billion in the forward foreign currency market, which were a source of financial weakness.

Up till August 1998, the Reserve Bank raised real interest rates to hold back inflation, and ‘sterilised’ net capital inflows, keeping them offshore to limit money supply growth, also to restrict inflation. the nominal exchange rate was slowly depreciated to enhance competitiveness while avoiding inflation. Trying to avoid the trilemma was an optimistic strategy, and possible only if net capital inflows were large and had long-term maturities. This was the case between March 1995 and January 1996, and again between September 1996 and April 1998. But an open capital market meant that net inflows were susceptible to abrupt reversal, which occurred in both February 1996 and May 1998, the first triggered by domestic political uncertainty and the second in the wake of the Asian crisis. Expecting a rand depreciation, foreign portfolio investors’ herd-like behaviour – rushing to sell rand-denominated assets to avoid losses in their own currency – produced a self-fulfilling prophecy. In both episodes, the Reserve Bank tried to stem the outflow by selling dollars into the market and increasing its future commitments to buy dollars, a costly and ultimately wasteful exercise. In September 1998, these commitments were roughly the same as in March 1995, but billions had been wasted in the interim. At the same time, real interest rates were hiked – about 2.5 percent in 1996 and a full 7 percent in 1998 – in a vain effort to attract

foreign portfolio capital back to the economy. In both crises, the rand eventually re-stabilised at levels about 20 percent below the pre-crisis level and net capital inflows rose.

Late in the 1996 crisis, the GEAR policy statement was issued to address (portfolio) investor credibility. GEAR explicitly committed government to *all three* 'trilemma' objectives. But in September 1998, the Bank decided the costs of trying to achieve all three objectives were too high, and policy entered a new phase. Capital account liberalisation was not put in question, but the priority on low inflation meant that exchange rate stability was abandoned in favour of monetary policy autonomy. This was formalised with the introduction of inflation targeting from February 2000. The target is set by the Minister of Finance while the Reserve Bank uses interest rate adjustments to meet it. The initial target was 3-6 percent by April 2002. Although inflation inertia had broken by 1993 and the CPI dropped steadily from 10 percent until 2000 (helped by tariff liberalisation and increased product market competition after 1994), the rand's nominal depreciation of 25 percent in late 2001 pushed up prices and the inflation target was missed. Nominal interest rates had dropped after 1998 but the Reserve Bank raised them during 2002 to restore price stability; by late 2003, it had met the target and interest rates began dropping again. As in 2002-3, interest rate increases are often appropriate within an inflation targeting regime but their timing is often at odds with the stage of the business cycle. This underlines the rigidity of inflation targeting which focuses on a single objective, the price level, ignoring the need for output stability in the real economy.

Since mid-2001, the rand has been possibly the most volatile currency in international markets, which further reinforced the negative impact of higher interest rates. In 2001, a third rand crisis occurred, the causes of which remain unclear despite an official inquiry. In real trade-weighted terms, a slow 25 percent depreciation between late 1998 and August 2001 was followed by a sudden depreciation of another 25 percent in three months, and then by a 45 percent appreciation over 18 months to mid-2003. Capital flows have been equally unstable, with five abrupt and large reversals in two years from mid-2001, a period of increased turbulence on international financial markets, with the dotcom bubble bursting, the 9/11 attacks, rising commodity prices, the Iraq war, and dollar weakening. On the other hand, floating the exchange rate has enabled the Reserve Bank to eliminate its forward exchange rate contingent liabilities and rebuild its balance sheet, with the additional help of foreign borrowing by government. This has strengthened South Africa's financial health and led to an upgraded rating from international credit agencies. A drop in the long-term bond yield and a narrower differential between US and South African yields also reflect a stronger financial position.

But the positive financial impact must be counterbalanced by the conclusion that policy has, intentionally or not, privileged financial concerns over production and portfolio investment over fixed investment. Throughout the decade, exchange rate volatility has meant inconsistent signals from the exchange rate to producers of tradables, increasing uncertainty and encouraging 'waiting' in production and investment decisions. At the same time, interest rate policy has been concerned narrowly with lowering inflation, so that it is hard not to conclude that domestic price and fiscal stability have been achieved only at the expense of external instability, giving the lie to the repeated claims by the monetary and fiscal authorities that 'macroeconomic stability has been achieved.'

Macroeconomic performance

Fixed investment has fluctuated markedly since 1993, first rising in response to GDP increases, then slowing from 1996 through 2001, probably due to external volatility. More

rapid investment from 2002 may be due to currency appreciation which has lowered the cost of imported machinery. In longer-run perspective, even though profitability and productivity in the private sector have improved significantly during the 1990s, private investment has averaged only 12.1 percent of GDP between 1994 and 2003, compared with more than 13 percent in 1982 and 14 percent in 1988 (after the foreign debt standstill), and 10.6 percent average between 1990 and 1993, when the economy was in deep recession and the political situation in deep uncertainty.

Poor private sector investment has been partly due to sluggish aggregate demand in the face of contractionary fiscal policies, exchange rate volatility and interest rate fluctuations. But low confidence is also related to uncertainty about the 'socio-political environment', and this may in turn reflect reluctance to make long-term financial commitments because of anxiety that the future operating environment may be affected by South Africa's high inequality. As noted above, the 'gap' in investment demand has not been filled by a substantial increase in public sector investment, which, though rising, remains well below 1980s levels as a share of GDP.

National savings since 1994 have ranged from 14.5 to 17 percent of GDP, well below 1980s levels. Policy since 1994 has been premised on the neo-classical economic view that savings are a constraint on investment and growth: the tight fiscal stance from 1993 was justified by the need to raise government savings. These were negative during the early 1990s spending spree, but have been above 2.5 percent of GDP since 1999. More generally it does not appear that investment has been held back by low savings, since the latter have exceeded investment in all but two years since 1994, and corporate savings have been sufficient to finance corporate investment.

At the same time, the propensity of corporations and households to save from income may have dropped, so that income growth would yield a smaller volume of savings than before. Corporate savings have declined in real terms and as a share of GDP since 1996, notwithstanding a rise in net profit from 24.7 percent of GDP in the 1980s to 31.1 percent since 1994, suggesting higher dividend payouts in preference to retained earnings to fund investment. Households have been increasing consumption out of income: their savings have fallen from the very low level of just over 1 percent of GDP in 1995, compared with a 1980s average of 2.8 percent. Consumption growth of 3.33 percent per annum since 1994 has been faster than growth of both GDP and of household disposable income per capita, which grew at only 0.83 percent per annum. After 1993, household wealth rose with dropping inflation and rising asset values (especially housing), enabling a consumption spurt in the mid-1990s which continued as interest rates declined from 1998 and lowered household debt levels.

In the balance of payments, re-opened access to international borrowing since 1993 has enabled South Africa to return to the 'normal' developing economy position with a current account deficit and net capital inflows. The current account deficit has remained small since 1994, never rising above 2 percent of GDP, and since 1999 has been very close to zero. Both imports and non-gold exports have risen by around 50 percent since 1993 (measured as a share of GDP). Volume indices show that imports grew very rapidly until 1997 with trade liberalisation and then levelled off. Higher exports – partly driven by currency depreciation – include a much larger share for manufactured goods particularly materials processed from natural resources. Gold exports have declined: the gold production index dropped from 120.7 in 1986 to 86.6 in 1999. with a very small deficit in non-factor services (including tourism and transport), the overall trade balance has consistently been in surplus, averaging just over

1 percent of GDP between 1995 and 1998 but then rising to 3 percent since 1999. A deficit in factor services (including international wage, interest and dividend payments) has been a problem for decades, but since 1994 has been below its 1980s levels (20 percent lower in US dollar terms), even though it rose from 1.9 percent of GDP in 1995 to 2.6 percent in 2000, in part due to the relocation to the UK and US of major corporations.

In the capital account, net capital inflows have exceeded the current account deficit and would have been sufficient to finance higher domestic fixed investment, had this been required. Instead, capital inflows have been used to build foreign exchange reserve stocks. Because South Africa has highly-developed financial markets, volatile portfolio inflows have been the largest component, much larger than more stable inflows such as direct investment or bank loans. By 2000, gross non-resident transactions (purchases plus sales) represented 52 percent of turnover on the equity market, and 23 percent on the bond market. Between 1995 and 2002, South Africa received two-thirds of gross market-based capital flows to Sub-Saharan Africa, and 101% of net portfolio equity flows. South Africa's share of all developing country inflows were 3.3% and 22% respectively. By contrast, inflows of foreign direct investment since 1994 have been disappointing, with gross inflows averaging \$1.86 billion per annum between 1994 and 2002. South Africa differs from other middle-income countries in receiving far smaller direct investment than portfolio inflows. Firm surveys confirm that FDI inflows have been small: the median capital stock of foreign firms which entered after 1990 was only US\$ 2 million in 2000.

Towards the future: Will ASGI-SA make a difference?

Not only has growth in recent decades been low, but the pattern of growth has been 'unequalising'. Significant shifts in the sectoral composition of output and of trade between 1990 and 2003 have led to a 'skills twist' in the labour force, where jobs have been created for highly-skilled workers at a relatively rapid rate but unemployment amongst low-skilled workers has grown. Output shares of mining and manufacturing have declined while that of services increased, with transport and communications and financial services growing particularly strongly. Within manufacturing, labour-intensive sectors (food and beverages, textiles and clothing, and footwear) grew far slower than capital-intensive materials-processing sub-sectors like basic metals, wood products and chemicals. The shift to more capital-intensive sectors was linked in part to international trade. Between 1993 and 1997, import penetration in labour-intensive sectors rose from 55.5 percent to 67.5 percent, driven by trade liberalisation and squeezing domestic production and employment. At the same time, the share of exports from capital-intensive sectors rose from 56.1 percent to 60.8 percent. Overall, the composition of merchandise exports shifted from minerals to basic processed goods (chemicals and plastics, wood products and basic metals) and machinery and equipment after 1990, reflecting increased domestic processing of natural resources.

Since 2003, the government has acknowledged that inequality & poverty have not been successfully addressed in the post-apartheid era. President Mbeki has argued that South Africa comprises 'two economies':

The 'third world economy' exists side by side with the modern 'first world economy' ...[but is] structurally disconnected from [it].... [To] end the 'third world economy's' underdevelopment and marginalisation...will require sustained government intervention [and] resource transfers ... includ[ing] education and training, capital for business development and ...social and economic infrastructure, marketing information and appropriate technology." (Mbeki, 2003a)

Government policymakers talk of ‘building a staircase’ from the second economy to the first, and suggest that the European Union’s ‘structural funds’ to address regional disparities offer a useful model for first economy resources to be channelled to the second economy.

The new ASGI-SA policy framework aiming to halve the share of the population which is in poverty by 2014 is based on the ‘two economies’ concept. It targets massive expansion of infrastructure and skills: planned spending on infrastructure amounts to nearly five percent of GDP *per annum* over the next 5 years, with a parallel increase in the scale of human resources allocated to skills development and education. ASGISA aims to boost employment by prioritising the tourism and business process outsourcing sectors, both labour-intensive export sectors with opportunities for small and medium-sized businesses.

From a poverty-reduction perspective, ASGI-SA has several difficulties. The ‘two economies’ concept explicitly assumes there are no linkages between the first and second economies, ignoring interactions between growth and inequality. But not only does ‘first economy’ growth widen the gap between the ‘two economies’, in addition the social consequences of the ‘second economy’ lower growth, for example by damaging investor confidence. This suggests that uplifting the second economy may require significant restructuring of the first economy, which could involve challenging established interests. Second, almost all the massive increase in infrastructure spending is aimed at reducing ‘the costs of doing business’ in the first economy, rather than extending infrastructure services to those in the second economy. Third, much greater policy priority will have to be given to SMMEs than has been true since 1994, despite oft-stated intentions. A concern here is that the ratio of risk to reward facing potential black entrepreneurs is much less favourable than for their alternative, opportunities for black economic empowerment (affirmative action) positions in the (formerly white) corporate sector. Fourth, the proposed ‘staircase’ involves programmes like skills development intended to transfer assets to the poor. But government needs to learn how to successfully implement such asset-based programmes, which will take time, so that the 2014 targets may be over-ambitious.

Finally, financial resources may be inadequate. The current grants systems already commits a high level of resources to poverty alleviation via the grant system, and this expenditure cannot be simply redirected to finance asset-based programmes, even if there is scope to do so over time. In the short-term, additional finance will be necessary. On one hand, ‘first economy’ growth may be unable to provide extra resources. The current international macroeconomic environment faces numerous challenges, including the disequilibrium between the US and Chinese balance of payments and the effects of Middle East instability on oil prices and currencies. ASGI-SA acknowledges macroeconomic volatility as a major potential constraint but offers no policy to manage it. Indeed, the SA Reserve Bank has argued that volatility is ‘a fact of life beyond its control’. On the other hand, even with adequate growth, fiscal resources may be constrained. ‘Easy’ fiscal gains from tax and revenue collection reform are levelling off, and there appears to be limited political will amongst the middle classes, black and white, who comprise the bulk of taxpayers, to accept higher taxes to support transfers to the poor, as indicated in the debate on proposals to introduce a basic income grant (BIG).

Conclusion

We asked at the outset whether the reductions in the fiscal deficit and the inflation rate during the past decade can be taken to represent macroeconomic ‘success’, given the volatility in the external accounts over the same period, and asked also whether this ‘success’, if it be so judged, came at too high a price in the form of low growth of output and employment. The

paper has answered the first question in the negative and the second in the affirmative, and the ASGI-SA framework suggests that the government has reached similar conclusions.

Nonetheless, many believe that South African economy has ‘turned the corner’ and established itself on a higher growth path, after growth of 4.5 percent in 2004 and 4.9 percent in 2005. The currency has steadily but slowly appreciated since early 2002, the risk premium on South African bonds has declined significantly, and domestic interest rates dropped from 17% at end-2002 to 10.5% in mid-2005. The global commodity price boom driven by Chinese and Indian growth pushed up South Africa’s export earnings during this period, while the rapid growth of the black middle class due to ‘Black Economic Empowerment’ (BEE)⁷ released pent-up demand for housing and consumer durables and raised overall household consumption expenditure. But consumption-fuelled growth has sucked in imports, which grew nearly 10 percent in 2003 and 15 percent in 2004. In early 2006, the current account deficit had reached 6.4 percent of GDP, the worst level since 1982. As noted above, the international economy is also unstable, so that South Africa could experience yet another foreign exchange shock in the next two to three years, if global pressures draw ‘hot money’ capital flows out of relatively risky emerging markets. It is too early for a definitively optimistic conclusion.

References

Aliber, M & R Mokoena. The land question in contemporary South Africa. In J Daniel, A Habib & R Southall (eds), *The State of the Nation: South Africa, 2003-2004*. HSRC Press, Pretoria, 2003.

ANC, The Reconstruction and Development Programme (RDP). Johannesburg, 1994

Hoogeveen, J & B Özler, Not separate, not equal? Poverty & inequality in post-apartheid South Africa. *World Bank Working Paper*, Washington DC, 2004

Human Rights Commission. 4th Annual Economic and Social Rights Report: 2000 – 2002. Johannesburg, 2003.

Mandela, N. Options for Building an Economic Future. *Investment Analysts Journal* (Johannesburg), 33, Summer, 1990.

Mbeki, T. Letter from the President: Bold steps to end the ‘two nations’ divide. *ANC Today*, 3(33), 22 August 2003.

Van der Berg, S. Trends in Racial Fiscal Incidence in South Africa. *South African Journal of Economics*, 69:2. 2001.

In addition, this paper draws heavily from some of my earlier work:

“Addressing Inequality in South Africa”, Paper prepared for SID Conference on Creating Wealth through Growth & Equity, Nairobi, May 22-23 2006 www.the-edge.org.za.

“Inequality in South Africa: Nature, causes and responses”, Paper prepared for DfID Policy Initiative on Addressing Inequality in Middle-income Countries, November 2003 www.the-edge.org.za.

“The South African Economy: An overview, 1994 – 2004”, in J. Daniel, J. Lutchman and R. Southall, (eds), *The State of the Nation: South Africa 2004-05*, Cape Town; HSRC Press and Michigan; Michigan State University Press, 2004.

⁷ The share of black people in the middle class is now estimated as 55 percent, compared with 25 percent 15 years ago.

4 Who are the poor? The size and structure of the poverty problem

By David Everatt

Tables

Table 1: Different models for defining poverty

Table 2: Indicators used to construct the poverty index

Table 3: Poverty by province 1996 and 2001

Table 4: Poverty index scores for all nodes and South Africa, 1996 and 2001

Table 5: Indicator and overall poverty scores for South Africa, 1996 & 2001

Table 6: Indicators by node, 2001 (ISRDP)

Table 7: Indicators by node, 2001 (URP)

Graphs

Figure 1: ISRDP nodes (Source: www.dplg.gov.za)

Figure 2: The URP nodes (Source: www.dplg.gov.za)

Figure 3: Poverty scores for South Africa, ISRDP & URP, 1996 and 2001

Figure 4: Poverty by province, 1996 and 2001

Introduction⁸

Tackling poverty in South Africa is probably one of the very few areas where consensus exists across political, racial and other lines of division. But the agreement stops right there – it does not cover how poverty is understood, how it is defined, who is and who isn't poor, what to do to about poverty, and so on. This is true within the ruling tripartite alliance (comprising the African National Congress (ANC), South African Communist party (SACP) and Congress of South African Trade unions (COSATU)), as well as beyond it.

Our concern here is less with the debates and disputes over poverty, which have been analysed elsewhere⁹, than with an attempt to outline the scale and nature of poverty in South Africa. To do so, the chapter uses data from the 1996 and 2001 censuses, and focuses on the 21 poorest 'nodes' in South Africa: 13 in rural areas comprising the focus for the Integrated Sustainable Rural Development Programme (ISRDP) and 8 doing the same for the Urban Renewal Programme (URP).

The chapter is based on work done for the Department of Social Development (DSD), which has commissioned socio-economic and demographic baseline studies in the 21 nodes. The views presented in this paper are those of the author and do not represent positions of the South African Department of Social Development. These nodes were selected because of the deep poverty in which many of their citizens live, though it is unclear what variables were used to identify the nodes. The ISRDP and URP aim to transform their respective nodes into economically vibrant and socially cohesive areas

⁸ Thanks to Ross Jennings for mastering census data and extracting the statistics used here.

⁹ These issues are discussed in detail in Everatt D. (2004) 'The politics of poverty' in Everatt D. and Maphai V. (ed.s) *The (real) state of the nation: South Africa since 1990* (Interfund, Johannesburg).

initially through anchor projects to kick-start the programmes, and then through better co-ordination between departments geared to providing an integrated suite of services to all citizens, especially those living in poverty.

The chapter uses 1996 and 2001 census data to map poverty in all 21 nodes, providing time-series analysis of socio-economic and demographic indicators as well an overall poverty matrix constructed from variables used in the census. Poverty is analysed in space (across all 21 nodes) and across time (in 1996 to 2001). Predictably, though still shocking, rural poverty emerges as considerably worse than poverty in urban areas, and poverty scores for the ISRDP nodes are almost twice as high as those for the URP. These poverty scores are also analysed in provincial and national context, by using the same poverty matrix for all provinces and the country as a whole and comparing results with the ISRDP and URP nodes.

Using census data has both positives and negatives, most of which are well known. Our approach is to use a poverty matrix proposed by Statistics South Africa¹⁰ - though, curiously, not applied by the agency to its own census (or other) data – to measure poverty. The census has far greater reliability than any sample survey, particularly in allowing us to focus on specific spatial areas and retain reliability. It also includes the variables later suggested by Statistics South Africa as a poverty measuring tool. But it has all the rigidities of censuses, a limited number of explanatory variables and thus of cross-tabulations, and of course only takes us to 2001. But these are not confounding problems, and the chapter outlines the scale of poverty – using a more broad-based approach than merely unemployment statistics, as frequently done by commentators – as well as government’s successes, failures of current challenges in eradicating poverty in South Africa.

¹⁰ Statistics South Africa: *Measuring Poverty* (Pretoria, 2000).

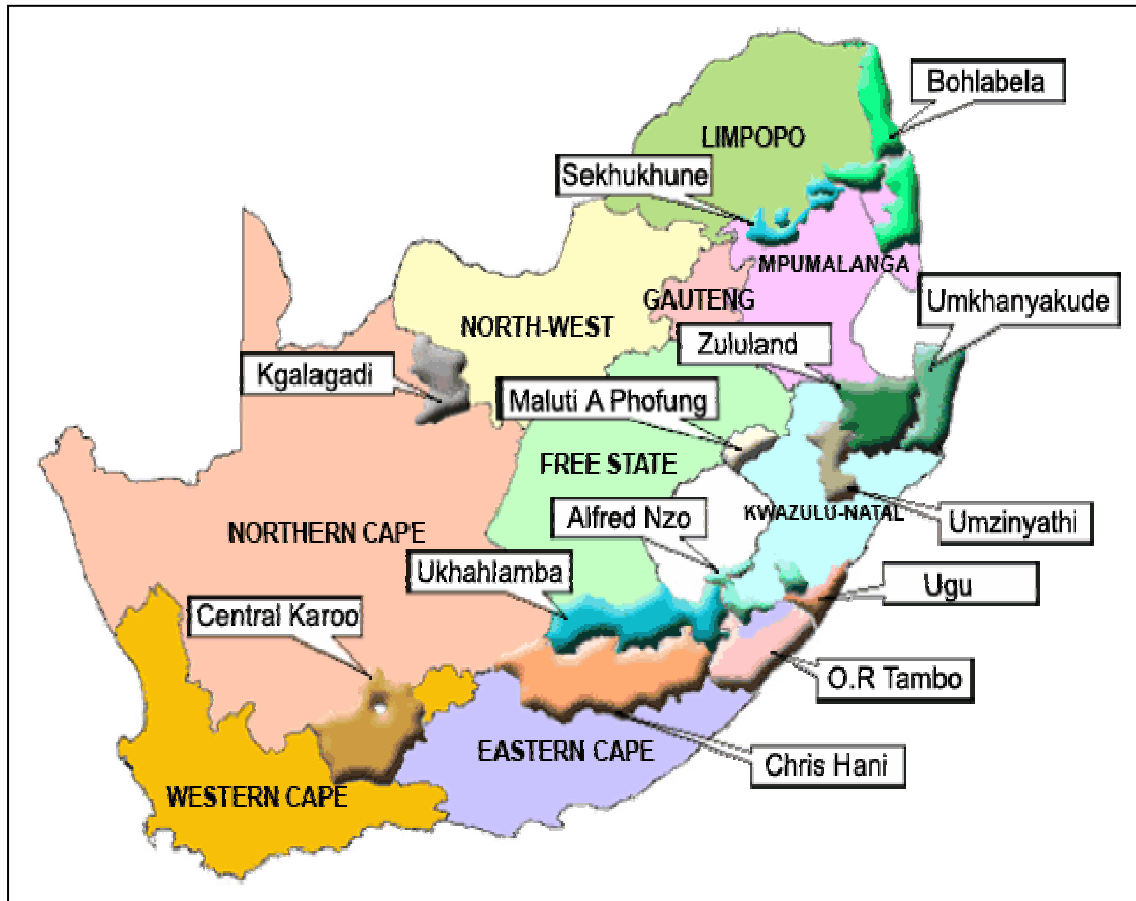


Figure 1: ISRDP nodes (Source: www.dplg.gov.za)

Methodology

The data in this report have been extracted from Census 1996 and Census 2001. For the ISRDP (district municipalities) and URP (suburbs or townships) nodes, the data relate to the entire population of individuals or households in the respective geographic areas as defined by the two censuses. The construction of a detailed poverty matrix allows us to analyse poverty within and across individual nodes, for all URP and ISRDP nodes (programme level), for provinces and for the country as a whole. Using census data requires an indicator-based method for both nodal and poverty profiling.

Our understanding of poverty in South Africa is partly influenced by international indices, such as the Human Development Index produced by the United Nations Development Programme (UNDP), or the competitiveness index produced by the World Economic Forum. These reports use particular indicators and assess countries in their totality. What these reports often fail to reflect (because they are working at national level) is the deep inequality that South Africa inherited from its past; or the pockets of poverty that mark urban areas and disappear when assessed at aggregate level.

This chapter seeks to avoid these problems by working from nodes upwards to programme, provincial and national levels. Data for the urban nodes are specific to the nodal site, with some possible inaccuracies with the 1996 data because of the various demarcation processes that subsequently have occurred. That said, we have been able to isolate the specific nodes for analysis: data for Alexandra, for example, do not include nearby (and far wealthier) Sandton; the same goes for other URP nodes. Most URP

nodes are fairly specific areas such as Mdantsane, Inanda, Mitchell’s Plain and so on. However, most ISRDP nodes are larger administrative units – district or local municipalities such as Zululand, Alfred Nzo, Central Karoo and so on – and therefore automatically include larger spatial areas and populations than their urban counterparts.

Even so, as we demonstrate below, the poverty of the rural nodes is staggering, and at an aggregate level is twice that of the urban nodes. There may be small peri-urban pockets of the better off, such as Port St Johns in the midst of O R Tambo, but these make little impact on the overall levels of poverty in the 13 rural nodes, highlighting how acute poverty is and how urgently it needs to be addressed.

There is considerable debate about the definition of poverty and the appropriate indicators to measure it¹¹, some examples of which are shown in Table 1 below.

World Bank	UNDP (Human Poverty Index)	Statistics SA
Income per capita	Education	Education
	Life expectancy	Unemployment
	Health services	Dwelling type
	Water	Household composition
	Malnourishment	Household expenditure
		Household size
		Water
		Refuse removal
		Sanitation
		Electricity
		Telephone

Table 1: Different models for defining poverty

Although not to be conflated with poverty, there are also a number of measures of development that bear noting:

- UNDP’s Human Development Index – consists of education, GDP per capita and life expectancy;
- the UN Millennium Development Goals – Goal 1 is to eradicate extreme poverty and hunger and consists of income per capita, child malnutrition, primary school completion, gender equality in schools, child mortality, maternal mortality and HIV/AIDS prevalence (and will be covered in the baseline survey);
- and so on.

Evidence across different countries shows that poverty and the standard of living are directly related to resource availability and income – these resources often include access to water, sanitation, electricity, housing, education, health care and land. When using a composite definition, poverty measures can generally be grouped into four major categories:

- *Economic* – including monetary indicators of household well-being, ownership of assets, etc.

¹¹ See Everatt D. (2004) ‘The politics of poverty’ in Everatt D. and Maphai V. (ed.s) *The (real) state of the nation: South Africa since 1990* (Interfund, Johannesburg).

- *Social* – include non-monetary indicators of household well-being, such as access to education, health and other basic services.
- *Demographic* – focus on structure and size of households.
- *Vulnerability* – focus on issues such as physical insecurity and environmental hazards.

Choosing which indicators to use in defining poverty matters – different indicators can lead to different poverty rankings, priority target groups and areas, different targeting strategies, and so on. This has important implications in terms of determining who the poor are and where they are located as well as designing programmatic responses to poverty – i.e. what is needed to move people out of poverty.

The poverty index

This chapter uses an indicator-based method of defining poverty, unavoidable given use of census data. The selection of indicators was influenced by current international trends and local conditions, as well as reflecting key service delivery areas of government – infrastructure, services, health, education and job creation. To measure poverty within the limitations of census data, the following ten indicators, and their corresponding definitions, were used:

Indicator	Definition
Female-headed households	Proportion of households headed by women
Illiteracy	Proportion of population (15+) who have not completed Std 5/Grade 7
Rate of unemployment	Proportion of the economically available population who are unemployed (regardless of whether or not they recently sought work)
Household income	Proportion of households with no annual income
Over-crowding	Proportion of households sharing a room with at least one other household
Dwelling type	Proportion of households classified informal or traditional
Sanitation	Proportion of households who do not have a flush or chemical toilet
Water	Proportion of households who have no tap water inside dwelling or on site
Electricity	Proportion of households who do not have electricity for lighting purposes
Refuse removal	Proportion of households whose refuse is not removed by local authority

Table 2: Indicators used to construct the poverty index

For each indicator, the relevant proportion (as a score out of a 100) was calculated. The poverty index was then calculated by adding all the scores for each indicator and dividing by 10 to obtain an average overall score out of 100. A score of 100 would reflect an extremely high level of poverty while a score of 0 would reflect an extremely low level.

To make sense of the data, just remember that a high score is bad news, because it means high levels of poverty. So, for example, if we find that in 1996 Central Karoo scored 28.3 on the refuse removal indicator, this means that 28.3% of households in the node did not have their refuse removed by their local authority. The same applies to the composite poverty score. For example, in 2001, Sekhukhune scored 54.0 while Alexandra scored 24.4: this means that over half (54%) of the Sekhukhune population lived in high poverty in 2001, true of a quarter (24.4%) of the population of Alexandra. The scores are proportions; and high scores are bad news.

Limitations

The master sample for the 1996 Census and 2001 Census were different. In addition, changing municipal demarcations will have affected some of the ISRDP nodes between the two census outings (the process has continued with recent demarcations removing cross-border nodes). Furthermore, the URP nodes were not easily extracted from the 1996 census using the data made available to the public. Two specific nodes where caution should be exercised for the 1996 census data due to potentially different geographic boundaries are Mitchell's Plain and Inanda. These problems did not recur when re-analysing data from the 2001 census.

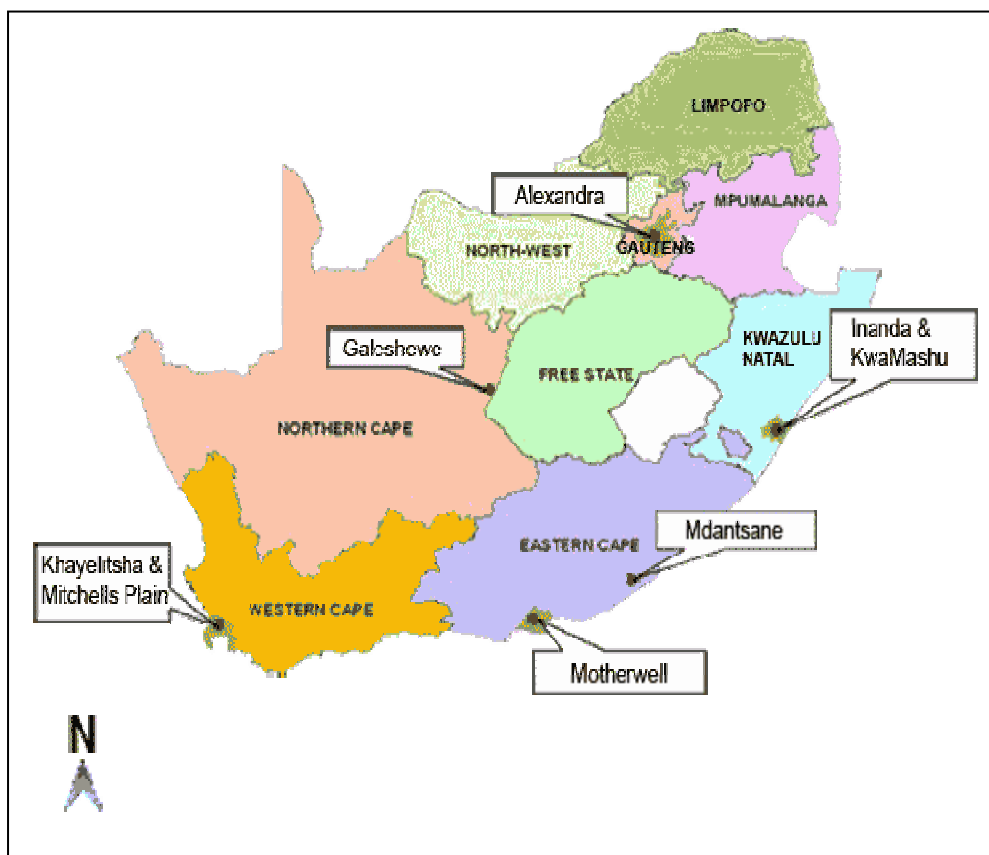


Figure 2: The URP nodes (Source: www.dplg.gov.za)

As a result of the above there may be slight population variations from 1996 to 2001, which can be explained by these administrative changes rather than actual changes in the life circumstances of the populations of these nodes. Nevertheless, the similarities in population size across the two censuses strongly suggest that only slight changes result from changing geographic boundaries; and that one should look at the changes in life circumstances across time with confidence.

Analysing poverty in the 21 nodes

A poverty matrix was constructed based on variables included in the censuses of both 1996 and 2001. The variables in the matrix include both household and individual-level data, and include the following:

- Female-headed households
- Illiteracy (the proportion of population aged 15 and above who have not completed Std 5/Grade 7)
- Rate of unemployment
- Household income (the proportion of households with no annual income)
- Crowding (the proportion of households sharing a room with at least one other household)
- Dwelling type (households classified informal or traditional)
- Sanitation (households without flush or chemical toilet)
- Water (households without tap water inside dwelling or on site)
- Electricity (households without electricity for lighting purposes)
- Refuse removal (households whose refuse is not removed by local authority)

We are not seeking to defend this as the ‘best’ or most robust definition of poverty – it lacks a substantial gender angle, has nothing to cover security/vulnerability, ‘voice’, and so on. But the censuses are a uniquely powerful dataset deserving rigorous analysis for what they can tell us about poverty in South Africa, and avoid much of the sampling, question phrasing and other disputation attendant on sample surveys. Census data are a key national resource that can be analysed nationally and at lower levels – such as the 21 nodes – than virtually any national sample survey. In other words there is a trade-off between the reliability of the data at nodal level and the breadth of poverty-related variables.

We have also had to draw dividing lines, which may be disputed. For example, some may feel that households with VIP pit latrines should be excluded from the definition of poor households, not included as we have done; that traditional dwellings should similarly be excluded; and so on. More importantly, it can be argued that this or that indicator should be weighted more than others. For example, unemployment may be seen as more important in measuring poverty than the indicator for over-crowding of households - that it should not merely count as 1 of 10 but should carry more weight and others less.

These are fair points; but we have decided to take the route of constructing this matrix from the censuses, thus restricting analysis to available variables, and preferring the simplicity of 10 variables without weighting any above another. Every definition is open to dispute, including this one. Ultimately, however, poverty has to be defined and lines have to be drawn somewhere, and these are the choices we have made in compiling this chapter.

Poverty levels 1996 to 2001

Looking at the results in Figure 3 below, we see that poverty in the 13 ISRDP nodes is far higher than in the URP nodes, predictably. Moreover, levels of poverty in the URP nodes are on average lower than those for the country as a whole, reflecting the scale of rural poverty and its impact on poverty levels in South Africa. Urban nodes are poor, but far less poor than their rural counterparts. Even poor urban areas act as magnets attracting those capable of migrating out of the depth of poverty in many rural areas.

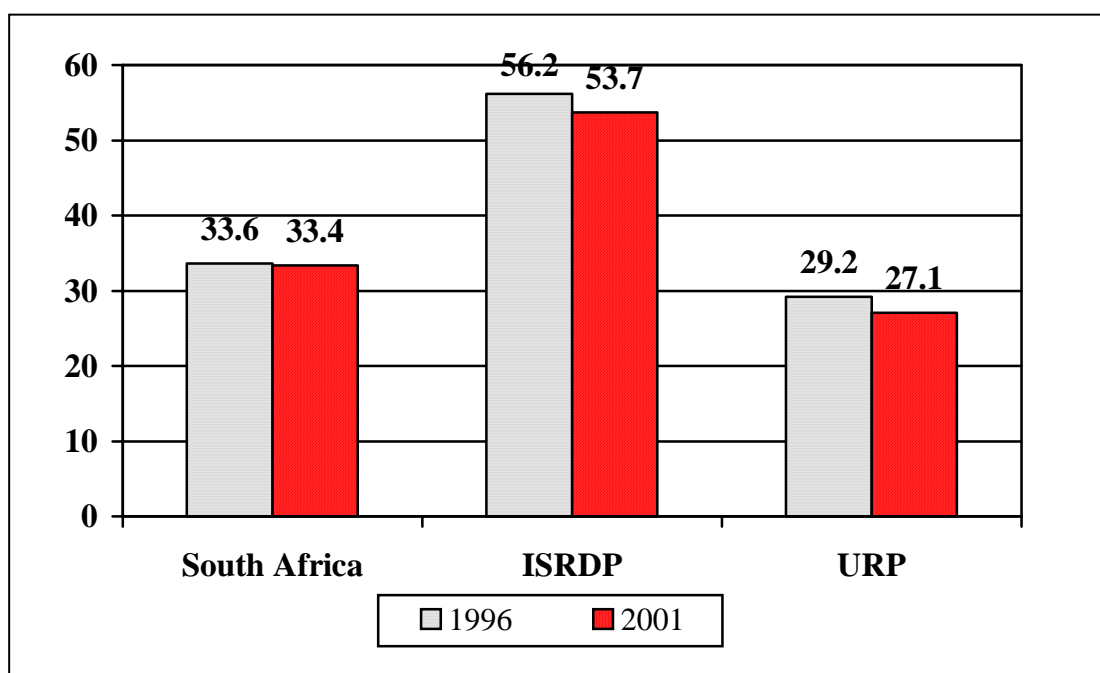


Figure 3: Poverty scores for South Africa, ISRDP & URP, 1996 and 2001

But – far less predictably – we see that poverty *dropped* between 1996 and 2001 in the country as a whole (very slightly) between 1996 and 2001, by 0.2%; and did so by greater margins in the urban (2.1% down) and rural nodes (2.5%); this may seem slow and steady rather than spectacular, but is a considerable achievement.

A third of South Africans lived in poverty in both 1996 (33.6%) and in 2001 (33.4%), with a slender 0.2% drop in the intervening 5 years. This is similar to some poverty estimates that use \$1 or \$2/day measures¹², but far lower than the 45% - 55% cited by government commissions and widely used by analysts and critics.¹³ It is presumably the same group referred to in government's *Accelerated and Shared Growth initiative for South Africa* (AsgiSA) document:

¹² See May J. (2006) 'Constructing the social policy agenda: conceptual debates around poverty and inequality' in Padayachee V. (ed.) *The development decade? Economic and social change in South Africa, 1994-2004* (HSRC Press, Pretoria), pp.144-145.

¹³ Department of Social Development: *Transforming the present: Protecting the future* (Pretoria, 2002), report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa ('the Taylor Commission'), p.276.

...although the social grant programme has given significant impetus to poverty reduction and income redistribution, there remain about a third of South African households not yet able to benefit directly from our economic advances. Bringing this sector of the population into the mainstream economy will considerably enhance our growth potential.¹⁴

The fact that levels of poverty dropped in the poorest urban and rural nodes in South Africa is an important finding. This is particularly true given the heated attacks on government for worsening poverty and the very high levels of poverty cited by many authors.¹⁵ It emerges from a matrix that deliberately moves away from reliance on single variables – commonly unemployment – as a measure of poverty and seeks to measure poverty on a more nuanced basis. It is generally accepted that poverty is multifaceted, and a reductionist approach that insists on equating poverty with unemployment fails to allow a sufficiently nuanced understanding of poverty in South Africa, or of how to tackle it.

This should not be taken to diminish the job crisis facing the country. Unemployment rocketed from 37.6% in the 1996 census to 48.2% five years later – far higher than the figure commonly cited by politicians who focus on ‘active work-seekers’ and other weary statistical manipulations. Incidence of households without any regular income also shot up from 14.3% to 23.2%. To be without employment or income in a market-oriented economy where user fees are levied for many services is a terrible plight, and the results presented here do not diminish this at all. But the enormity of the (un)employment crisis should not lead us away from attempting more accurately to measure poverty.

Poverty measures broad and narrow

The poverty index includes elements of the basic needs approach that informed the ANC’s *Reconstruction and Development Programme* of 1994 (RDP¹⁶) alongside other socio-economic indicators such as female-headed households, over-crowding and the like. The results generated by the matrix demonstrate that measuring poverty across multiple indicators reveals a more complex picture than that suggested by those who commonly cite unemployment levels (which are appalling) as a direct proxy for poverty and conclude that 45% - 55% of the population live in poverty.¹⁷

In the 1960s poverty was defined by income but has consistently been broadened. In the 1970s, relative deprivation and the basic needs approach were dominant, followed with non-monetary concepts including powerlessness, vulnerability, livelihoods, capabilities and gender in the 1980s; well-being and ‘voice’ in the 1990s; and the rights-based approach has dominated since. Different definitions produce different results.¹⁸ Kanbur

¹⁴ Government of South Africa (2006) *Accelerated and Shared Growth initiative for South Africa (AsgiSA)* p.3; <http://www.info.gov.za/asgisa>

¹⁵ See Everatt The politics of poverty op cit. for examples.

¹⁶ African National Congress (1994, Ravan press): *The Reconstruction and Development Programme*.

¹⁷ See May J. (2006) ‘Constructing the social policy agenda: conceptual debates around poverty and inequality’ in Padayachee V. (ed.) *The development decade? Economic and social change in South Africa, 1994-2004* (HSRC Press, Pretoria), pp.144-145.

¹⁸ Statistics South Africa: *Measuring Poverty* (Pretoria, 2000), p.2.

and Squire argued that “broadening the definition of poverty does not change significantly who is counted as poor”¹⁹: this report soundly contradicts their assertion.

Our index moves beyond employment status and income to include a range of other variables, although it still has gaps in areas such as security, rights, ‘voice’ and so on. The results show that using a broader set of indicators reveals a drop in levels of poverty in the ISRDP and URP nodes. This should not in any way obscure the terrible fact that a third of South Africans lived in poverty in 1996 and 2001; but this is a significantly smaller portion than the often-cited half the populace; and the poorest nodes in the country saw significant poverty reduction suggesting that pro-poor programmes were having an impact.

This flies in the face of much received wisdom in academic and political circles, where (to crudify the argument) government is accused of rejecting the social-democratic ethos of the 1994 Reconstruction and Development Programme in favour of stringent neo-liberal economics enshrined in the 1996 Growth Redistribution and Employment (GEAR) strategy. This is characterised as emphasising the growth and enrichment of the nascent black bourgeoisie at the expense of the poor, with resource allocation following suit and moving away from social spending (anti-poverty) to favouring private sector growth. These debates are discussed elsewhere in this book.

As part of its neo-liberal economic strategy, government is accused by critics of forcing market-based solutions onto developmental challenges such as water and electricity provision, ‘commodifying’ rights into products, and resulting in as many disconnections as connections; cutting social spending as part of fiscal austerity; and privileging private enterprise above redistribution. There is a lot of truth in this, but as with many oft-repeated and self-styled totalising theories of change, many inaccuracies as well.

For example, Swilling *et al* have noted that government expenditure on key social services remained high and increased over time after the adoption of GEAR, despite some year-on-year fluctuations.²⁰ This contradicts the assumption that fiscal austerity demanded (and received) social expenditure cuts and that ‘GEAR caused poverty’. The data analysed here also suggest a somewhat different picture, namely that in ‘the GEAR phase’, poverty levels largely stayed constant across the country as a whole and dropped in areas identified by government as amongst the poorest in South Africa.

There are powerful arguments about the rate of disconnections and the impact of commodifying services and taking them beyond the reach of the poor. McDonald and Pape argued that “cost recovery is a threat to the poor and, ultimately, to the whole notion of a democratic transformation in South Africa”.²¹ But there remains little

¹⁹ R. Kanbur and L. Squire, ‘The evolution of thinking about poverty: Exploring the interactions’, paper presented to the symposium on the Future of Development Economics in Perspective, 1999, p.1.

²⁰ Swilling M., Van Breda J., Van Zyl A., Khan F. (2005) ‘Economic Policy-Making in a Developmental State: Review of the South African Government’s Poverty and Development Approaches, 1994-2004’, paper written for the ‘Social Giving’ project of the Centre for Civil Society, National Development Association, SA Grantmakers’ Association.

²¹ McDonald D. and Pape J (2002) *Cost recovery and the crisis of service delivery in South Africa* (HSRC Publishers, Zed Books, Pretoria), p.13.

reliable national data on the issue, at least none that are publicly available (it does appear a considerable amount of data has been collected but not released). McDonald notes that the issue is not simply privatisation *per se* but publicly-owned and operated service providers that are commodifying services with negative results for the poor. He notes that cut-offs are now less of a concern “because they became such a political hot potato” that municipalities feared the political backlash of cutting off basic services, choosing instead to introduce service ‘restrictions’ (such as small devices to limit the rate and amount of water flow) and introducing prepaid meters which – in his view – have forced “people to cut themselves off by limiting their purchases, thereby personalizing the cut-off situation and hiding it behind closed doors”.²²

The census is not a vehicle for measuring cut-offs, certainly, and does not help us engage with the debate in a specific manner; but it is not without value. For example, in the 2001 census, 29.8% of households did not use electricity as their main source of energy for lighting purposes – the other 70.2% did use it. The census questionnaire did explicitly not ask if the service was operational, but certainly implied it by asking respondents ‘What type of energy/fuel does this household MAINLY use for cooking, heating and for lighting?’ (emphasis in original). The census data indicate that between 1996 and 2001, those without electricity for lighting purposes dropped from 4 in 10 households (41.8%) to less than 1 in 3 (29.8%). It is unlikely that hundreds of thousands of people replied ‘electricity’ while meaning ‘electricity that I would be using if it hadn’t been cut off’.

The situation may have worsened since 2001, which our data do not show; but between 1996 and 2001 the picture is one of expansion of both connectivity to the grid and utilisation of electricity. The same is true on a smaller scale where water is concerned, for example. Access to a tap in the household or the yard increased by 1.6% for the country as a whole, and by 11.1% in ISRDP nodes – but not in URP nodes where the situation worsened slightly by 0.3%.

While rates of poverty for the ISRDP and URP nodes dropped between 1996 and 2001, this occurred even though neither ISRDP nor URP were in place. (The ISRDP was still in the design stage when the census was in field.) This can largely be explained by the fact that government’s policy orientation since 1994 has been to target the ‘poorest of the poor’ particularly in rural areas, and many of government’s targeting mechanisms (such as that used for the Community Based Public Works Programme) identified the same areas for infrastructure provision that later became ISRDP/URP nodes, for the same reasons – their high levels of poverty.²³ Moreover, many redistributive programmes that began life under the RDP continued to be implemented after the GEAR strategy had been adopted by government, and these very poor areas continued to benefit from delivery. The real test for the two programmes – and for anti-GEAR critics - will be to

²² Communication from David McDonald 23rd June 2006.

²³ See for example Everatt D. (1998) *Targeting in public works programmes* (Department of Public Works Policy Series, Vol. 1/1); David Everatt, Moagi Ntsime and Lucy Stevens (1998) *Monitoring and Evaluation* (Pre-Implementation Task Team of the Community Based Public Works Programme); David Everatt (1998) *Targeting and budget allocation* (Pre-Implementation Task Team of the Community Based Public Works Programme)

see whether a more accelerated drop in poverty has occurred since 2001, or if the reverse is true.

Poverty in the provinces 1996 - 2001

The data in Figure 4 show poverty levels (as measured by the matrix) by province in 1996 and 2001. Limpopo, Eastern Cape and KwaZulu-Natal remained the 3 poorest provinces - they had been identified as such in 1995 by the RDP office in the first post-apartheid national targeting exercise²⁴ - but poverty levels dropped in all 3. This was most evident in Limpopo, where poverty levels dropped by 3.3%; in the Eastern Cape it dropped by 0.9% and by 0.2% in KwaZulu-Natal.

As a result, by 2001 Limpopo had swapped places with Eastern Cape as the poorest province in the country. Quite remarkably, the 3 poorest provinces were the only provinces to record a drop in poverty levels. Poverty jumped by 5% in North West, remained static in Northern Cape and rose (less steeply than in North West) in the other 5 provinces.

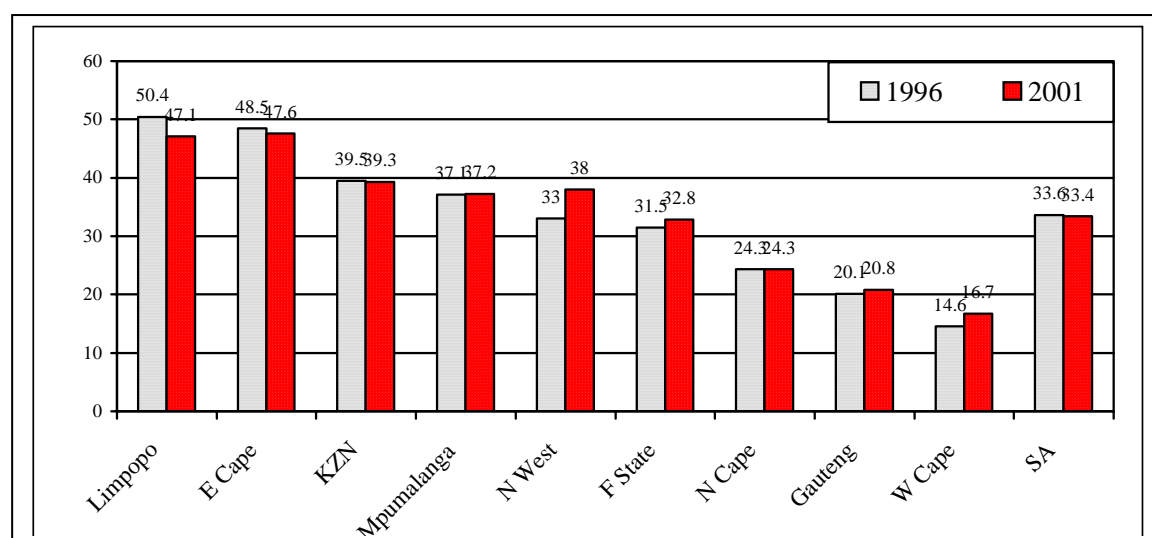


Figure 4: Poverty by province, 1996 and 2001

The wealthiest provinces saw poverty levels increase, by a fairly small 0.7% in Gauteng and a more substantial 2.1% in Western Cape; both provinces also acted as magnets for in-migration from other provinces. The provinces falling between the poorest and the wealthiest saw increases in poverty ranging from a tiny 0.1% increase in Mpumalanga to a considerably larger 5% increase in North West and 1.3% in Free State. These Cinderella provinces exhibit high levels of poverty; but smaller populations and smaller provincial economies lead to lower fiscal allocations, less 'profile' in discussions about poverty and limited outputs from targeting exercises.

	1996	2001	% change
Limpopo	50.4	47.1	Down 3.3%
Eastern Cape	48.5	47.6	Down 0.9%

²⁴ SALDRU/World Bank: *Key indicators of poverty in South Africa* (RDP Office, Pretoria, 1995).

KwaZulu-Natal	39.5	39.3	Down 0.2%
Mpumalanga	37.1	37.2	Up 0.1%
North West	33	38	Up 5.0%
Free State	31.5	32.8	Up 1.3%
Northern Cape	24.3	24.3	No change
Gauteng	20.1	20.8	Up 0.7%
Western Cape	14.6	16.7	Up 2.1%

Table 3: Poverty by province 1996 and 2001

Poverty levels also rose, though less steeply, in the wealthiest and most urbanised provinces of Gauteng (up by 0.7%) and Western Cape (2.1%). In the latter two cases poverty was also influenced by in-migration from other provinces. For example, the 2001 census enumerated 8.8 million people in Gauteng, almost a fifth of South Africa's total population of 44.8 million, and showing the largest increase in population of all provinces since the 1996 census. Relative to other provinces, Gauteng grew by 1.6% to include a fifth (19.7%) of the national population.

It is also important to note the startling differences in poverty levels – for both 1996 and 2001 – between the wealthiest and poorest provinces in South Africa. For example, in 1996 poverty in Limpopo was more than 3 times higher than in the Western Cape. In 2001, poverty levels in the Western Cape were less than half those in Mpumalanga and just more than a third of those in the Eastern Cape. Relative poverty and inequality are starkly apparent reminders of our past; and of the imperatives that need to shape our future.

Poverty seemed to be dropping or steady in the 3 poorest provinces, remaining steady in a couple more while rising more or less steeply in the remainder. The expectation is that targeting in the ISRDP and URP have accounted for these trends, which were occurring before either programme began to be implemented, and which demand more careful resource allocation decisions than merely targeting the 3 poorest provinces. The same applies to individual government departments: are resource allocation decisions within the ISRDP and URP reflecting the changing patterns of poverty, or is it still the case of the bulk of resources going to the 3 poorest and the remainder fight over what is left?

Poverty indicators in nodes and provinces

In Table 4 the 1996 and 2001 poverty scores for each node are set out. In some of the URP nodes (marked with *), demarcation made extracting data for the node particularly complex and the data should be treated with circumspection for 1996; the 2001 figures are accurate. Inanda, for example, is an extremely poor urban node; but extracting locale-specific data from Census 1996 proved very challenging; and thus the % change in poverty levels in Inanda should be treated with caution.

Node	1996	2001	% change
ISRDP			
OR Tambo	65.4	64.3	Down 1.1%
Umkhanyakude	63.8	60.6	Down 3.2%
Alfred Nzo	63.5	65.6	Up 2.1%
Umzinyathi	59.7	58.3	Down 1.4%

Sekhukhune	56.6	54	Down 2.6%
Zululand	55.7	53.9	Down 1.8%
Ukhahlamba	55.2	52.8	Down 2.4%
Chris Hani	53.8	51.6	Down 2.2%
Bohlabela	53.3	49.6	Down 4.0%
Ugu	50.0	50.7	Up 0.7%
Kgalagadi	50	47.6	Down 2.4%
Thabo Mofutsanyane	41.8	40.7	Down 1.1%
Central Karoo	19.2	18.5	Down 0.7%
All ISRDP nodes	56.2	53.7	Down 2.5%
URP			
Inanda*	55.4	40.5	Down 14.9%
Mdantsane	32.8	28.6	Down 4.2%
Khayelitsha	31.8	31.5	Down 0.3%
Alexandra	26.5	24.4	Down 2.1%
Galeshewe	23.2	23.4	Up 0.2%
Mitchell's Plain*	22.6	20.3	Down 2.3%
Motherwell	22.4	30.7	Up 8.3%
KwaMashu*	18.2	24.5	Up 6.3%
All URP nodes	29.2	27.1	Down 2.1%
South Africa			
South Africa	33.6	33.4	Down 0.2%

* Demarcation impacting on data

Table 4: Poverty index scores for all nodes and South Africa, 1996 and 2001

What is immediately apparent is that poverty levels rose in just 5 of the 21 nodes of the ISRDP and URP. This is a quite remarkable finding, given that these are 21 of the poorest locales in the country, many of which are located in former homelands or areas to which black South Africans were forcibly removed and which enjoy little economic growth or prospects of growth.

There are also differential movements among nodes within provinces. Measured at provincial level, we saw poverty levels rising in 5 of the 9 provinces, steady in 1 and dropping in 3. Measured at nodal level, however, poverty rose in a quarter (5) of the 21 nodes, compared with over half of the provinces. For example, in the Eastern Cape, poverty levels rose in Alfred Nzo by 2.1% but dropped in O R Tambo by 1.1%, suggesting that local governance is a key variable affecting nodal development, and that analysis should not be restricted to or even dominated by what happens in the provincial or national spheres.

There is also an urban/rural difference: poverty rose in 3 of 8 urban nodes, and in just 2 of 13 rural ones. This is counter-intuitive, given the emphasis on rural poverty in political and development discourses in South Africa. It is the result of a combination of factors, including rising unemployment and 'jobless growth' in urban centres as well as migration from rural to urban areas. These trends are analysed in greater detail for each node in part II of this report.

Finally, the 2001 poverty levels suggest that within the URP and ISRDP, some nodes are worse off than others. In the ISRDP, Alfred Nzo, O R Tambo, Umkhanyakude,

Umzinyathi, Sekhukhune and Zululand all have poverty levels above the ISRDP average of 53.7%. And the relative poverty among ISRDP nodes is marked: poverty levels in Central Karoo are 3 times lower than in the poorest 4 nodes.

In the URP, poverty levels are above the programme average in Inanda, Mdantsane and Khayelitsha. In Inanda (using the 2001 node-specific data which is more reliable than that of 1996, as we have noted), 4 in 10 residents live in high poverty, well above other urban nodes and making it look far more like a rural than an urban node. The 2001 data suggest that Inanda should be a priority node within the URP.

	1996	2001	% change
Female-headed households	37.8	41.9	Up 4.1%
Illiteracy	33.6	31.5	Down 2.1%
Unemployment	37.6	48.2	Up 10.6%
Income	14.3	23.2	Up 8.9%
Over-crowding	1.6	2.8	Up 1.2%
Dwelling type	34.5	31.2	Down 3.3%
Sanitation	49.4	45.2	Down 4.2%
Water	39.3	37.7	Down 1.6%
Lighting	41.8	29.8	Down 12.0%
Refuse	45.7	42.8	Down 2.9%
Poverty score	33.6	33.4	Down 0.2%

Table 5: Indicator and overall poverty scores for South Africa, 1996 & 2001

Turning to look at the 10 indicators that make up the poverty matrix (and recalling that high scores are bad news), we see in Table 5 that unemployment, lack of regular household income, incidence of female-headed households and over-crowding all rose between 1996 and 2001. These data reflect the situation nationally, not just in the 21 nodes. Some of these indicators have reached staggeringly high levels – half of economically active citizens are unemployed, for example – and are key contours of the crisis facing nodes as well as the country more broadly. But they must be seen in context: other indicators show considerable improvement.

Unemployment is a critical national concern. Using the expanded definition of unemployment – which does not require people to have actively sought work in the period immediately prior to the census interview – we find that unemployment in 2001 stood at 48.2% for the country as a whole, dramatically up from (the already high) 37.6% in 1996. Incidence of households with no regular income had also increased substantially, from 14.3% in 1996 to 23.2% in 2001, leaving a quarter of households without a regular income. Female-headed households – often poorer and more vulnerable than their male-headed counterparts – also increased between the two censuses, from 37.8% in 1996 to 41.9% in 2001. So did incidence of over-crowding. Taken together, these indicate a bleak socio-economic picture for 1 in 3 South Africans.

Other indicators give cause for concern but also show evidence of progress and improvement. Non-removal of refuse (with health and other implications) by local authorities remained high, but dropped from 45.7% in 1996 to 42.8% in 2001. Households without tapped water dropped slowly, down 1.6% over the 5 years. Sanitation has long been a cause for concern, and showed a 4.2% improvement over the 5-year period – but still 45% of households lacked proper sanitation in 2001. These

infrastructure indicators show slow movement – but the movement is in the right direction. So are indicators for illiteracy (down 2.1%) and those for households living in informal or traditional dwellings (down 3.3%). Taken together, these are successes for a government that espouses a basic needs approach and prioritises infrastructure investments.

But the indicators need to be seen together. Infrastructure improvements have occurred against a backdrop of spiralling unemployment and lack of regular household incomes. Free basic services provided by government are an important deliverable – although the households without water access or connections to the grid cannot benefit – and need to be seen from the perspective not simply of availability but affordability. It is critical that all South Africans enjoy a better life that includes the government services previously refused or denied them; but they must be able to access and afford those services as well.

In Table 6 and Table 7 we show the scores for each indicator across all 21 nodes. This data is analysed for each node in the situation analysis, and is not discussed in any detail here. The point is that the poverty priorities in all nodes are visible. For example, refuse removal is a massive problem in every ISRDP node barring perhaps Thabo Mofutsanyane and Central Karoo – but not a major problem (at least by comparison) in the urban nodes. Unemployment is more severe in rural than urban nodes – but it is a massive challenge for all nodes, ISRDP and URP, requiring national not just local solutions.

ISRDP	Female head ed	Illitera cy	Unempl oy-ment	Inco me	Crowd ing	Dwelli ng type	Sanitat ion	Wat er	Lighti ng	Refu se	Pover ty index
Alfred Nzo	61.2	47.6	77.3	39.3	2.2	72.4	92.8	91.1	77.1	95.2	65.6
O R Tambo	60.9	53.5	76.0	37.6	2.7	69.9	88.9	89.9	71.9	91.5	64.3
Umkhanyakude	50.6	54.1	73.9	35.5	5.2	52.4	81.1	82.4	78.9	91.9	60.6
Umzinyathi	59.9	54.6	70.5	33.9	3.1	58.0	74.6	74.8	74.1	79.6	58.3
Sekhukhune	58.7	46.4	71.6	39.4	2.5	21.3	91.9	77.7	36.5	93.9	54.0
Zululand	53.6	47.8	70.3	33.0	3.0	46.2	75.0	70.4	61.2	78.8	53.9
Ukhahlamba	51.4	49.7	63.2	32.3	3.0	39.5	82.5	72.8	57.0	76.5	52.8
Chris Hani	53.4	48.5	68.0	32.1	2.2	46.7	74.9	67.6	49.3	72.9	51.6
Ugu	52.4	45.4	60.6	26.7	4.0	43.6	69.2	74.0	51.3	79.4	50.7
Bohlabela	54.8	46.5	68.0	37.7	3.0	16.2	88.5	64.6	24.5	92.2	49.6
Kgalagadi Thabo	48.2	45.9	57.4	30.4	3.1	27.1	74.5	70.0	41.1	77.9	47.6
Mofutsanyane	44.7	38.6	54.7	26.9	2.3	38.6	69.6	38.9	36.4	55.9	40.7
Central Karoo	34.8	36.7	42.1	7.6	1.1	4.2	14.4	6.7	16.2	21.5	18.5

Table 6: Indicators by node, 2001 (ISRDP)

Urban Renewal Programme	Fema le head ed	Illitera cy	Unempl oy-ment	Inco me	Crowd ing	Dwelli ng type	Sanitati on	Wat er	Lighti ng	Refu se	Pover ty index
Inanda	45.1	29.7	66.2	36.4	3.6	50.5	71.7	68.3	29.7	3.9	40.5
Khayelitsha	41.6	22.5	54.1	25.0	2.8	66.6	35.0	38.5	23.9	5.0	31.5
Motherwell	40.8	23.6	64.5	35.1	2.1	32.0	28.1	29.0	36.6	15.2	30.7
Mdantsane	53.3	18.8	66.0	33.0	0.9	25.6	18.6	23.2	41.8	4.6	28.6
KwaMashu	35.8	24.5	61.4	33.4	2.8	24.0	13.7	30.2	15.9	2.9	24.5
Alexandra	32.6	22.1	48.3	26.4	12.7	32.3	12.6	27.3	27.9	1.4	24.4
Galeshewe Mitchell's Plain	45.0	29.1	58.5	21.6	2.1	21.5	15.7	13.0	20.9	6.2	23.4
	33.8	16.9	39.9	18.5	3.7	23.2	17.8	19.7	18.2	10.9	20.3

Table 7: Indicators by node, 2001 (URP)

Conclusion

The data in Table 6 and Table 7 highlight the priority needs of all ISRDP and URP nodes, at least those that can be extracted from the census (issues such as security, voice, empowerment and so on are beyond the census). It is vital that these priorities underpin the Integrated Development Plan (IDP) developed for nodes; and that the Provincial Growth and Development Strategy and other key planning tools are aligned with these key socio-economic priorities (not the other way round), on the assumption that alignment starts from what is needed on the ground to alleviate poverty and works upwards from there.

The data in this chapter have highlighted which issues have node-specific characteristics, which are programme-specific (i.e. urban or rural), which are province-specific, and which are national challenges requiring national policies, strategies and/or programmes. This is a key step – to ensure that although URP and ISRDP are both programmes, they do not automatically therefore require programme-wide interventions. Poverty in the 21 nodes will not be eradicated through a one-size-fits-all set of responses, but based on local needs, capacities and livelihood strategies that respond to local problems in appropriate ways.

Finally, some key questions issue remain. Where are the limits of meeting basic needs through infrastructure provision? Can poverty eradication focus so strongly on service provision while the redistribution of wealth remains a policy taboo other than via ‘free’ marketism or the supposed benefits of trickle-down? Who will sustain, maintain and use the massive amounts of infrastructure that are being provided, if unemployment and attendant lack of income continues to account for 1 in 2 adults? At what point will this begin to question the basis of the young South African democracy? For some, this is and has been occurring for some time; others disregard the issue entirely. Most thoughtful observers accept that popular anger is flaring up patchily across South Africa – sometimes over evictions, sometimes against ‘foreigners’, sometimes against demarcation moving areas from one province to another – not so much inchoate as lacking a cohering focus. But at some point a combination of social movement activism and local anger will take more concrete and sustained form than a brief conflagration. When that happens, and the way in which it intersects with organised politics and the growing call for an electable leftwing party to split off from the ANC, will be of profound importance to the entire post-apartheid project.

5 'Tomorrow will be better than today': delivery in the age of hope

By David Hemson

Recent developments in South Africa have again highlighted the vital importance of service delivery; of providing housing, water, sanitation and electricity to the poor. Under apartheid the black majority was largely excluded from basic services, welfare, and the benefits flowing from economic growth, and the expectation of freedom has been closely associated with the hope that there will be definite changes in their lives. There has been dramatic political change with the replacement of autocratic rule by the white majority by democratic government by the majority, but the benefits of power in jobs, housing and basic services have flowed unevenly. There is even evidence that the fundamental inequalities which characterised apartheid have deepened during the period of freedom even as there has been consistent, although slow, economic growth.

Freedom has come with promises by the African National Congress government of job creation, water and sanitation for all, improved delivery of housing, and expanded welfare. Apart from the Millennium Development Goals, the minimum of social objectives to be met by the poorest countries by 2015, fairly far-reaching promises on these fronts have been made by the Presidency such as halving unemployment by 2014. These coupled with economic growth and rising business confidence, has led the President to declare: "Our people are firmly convinced that our country has entered its age of hope" (Mbeki, 2006).

aaaaaaa

In capitalist society as South Africa, improved human development is closely associated with paid employment. Unfortunately in the post-apartheid period there has been retrenchment and a decline in employment even as new jobs are opening for those black people with advanced education and training. For the substantial numbers who had poor education and training during the apartheid years, conditions have worsened with declining employment in unskilled work and increasing casualisation of the remaining jobs. For workers such as the dockers of the main port of Durban, for example, the years of freedom have been associated with retrenchment and casualisation and provided few opportunities for training. These conditions have been confirmed in a recent book by Seekings and Natrass (2006) which discusses rising differentiation in South Africa in terms of 'insiders' who have skills and have formal employment and 'outsiders' who lack skills and employment.

The uncertain advance of employment in jobs has focused political attention on service delivery to an extraordinary extent in South Africa. The post-apartheid Reconstruction and Development Programme (RDP) set out a number of promises of rising levels of services to the poor. If these had been implemented to the full this would have compensated to some extent for the harsh socio-economic conditions faced by the poorest. The RDP has a vision of neat houses, electrification, clean water, and toilets as the basis for an improved level of living. Although there has been much improved delivery, there have been two fundamental problems: first that there has been a considerable increase in the number of households and second that continuing poverty has meant that the poor have found it difficult to pay. The social movements which have raged nation-wide in the period 2004-05 have had at their epicentre the problems of cost recovery; in particular of resistance by the poorest to being disconnected from water services and electricity.

One of the most significant developments in the post-liberation period is undoubtedly the mobilization of communities around the issues of service delivery. In many towns and cities of the Free State, Eastern Cape, Western Cape, KwaZulu-Natal and Mpumalanga in places and municipalities familiar and unfamiliar there has been, and often still is, a state of ferment. People are taking to the streets demanding the meeting of their immediate needs in housing and essential services.

Despite a handsome victory for the African National Congress during the local government elections on 1 March 2006, during which the ruling party was largely uncontested in the poorest communities, the celebrations are of expectations for effective delivery. The poor are expecting the overwhelming majorities for the ANC in power in municipalities to turn to their advantage. This has led to the problems of delivery dominating political debate.

The politics of delivery

To an extent unparalleled in European politics where service delivery relates to the speed at which telephones are answered and civil servants respond to complaints, in South Africa service delivery relates to the meeting of basic needs. In the post-apartheid period there has been a substantial belief that there has been outstanding progress; government reports on social progress state confidently that targets will be met and celebrate 10 years of advance. This confidence has had an influence on professionals and academics who have reviewed the period and concluded that the ship of state has forged ahead. In a book which has just appeared, for instance, an urban expert concludes that the promises of the RDP have been met:

“Most of these targets have now been met and, indeed, exceeded, although this did not happen in the first five years.” (van Ryneveld, 2006: 171).

Such an interpretation is, however, undermined by close examination of the data, in unpublicized official documents, and by politicians of the ruling party themselves. Just how far the social targets of the RDP have fallen short of promises will be taken up below, but there is evidence of growing concern within the Congress Alliance that social advance is uneven and inequality growing.

The upsurge in community mobilization comes at a time when government is becoming aware of just how much more is needed. In the State of the Nation of February 2005, President Mbeki added a new sense of urgency, to meet objectives he stated: “We need massively to improve capacities of government.” (Mbeki, February 2005).

In the new period following there are two somewhat contradictory sides evident in government; a willingness to debate delivery with greater frankness combined with defensiveness and often repudiation of critical assessments. There has also been discussion of a revival of the RDP whose social objectives are argued to be facilitated by conservative macro-economic planning. The revival is, however, largely one of ideas and inspiration such as advocacy of the “RDP of the soul” rather than a repetition of its concrete goals. A detailed review of the precise targets and achievements of the RDP shows that in key sectors targets most have yet to be met (Hemson and O’Donovan, 2005).

A new urgency has been given to implementation in the face of growing inequalities. The President has said that in the escape from poverty the message being put out by liberated South Africa is: “at all costs, get rich!” In his concern for the goals of social cohesion and human solidarity he argued that the “revolution of 1994” should not lead to the message that wealth defines the “worthy citizens” of the “liberated South Africa” (Mbeki, 2006b).

The President was speaking to the elite, the top civil servants, and newly rich and very rich; this inspiration is crucial to a renewal of state initiative in the interests of a majority of South Africans who still live in poverty. There is a growing political awareness of the contradiction between the enriched elite and the impoverished members and supporters within the ANC. Mbeki has launched the Mvuselelo programme to revive the ANC branch structures. Evidently he feels delivery is being neglected. Recently, in his political review, he said: "If I were to ask ANC regions and branches the programmes of their municipalities to eradicate the bucket system and ensure access to clean water, I wonder how many would be able to give a clear answer as to what the plans are in this regard." (Nyati, August 2006). The debate about enrichment is evidently an attempt to refocus the attention of those in power on the priorities of the poor.

The additional funds available for public investment have both revived interest in the RDP as well as contributing to the defence of economic austerity. In a recent publication the Minister of Finance has strongly defended the stringent GEAR policy as contributing "towards a culture of social solidarity and of shared responsibility". In response to the critics of GEAR, he mentioned that "both the letter and spirit of the relationship between the RDP and GEAR has served South Africa incredibly well". He feels there are, and have been, no contradictions between GEAR and the RDP.

The question is whether the greater attention to delivery will help meet either the promised targets for a disenchanted populace which largely voted for the ruling party.

Achievement or under-achievement?

Just where does South Africa stand in terms of delivery in houses, water, and other basic needs after a decade of GEAR? There are three difficulties in answering this simple question; firstly the right data, secondly demographic change and thirdly somewhat different sets of commitments.

Firstly while there are extensive reviews the appropriate statistics are not always to hand. People are interested in the actual houses delivered rather, for instance, the 'input' figures of housing budgets.

Secondly, one of the greatest controversies relates to the growth of households which is increasing at a faster pace than population. Between 1996 and 2001, the number of African households, for instance, increased by 32% from 6,5m to 8,6m over the period, an increase of over 2 million households (Hemson and O'Donovan). This is not a small matter as a rising number of households put extra demand on the level of service delivery not least with housing. The question is whether this trend is continuing or tapering off.

Thirdly commitments are made in different texts: the Reconstruction and Development Program, the State of the Nation, and the Millennium Development Goals (MDG). Other commitments arise from engagement such as the exceptional commitment by Minister of Housing Lindiwe Sisulu to end slums by 2010. These are variously phrased, have different deadlines, and are not always directly comparable. Others are vitally important, such as the MDG target of halving poverty by 2015 but are not reported on annually by the Presidency.

These difficulties apart, where is delivery in terms of targets? A balance sheet of the sectors of service delivery shows a mixture of progress in some sectors and poor delivery in others. In general the data confirms the picture of advance being made in access to basic services during the past decade among the poorest of the poor. Taken by percentages there is evidence of

considerable increase in service delivery to the poor; in the case of electricity by 578%.by the poorest and by lesser figures in water (Bhorat et al, 2006: 9).

Electricity is a service provision which has been implemented faster than other services. According to social surveys over the past 8 years 664 000 households were being connected annually, a substantial increase over an earlier period (Hemson and O'Donovan, 2005). This can be contrasted to the official delivery target of 300 000 in sanitation. Where there is accelerated delivery, targets come within grasp.

In a frequently quoted study providing data on the sharp increase in delivery to the poorest, there is evidence that the general access to housing increased by 8% while the growth by the poorest increased by 28% (Bhorat et al, 2006: 6). Similar statistics are provided for piped water, electricity, and flush toilets. Certainly those accessing housing in urban settlements for the first time and also the rural poor, both who would be included in the poor segments of society have benefited from delivery to a far greater extent than whites in the cities and suburbs.

Such is the good news which needs to be taken into account. Elsewhere unless trends in delivery substantially change the targets in housing, water, sanitation, school facilities and under other headings will not be met.

Apart from being the focus for essential services, housing is possibly the single most important factor in ensuring health and well being. The government states that houses built or under construction over the past 11 years amount to 1.7m, although estimates about those actually completed appear to be lower. The current backlog, however exceeds this figure. In 2001 there were 1,9m living in informal settlements while the Minister said at the Housing Indaba that the backlog in housing is now 2,4m (Sisulu, 2005). More funds have been voted, but the Minister acknowledges that these will be inadequate and a nervous private finance sector should make a real commitment.

The statistics demonstrating high percentage increases of the poor accessing improved delivery , however, have to be carefully assessed.

A more critical eye from below and above is being cast on delivery; the question is whether municipal officials have the focus, capacity and resources. Studies have shown that those municipalities where protests have been most vigorous are also those which have spent more on salaries and less on capital expenditure and maintenance. This is one side of the situation, the other that some competent municipalities are complaining that sufficient capital funding is not being made available to meet targets.

The protests also show an increasing concern about the quality as well as the quantity of delivery; about size of houses as well as their number, about the quality of water as well as piped water being available.

The research also shows that progress in various sectors has been uneven and has slowed down over time rather than speeded up. Although the 'pro-poor' element of delivery is demonstrated it is also true that the phenomenal percentage increases can also be explained by the extraordinarily low numbers of the poorest of black people accessed these services in the early 1990s; percentages measure rises above very low numbers. Surprisingly for the high level of publicity given to water and sanitation, there is considerable evidence of a slowing in delivery.

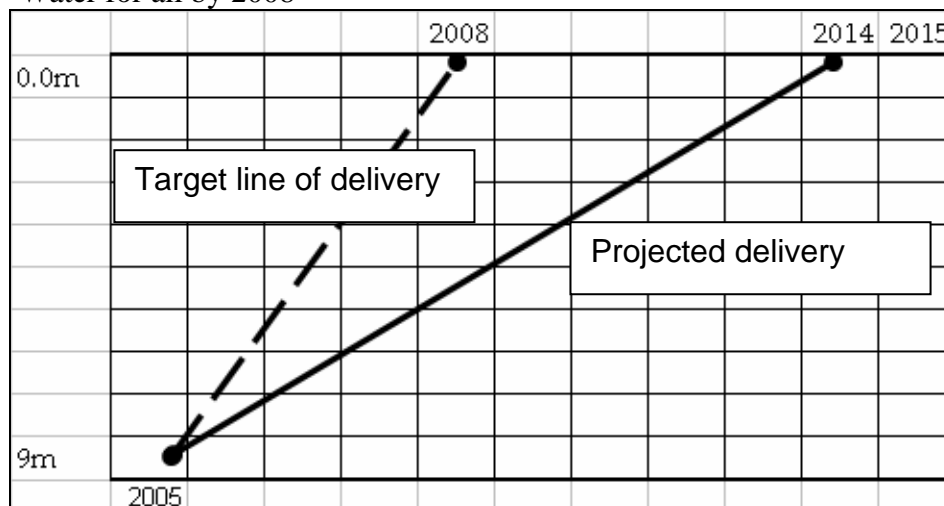
The analysis is confirmed by two features. Firstly the evidence is that it is also true that “household services grew at a much faster rate between 1993 to 1999 and then slowed down in the period 1999 to 2004 (Bhorat et al, 2006: 11). The much criticized GEAR policy came on stream effectively in the second period, a feature which will be commented on further below. Secondly the figures show that the backlogs in services are also disproportionately represented by these poorest. Among the poorest, for instance, more than 70 per cent lacked access to a flush toilet and 60 per cent of households did not have access to piped water in 2004 (Bhorat et al, 2006: 14). The most pro-poor service delivery (unexpectedly because it is probably the most costly to poor people as prepaid meters are extensively used) is in electricity which is fairly evenly spread among the poor and the poorest.

The lags in delivery evidenced by slower delivery over time and the continuing backlogs help confirm that the phenomenal percentage increases in delivery have to be measured against actual numbers. Although the percentage of people in the backlogs has declined over time, in a number of sectors the number has increased. The lags in delivery particularly focus on the problems in effectively upgrading the lives of the poorest and challenge the assertion that targets in delivery will be met.

While there continues to be general reports of social progress based on uncertain statistics there is also increasing disclosure, partial and slow, but disclosure nonetheless of difficulties in delivery which point to substantial problems. The Minister of Housing, for instance, speaks of rising delivery but at the same time acknowledges that shack housing is increasing and increasing at a faster pace than before.

Probably more importantly official data on delivery in the water sector points to the fact that both the modest goals of the RDP and the bolder targets of the State of the Nation address are not to be met. At the Water Summit held in May this year for the first time projections were made of the targeted line of delivery to meet the promise of water for all by 2008 and a projected line of delivery which shows that the target of delivery to 9 million people is only likely to be met in 2013-14.

‘Water for all by 2008’



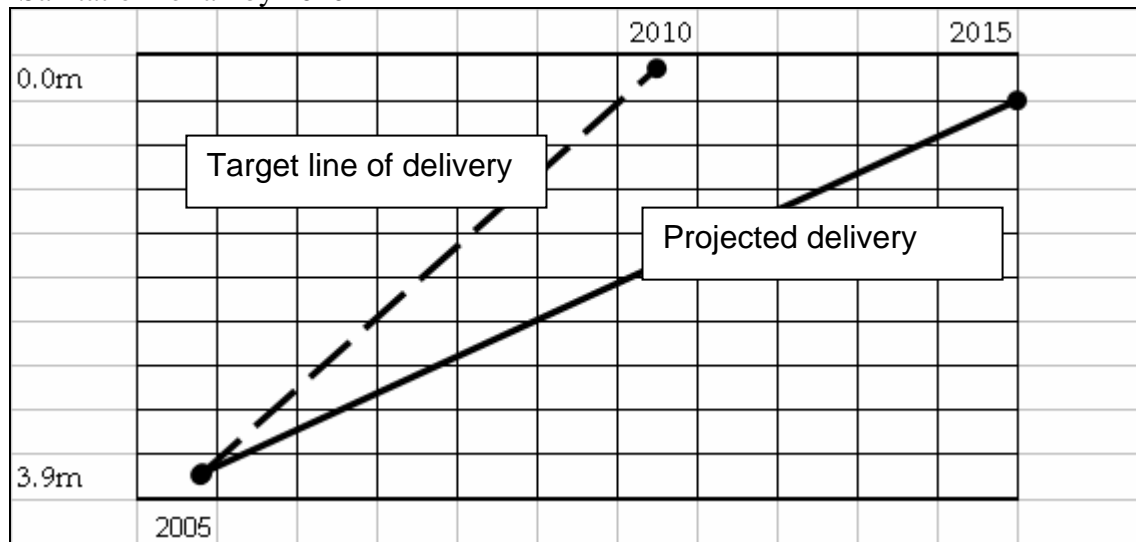
Source: DWAF, National Water Summit, 2006, p71.

The divergence between the two lines represents the gap between promise and delivery and although it appears not to be enormous, there are doubts whether delivery at the projected date of 2013-14 will be made if there not considerably greater resources put into delivery and greater accountability achieved in local government. The DWAF document from which the

graph is drawn speaks of entire turnaround to reach the 2008 target: a 250% increase in funding and 300% increase in the rate of implementation.

The graph on sanitation shows that there are 3.9 million households which still lack adequate sanitation. The target is very unlikely to be met; although the target is for delivery to all by 2010, the projection on the existing basis of delivery is for this target to be reached by 2015-16.

‘Sanitation for all by 2010’



In the high profile water services sector there is a commitment to provide piped water for all by 2008 and improved sanitation for all by 2010. The water target is only three years away; and needs another 2.6m households to be connected or upgraded to reach basic standards. In sanitation the numbers are 4.3m households in five years.

The acknowledgement that all is not well in water services and other areas of service delivery also comes from other sources. In the State of the Cities report, (SACN, 2004, p79) it is pointed out that the total access to some levels of service has declined. Taking direct house connections the actual number of households at this level decline in all but two of the nine cities surveyed; while 66% of all households in the nine cities had water connected to their dwellings, in 2001 this had been reduced to 50%. Delivery has increased but numbers without basic services have also increased. In some areas “the numbers of households without services has increased at a rate equivalent to, or even faster rate than, the increases in households served” (SACN, 2004, 78-79). In short, delivery is taking place and even speeding up but is not fast enough to meet demand.

Recent surveys²⁵ indicate that in the cities, which is where the greatest expertise and resources can be found, there has been a general increase, rather than a decline, in backlogs. This is a surprising conclusion as it indicates that the municipalities which are best resourced and managed are not reaching the targets shortly before the national targets are to be met.

An important example confirms the trend. The city manager of eThekweni Municipality, regarded as the best managed city in Africa, recently stated that the challenge is to reduce

²⁵ Detailed analysis of population trends and service delivery recently conducted by the HSRC on leading cities in South Africa.

backlogs to 'negligible levels' in the next few years (Sutcliffe, 2006, p7) but admitted that this was not happening. In the period 2003-05 some 27 000 'service points' (groups of households sharing services) in the backlog for services were removed but another 31 000 were added; the backlog was not being reduced.

This is a surprising development in a city usually described with superlatives but apparently this is not an isolated phenomenon as the general analysis of cities shows. If the leading city is finding backlogs growing, what can be the experience among the less well administered?

Slipping delivery: the impact on schools and children

There is a tendency for monitoring of targets to be less rigorous and precise over time; in a sense targets become 'lost' rather than 'missed'. Although the RDP is now again celebrated, the goal of the RDP, for instance "decent, well-located and affordable shelter for all by the year 2003" (ANC, 1994: Housing and services) are not being repeated. Similarly, and unfortunately, targets which formed part of the State of the Nation are sliding away in the same way.

The water sector, somewhat similarly to housing, has set a range of targets for delivery which focus on the all-round improvement in water services Strategic Framework for Water Services (DWAF, 2003). In addition to the grand targets for delivery there are a multiple set of concrete and immediate goals for the sector. The following of these are dated:

- All schools have adequate and safe water supply and sanitation services by 2005
- Hygiene education and wise use of water taught in all schools by 2005
- All clinics have adequate and safe water supply and sanitation services by 2007

Points will be made in relation to both the first and the second group. South Africa has adopted, in general, child focused policies in health, education, and welfare; the difficulty is in ensuring that these are met. In the school health area, for instance, the theme is 'health-promoting schools'. The difficulty is, firstly, to ensure that schools have sufficient and operating services to provide an environment which will not endanger children's health. A school which does not, for instance, have adequate water and sanitation can be argued not to be health-promoting and indeed to be putting children's health at risk.

The goals outlined above certainly had this in mind. A more immediate target is that every school should have water and sanitation by March 2006. Unfortunately the goals have not been met; in March 2006, 2 688 schools were identified as having no water facilities and 2 238 schools had no sanitation.²⁶ There are in addition thousands of schools which lack 'adequate' and 'safe' water and sanitation as the number of toilets and water facilities are either in a state of disrepair or too limited. Similar assessments have been made of adequate provision of water to clinics, but unfortunately the government website no longer carries information on progress in this area.²⁷

²⁶ Minister of Social Development Zola Skweyiya: Social Sector Cluster media briefing, 7 July 2006.
<http://www.info.gov.za/speeches/2006/06071109151002.htm>

²⁷ In the reports on from the Social Cluster there is no longer mention of the provision of water to clinics; the evidence is that conditions are improving but the target is not being met. See
<http://www.info.gov.za/aboutgovt/poa/report/social.htm>

The legacy of GEAR

In the new period of economic policy marked by the launch of ASGISA there is a tendency for government ministers to take a stance increasingly defensive of conservative economic policies which followed GEAR and indeed stating that these provided the surplus for increased spending in the current period.

In an article in the *ANC Today* Minister Manuel wrote: “From 1996 to 2000, spending on public services fell by 4.5 per cent in real terms. Since 2000, public spending has increased by over 60 percent in real terms. The fiscal consolidation of the late 1990s has provided the resources to accelerate the implementation of the RDP at a pace even the authors could not have forecast.” (Manuel, 2006).

There is evidence from research and from government statements in an earlier period that the cuts in public expenditure slowed down delivery and have left a legacy which has been difficult to turn around.

Firstly from the research into the question it appears that there has been a slowing down of delivery in the period 1999-2004 which has allowed backlogs to accumulate. In a number of government and municipal reports it appears that backlogs have been rising or, at least, not declining as anticipated.

Secondly conservative policies, tended to disrupt the momentum of delivery. In short cutbacks in public expenditure both reduced resources available and made the implementation of existing projects more difficult. A previous Minister of Water Affairs made these following points in 1998:

“Up to now, we have been able to take the allocations from previous years and roll them forward. The transition from RDP to MTEF (Medium Term Expenditure Framework) has now forced government to look at its commitments...I need to state that, at this moment, there is not enough money on the budget to start the new projects needed to ensure the continuity of the programme and, more important, to ensure that we achieve the objective of having all South Africans with adequate access to basic water supply by the year 2004”. (Asmal, 1998).

The departmental budget, increased slightly and then more substantially in the period up to 1996, in accordance with the RDP-related objective of raising the DWAF share from 1,28 per cent to 2,24 per cent of the national budget (Schmitz, 1999).

Since the larger water projects inevitably took longer than a financial year to complete but allocations could not be ‘rolled over’, funding was often not available to keep up the impetus. Reports from the provinces at the time spoke of projects having to be abandoned before being begun or stopped in midstream. Certainly the government’s goal, contained in the RDP, of safe water for all in the ‘medium term’ (2004) was not met.

The ‘stop/start’ process of implementation, starting at the beginning of every financial year and stopping at the end in uncertainty, has characterized delivery in a number of sectors. This has tended to disrupt the accumulation of capacity over time, particularly in the weaker municipalities which find it difficult to manage uncertainty.

Thirdly, although it is difficult to get a precise estimation of public investment such as in water delivery, it appears there has not been a substantial increase over time. Expenditure in water services does not appear to have risen in real terms over the past 10 years. As another Minister has said, each department or sector providing services to the poor still faces obstacles in raising expenditure. The new period of public finances which promises increased public expenditure seems to have uncertain results.

In her speech to the Housing Indaba, Minister Sisulu spelt out the “stark reality” that housing competes with other equally pressing demands for funding. Service delivery is at a turning point; to take another example from her speech; if current rates of funding and urbanization continue the backlog will be the same in ten years time (Sisulu, 2005).

The problem does come back to the budgetary allocations and improved delivery systems; is National Treasury prepared to substantially increase the funding of service delivery and municipalities become more responsive to rising demands?

Finally it does not appear that national planning budgeting is directly linked to the statements made about targets in service delivery. If targets were tied to targets on a year-to-year basis, it would be clear from the budgetary reviews what funding was available for annual delivery leading, step by step, to the final goal. At present it is not possible to work out what annual targets exist.

Indeed internal reviews such as the documents provided at the National Water Summit note that dramatic increases of expenditure (in the case of water from R1.8 billion a year to at least R4 billion a year) are needed to reach targets. Nothing like this increase in expenditure is being discussed. Unfortunately the budgeting process appears to be piecemeal and opaque, and it is not possible to see a curve leading to comprehensive delivery.

Where do the problems lie? Government policy sets the overall framework for delivery and meeting and rising demand of the people and the targets for delivery requires greater attention to be paid to budget allocations and oversight.

‘New realism’ or a turning point?

In a recent review of targets in the water sector, the Water Affairs and Forestry Portfolio Committee spelt out its anxiety that targets would be met. The information provided by the Department tended to confirm the arguments made above: that budgets were inadequate and that a number of targets had not been met. The targets were described as “very ambitious and had sometimes been criticized as too ambitious” but the purpose of targets was to “focus and prioritise”. “Without targets, people would not take water and sanitation seriously” (PMG, 2006). The implications of the statements and of the statistics provided is that the targets will not be met; there was discussion of setting ‘new targets’.

The meeting did however, make a reasonably critical examination of the reports and individuals concluded that in a number of the municipalities and provinces targets would not be met. The Department was, however, not forthcoming about which ones were in line to meet targets and which not. As was demonstrated in reports from the Ethekwini Municipality, even the best administered of the cities (and particularly those with rural areas incorporated within new boundaries) are failing to progress towards ending backlogs and meeting the national deadlines. If this is the experience in the best administered municipalities, what can be expected from those which are said to lack commitment and capacity?

Unfortunately DWAF did not provide the Portfolio Committee with the same material which was circulated at the National Water Summit. From their website it is clear that that the skepticism of members of the Portfolio Committee about entire provinces missing the deadline appear justified.

The backlogs (DWAF statistics)

Province	Backlog	Backlog as % of population
KwaZulu-Natal	2,501,360	24
Eastern Cape	1,661,822	25
Limpopo	1,593,963	28

Source: August 2006 figures, DWAF website, Demographics: Detailed National - Population perspective; accessed 25 August 2006.

In the table above KwaZulu-Natal is identified as the province with the largest backlog with 2,5m people, followed by the Eastern Cape (1.7m) and Limpopo (1,6m). This is, in a sense, the hardcore of the backlog reflected in the graphs above and none of these provinces can be expected to reach the target of water for all by 2008.

There are two perspectives raised by the increasing attention being given to the detail of delivery. The first is that the systems of accountability are just beginning to start to work – and face difficulties in making detailed assessment from the Department which is, in a sense, an interested party. There may be a turning point in the sense that more facts will be demanded and a more thorough examination made promise and achievements.

The second is that urging “new targets” before thoroughly examining the reasons why targets were not met indicates an opposite tendency; towards blurring responsibility for the delivery. This approach tends also to be accompanied by “new realism”, that is an argument that the original targets to overcome the apartheid legacy were too ambitious.

The strongest argument for improved service delivery is to roll back the deprivation of apartheid, provide the basic services necessary for a decent life, and to reduce poverty. There are sectors in which fairly comprehensive services have been provided, such as in the case of child grants which have been extended widely throughout the country and into deep rural areas.

Access to modern services in water, sanitation and electricity has substantially benefited the poorest who have seen, for the first time, some of the advances of the new democratic order, the argument here is that this is not complete and that officially prepared data is, unfortunately, generally not providing clarity about the tasks ahead.

Managing delivery (as outlined in the Integrated Development Planning) should be a process of identifying needs, drawing up strategies to meet goals, plans and budgets, integration and finally draft plans for discussion. The link between setting targets, planning projects and committing finance appears to be weak as the funding has often been criticized from outside government as quite inadequate to the task. In a number of official reports the inadequacies have been confirmed. Unfortunately political oversight has not yet developed to the point where the facts are emerging clearly and diagnosed through parliamentary committees. At the local level public systems of accountability are not as yet ensuring full local reporting and review.

Insufficient political oversight has meant there has not been an adequate review of where the difficulties were in the past; a lack of sufficient funding, commitment within those directing administrative systems, adequate local capacity, or a lack of public participation. All these issues have been raised in some way or other from without and within official structures, and need to be answered.

Increasingly, however, one point is appears certain. The limits to public expenditure in the past have focused on working within the broad medium term expenditure framework and not on socially necessary expenditure in the basic service delivery. These limits and the financing problems as evidenced by the ‘stop-start’ nature of budgeting within financial years rather

than in completed projects, point to just some of the answers to the question of unrealized targets.

Bibliography

- ANC. 1994. A basic guide to the Reconstruction and Development Programme. Available at <http://www.anc.org.za/ancdocs/policy/short.htm>.
- Asmal, Kader. 1998. Speech by Professor Kader Asmal, Minister of Water and Forestry, Parliamentary Media Briefing, 9 February 1998. <http://www.polity.org.za/html/govdocs/speeches/1998/sp0209b.html>
- Bhorat, Haroon, Pranushka Naidoo, and Carlene van der Westhuizen. 2006. Shifts in Non-Income Welfare in South Africa:1993-2004. Development Policy Research Unit. May 2006, Working Paper 06/108. www.cage.org.za/viewdoc.aspx?doc=/documents/pdf/WP_06-108.pdf
- DWAF. National Water Summit, 4-5 May 2006. Capacity of local government to meet government targets.p71
- DWAF. September 2003. Strategic framework for water services: Water is life, sanitation is dignity!
- Hemson, David and Benjamin Roberts. Reviewing progress: South Africa and the Millennium Development Goals. Linking Sustainable Development to Environmental Management Conference. 24-25 November 2005
- Hemson, David and Michael O'Donovan. 2005. The state of delivery, Chapter in State of the Nation 2005. HSRC: Pretoria.
- Jeremy Seekings and Nicoli Nattrass. 2006. Class, Race, and Inequality in South Africa. Yale University Press.
- Johnson, Trevor (2005) Mass protests against housing shortages in South Africa. www.wsws.org/articles/2005/jun2005/safr-j14.shtml : -.
- Manuel, Trevor. August 2006. No contradictions between RDP and GEAR Volume 6, No. 31, 11-17 August 2006. <http://www.anc.org.za/ancdocs/anctoday/2006/at31.htm#art1>
- Mbeki, T. 2004. Address of the President of South Africa, Thabo Mbeki, to the first joint sitting of the third democratic Parliament. Cape Town, 21.05.04.
- Mbeki, Thabo. 2005. Address of the President of South Africa, Thabo Mbeki, at the Second Joint sitting of the third Democratic Parliament, Cape Town, 11 February 2005.
- Mbeki, Thabo. March 2006. Responsibilities of the people's local representatives. ANC Today Vol 6 No 10, 17-23.
- Nyati, Mteto. 13 August 2006. Succession debate must go beyond ANC branches to the people. *Sunday Times*.
- PMG. 16 August 2006. Water Affairs and Forestry Portfolio Committee, Water Services Targets: Departmental Presentation.
- Rembe, Nasila (ed). 2006. *Reflections on Democracy and Human Rights: A decade of the South African Constitution (Act 108 of 1996)*. South African Human Rights Commission.
- SACN (South African Cities Network). 2004. State of the Cities Report.
- Schmitz, Tobias. 1999. Rethinking delivery?: a review of the efforts of the Department of Water Affairs, 1994-9. Policy Brief no 16, November 1999. <http://www.cps.org.za/16.htm>
- Sisulu, Lindiwe. 22 September 2005. Opening Address by L.N. Sisulu Minister of Housing at the Housing Indaba. <http://www.housing.gov.za/Content/Social%20Housing%20Contract/SPEECH%20AT%20THE%20HOUSING%20INDABA1.doc>
- Sutcliffe, Michael. 7 July 2006. Challenges are great but success assured. *Metro Ezasegasini*.
- van Ryneveld, Philip. 2006. The development of policy on the financing of municipalities, Chapter 7 in Udesch Pillay, Richard Tomlinson and Jacques du Toit. 2006. Democracy and delivery: urban policy in South Africa. HSRC: Pretoria.

6 From apartheid to neo-liberalism. What happened to the ideals of the freedom struggle?

By Patrick Bond

Consider the interesting way that black South Africans celebrated the tenth anniversary of their freedom: unprecedented anti-government protest. In 2004-05 (over a twelve month period), roughly 5800 protests were held in South Africa's cities and towns, according to Safety and Security Minister Charles Nqakula (Madlala 2005). Of those, 13 percent were deemed 'illegal'. No one has a clear sense of exactly what drives South Africans in various settings to protest *16 times each day every day* on average, but grievances over miserable lives due to state failure at municipal, provincial and national scales are presumably a large part of the story.

The view from Luthuli House is, naturally, very different. Reacting to an unusually strong SA Communist Party critique of the post-apartheid government in mid-2006, the African National Congress claimed,

“The victory of the democratic revolution has enabled us radically to alter the conditions affecting capitalist accumulation. It is patently untrue that ‘the key features’ of ‘the persisting capitalist accumulation path (in our country)... remain those set in place over the past century.’ Such important interventions as the full protection of trade union rights, health and safety regulations, minimum wages, employment equity and basic conditions of employment, the abolition of migrant labour, the various Charters, the National Economic Development and Labour Council (Nedlac) process, the system of taxation, etc, mean that today's conditions for the accumulation of capital are radically different from ‘those set in place over the past century.’” (ANC 2006).

In reality,

- the ‘full protection of trade union rights’ was so tenuous in 2006 that the Congress of South African Trade Unions warned that the ruling party exhibited ‘dictatorial’ tendencies, as police regularly beat workers and community activists and denied their rights to demonstrate;
- health and safety regulations may have strengthened in theory but in practice understaffing and captive regulation denuded them of meaning;
- minimum wages were so minimal as to fall many times below a living wage;
- the migrant labour system, far from being abolished, was a way of life for an estimated fifth of the workforce;
- to their critics, the various summits, Charters and Nedlac declarations meant little if anything, and simply wasted the time of participants, coopting them into long corporatist negotiations with nonsubstantive results;
- the tax code became much more capital-friendly than under apartheid, with primary corporate taxes cut dramatically (from 48 percent in 1994 to 30 percent in 1999, although a dividends tax was added), and Pretoria also offered tax concessions mainly to higher-income individual South Africans worth R75 billion in the first ten years of liberation (offsetting by many times a new capital gains tax), while the regressive, controversial Value Added Tax – which catalysed a massive 1991 strike - was also retained in the post-apartheid era and repeated popular demands for a tiered system to redress inequity in that tax or to zero-rate essential commodities were ignored.

An extended critique along these lines came recently from John Pilger's (2006) analysis of post-apartheid South Africa (an excerpt from his book *Freedom Next Time*):

“Almost half the population lives in poverty, with 22 million people described as ‘desperate’ and ‘5,3 million South African children ... suffering from hunger’. According to the United Nations Development Programme, all the indicators of poverty and unemployment have shown significant increases since 1995.

It is often quite surreal. Driving away from the land of the very poor you arrive in the land of the very rich. In the Cape, as in KwaZulu-Natal, hunched, scabrous terrain gives way to a vast white-owned garden, as if you have been spirited to the lush green fields of southern England. In September 2005, a comprehensive study was presented to the South African parliament that compared the treatment of landless black farmers under apartheid and today. During the final decade of apartheid, 737 000 people were evicted from white-owned farmland. In the first decade of democracy, 942 000 were evicted. Almost half of those forcibly removed were children and almost a third were women.

A law meant to protect these people and put an end to peonage, the Security of Tenure Act, was enacted by the Mandela government in 1997. That year, Nelson Mandela told me: ‘We have done something revolutionary, for which we have received no credit at all. There is no country where labour tenants have been given the security we have given them. A farmer cannot just dismiss them.’ The law proved a sham. Ninety-nine percent of evictions never reached the courts...

‘We seek to establish,’ said Trevor Manuel, the minister of finance, ‘an environment in which winners flourish.’ Having metamorphosed from long-haired biker and Cape Flats activist to the very model of a born-again capitalist, Manuel boasted of a deficit so low it had fallen almost to the level of European economies, with minimal public spending to match and a dedication to ‘economic growth’, the euphemism for a profit-inspired economy.

There was something very strange about all this. Was this a country of corporate hustlers celebrating their arcane deals in the voluminous business pages: of Harvard-trained technocrats breaking open the champagne at the latest credit rating from Duff & Phelps in New York? Or was it a country of deeply impoverished men, women and children without clean water and sanitation, whose infinite human resource was being repressed and wasted yet again? How did this happen?...

The question begs: what exactly was the deal struck between the ANC leadership and the fascist Broederbond that stood behind the apartheid regime? What had Mandela and Mbeki and the other exiles in Zambia offered? What role had the Americans and international capital played?

In 1985, apartheid suffered two disasters: the Johannesburg stock market crashed and the regime defaulted on its mounting international debt. The chieftains of South African capital took fright; and in September that year a group led by Gavin Relly, chairman of the Anglo American Corporation, met Oliver Tambo, the ANC president, and other resistance officials, in Zambia.

Their message was that a ‘transition’ from apartheid to a black-governed liberal democracy was possible if ‘order’ and ‘stability’ were guaranteed... The unspoken deal was that whites would retain economic control in exchange for black majority rule: the ‘crown of political power’ for the ‘jewel of the South African economy’, as Professor Ali Mazrui put it.

Over the course of three years, half a dozen critical decisions were made by a small group around Thabo Mbeki (who was advising Mandela), Manuel and Alec Erwin, the trade minister.

These were: in 1992, to drop nationalisation, which had been an ANC pledge reiterated by Mandela; in 1993, to endorse the apartheid regime’s agreement to join the General Agreement on Tariffs and Trade (GATT), which effectively surrendered economic independence and, in

the same year, to repay the \$25 billion of apartheid-era inherited foreign debt, grant the Reserve Bank formal independence and accept loans from the International Monetary Fund; and in 1995, to abolish exchange controls, which allowed wealthy whites to take their capital overseas. Economic apartheid was solidified.

When I met FW de Klerk in London in 1998, I said: 'You ensured the white population had to make no substantial changes; in fact, many are better off. Didn't you really win?'

It was as if a secret truth had been put to him. Waving away the smoke of an ever-present cigarette, he said: 'It is true that our lives have not fundamentally changed. We can still go to the cricket at Newlands and watch the rugby. We are doing okay.'

'For the majority, the poverty has not changed, has it?' I said.

Warming to this implied criticism of the ANC, he agreed that his most enduring achievement was to have handed on his regime's economic policies, including the same corporate brotherhood. He spoke about blacks who 'now live in big houses' as the beneficiaries of 'affirmative action'.

'Isn't that the continuation of apartheid by other means?'

At this, he beamed. 'You must understand, we've achieved a broad consensus on many things now.'"

One leading politician wrote back a fortnight later: Pilger loses plot in quest for drama (*Sunday Independent*, August 13, 2006) From: Trevor Manuel, Minister of finance:

"John Pilger, in his article, 'Reich is in the shadows, but still in control' (*Sunday Independent*, July 30), draws exaggerated and flawed conclusions which cannot go unchallenged.

South Africans opted for a negotiated settlement, rather than the vortex of civil war, and for redistribution through reconstruction and development, rather than through conquest. Hence the great disillusioning of Pilger, for whom democracy was apparently expected to bring an end to capitalism, and who sees conspiracy and fascism behind anything suggestive of compromise or transition. But the reality for ordinary people is that investment in housing, water, electrification, transport and communication, rising spending on social services and broadening participation in a growing economy, are steadily bringing dignity and opportunity, where there was formerly misery and vulnerability. His claim that the ANC government has opted for 'minimal public spending' cannot go unchallenged. Here are the facts Pilger chooses to ignore:

- Non-interest government spending is a larger share of gross domestic product than it was in the early 1990s, while social services and housing have increased from 50 percent of the total to 60 percent currently.
- More than 700 new health clinics have been constructed, 215 mobile clinics established and charges for public health services have largely been removed for poor people.
- The child-support grant programme has added about 7 million new beneficiaries to the social security system.
- Water has been supplied to 10 million people, sanitation facilities to more than 6 million people, electricity to about 16 million - financed by the government.
- More than 3 million hectares of land has been redistributed, benefiting about 700 000 households, and budget allocations for land now run well ahead of spending capacity.
- School education is now near universal, the literacy rate of 15- to 24-year-olds has increased from 83 percent a decade ago to more than 96 percent now, and an extensive new skills-development funding programme has been established.

Since 2002/03, spending on public services has increased by more than 8 percent a year in real terms (adjusted for inflation), and this year's budget provides for 9,7 percent real growth. The largest increases are in social security and welfare, housing, community development, health and education. These spending increases have been made possible by improved

economic growth and the steadily decreasing burden of debt costs. Yet Pilger disparages these policies as reflecting an ANC leadership that is 'ashamed that most of their people live in the Third World'. The ANC has opted for growth, supported by pragmatic fiscal and monetary policies, precisely because these are necessary strategies in the war against poverty and indignity. For the record, I was neither a 'long-haired biker' in the 1980s, nor am I a 'born-again capitalist' now. But why quibble at these instances of Pilger's unbounded inventiveness."

The points above are repeatedly made in defense of liberation ideals, e.g. in most detail in the government's *Towards a Ten-Year Review* document produced shortly before the 2004 election. Here are a few reality checks.

First, as even Statistics SA admits, what was amongst the world's worst income inequality rankings actually got worse after 1994. According to an October 2002 report, in real terms, average black 'African' household income fell 19 percent from 1995-2000 (to the purchasing-power parity level of \$3,714/year), while white household income was up 15 percent (to \$22,600/year). For the entire 1994-2004 period, the fall in African income was no doubt much greater than 19 percent; and, no doubt, whites received far more than a 15 percent income boost during the full decade of 'liberation'. Not just relative but absolute poverty intensified, as households earning less than \$90 of real income increased from 20 percent of the population in 1995 to 28 percent in 2000. Across the racial divides, the poorest half of all South Africans earned just 9.7 percent of national income in 2000, down from 11.4 percent in 1995. The richest 20 percent earned 65 percent of all income (Statistics South Africa 2002).

In late 2003, Pretoria decided to tackle critics who argued that the ANC government was creating poverty through its macroeconomic policies. Government ideologue Joel Netshitenzhe and policy analyst Andrew Merrifield relied upon Stellenbosch University professor Servaas van der Berg, who also consulted to the World Bank. Van der Berg tweaked the 'Gini coefficient' (the main measure of inequality) by measuring the impact of state spending on the 'social wage' and drawing inferences for inequality in the wake of government redistribution. Before this exercise, according to the UNDP, the Gini coefficient had risen from 0.59 to 0.64, with the Eastern Cape and Free State recording levels above 0.65 (United Nations Development Programme 2003). In contrast, Van der Berg determined that between 1993 and 1997, social spending increased for the poorest 60 percent of households, especially the poorest 20 percent and especially the rural poor, and decreased for the 40 percent who were better off, leading to a one-third improvement in the Gini coefficient. Merrifield borrowed the methodology and updated it, arriving at a 41 percent improvement in the Gini from the 1994 base year.

In addition, van der Berg and Merrifield neglected to measure the non-social spending patterns of the state; many of these were directed into 'corporate welfare' such as foregone revenues thanks to generous tax cuts to the rich and corporations, a new generation of costly export-incentive subsidy schemes (especially for the motor industry), and vast investments in mega-projects such as Coega or the Lesotho Highlands Water Project whose merits for the poor are more negative than positive (Bond 2002). Indeed, as a share of total state capital expenditure, the categories economic infrastructure (roads, bridges, dams, electricity and water supply), and economic services (business enterprises not included above) rose during 1995-2002 from 61.3 percent to 67.6 percent (approximately R16 billion in 2002), while social infrastructure (schools, hospitals and administrative services) fell from 38.7 percent to 33.4 percent (R8 billion) (UNDP 2003, Appendix 12). Since the subcategories of electricity and water were falling as a share of national output during this period, that the major gains in 'economic infrastructure' were based upon mega-project investments. By including not just capital investment but also non-capital spending, the category 'economic services' rose from

9 percent of the state budget in 1998/99 to 13 percent in 2003/04, while welfare rose from 12 percent to 15 percent during the same years. Other major (non-interest) budget categories in 2003/04 were education at 20 percent, 'protection' (police and army) at 17 percent, and healthcare at 11 percent - all of which experienced negligible change in spending over the prior five years.

Data integrity and measuring biases aside, an even larger methodological question arises about the merits of adjusting the income inequality index with state social-services subsidies. As Cosatu economist Neva Makgetla (2003) put it, 'We have to ask ourselves whether this is a useful way to understand the redistributive function of the state. After all, in most countries, government plays a significant redistributive function. But that is not all the same, in social or economic terms as improving income distribution. For instance, suppose a household's monthly income is R1,000, or R12,000 for the year. If the family has four children in school they are getting an extra R12,000 from the state, doubling their income. But does that help us understand the economic difficulties they face in the short run? After all, it won't put food on the table.' This is no mere semantic quibble, for the Gini is one of only two widely accepted comparison points for countries, and the integrity of the base data should be beyond dispute.

Regardless of whether the van der Berg/Merrifield adjustment combines apples and oranges, another profound question emerges: were the post-apartheid state social subsidies doing what they are intended to do, namely lifting lower-income people out of poverty? In asking this question, a variety of other problems associated with the *Ten-Year Review* can be tested: whether social grants are satisfactory; whether cost-recovery is being imposed, by stealth, on recipients of state services; whether the state's potentially vast job-creating capacity is being utilised; whether housing, land and services are indeed being delivered at the rates claimed; whether women's status is improving; and whether sufficient funds are being spent on social services. We can consider each of these questions in turn.

According to the *Ten-Year Review*, recipients of social grants rose from 2.6 million to 6.8 million, with a resulting increase in spending from R10 billion to R34.8 billion: 'The poorest 20 percent of households receive the largest amount from grants. The difference the grants make on the lives of these people is profound. It is estimated that without the social grants almost 56 percent of the elderly would be living in poverty and 38 percent in what is known as 'ultra-poverty'. With the grants, this falls to 23 percent and 2.5 percent respectively' (South African Presidency 2003, p.18).

The figures are impressive, but rife with difficulties once we consider the practicalities of state delivery systems, as pointed out by the Committee of Inquiry into a Comprehensive Social Security System (2002) chaired by Vivien Taylor. Thus, according to University of KwaZulu-Natal researchers Nina Hunter, Julian May and Vishnu Padayachee (2003, p.20),

"The uptake of some of the grants is hampered by complicated administrative processes that may prevent many of the eligible from accessing the grants. In order to access the grants identity documents and birth certificates in the case of children are amongst the documents required by district level welfare offices. However, many of those living in rural areas do not have these documents, which are obtainable from another Government department that is experiencing efficiency and capacity problems, the Department of Home Affairs. Unlike the welfare offices, the Department of Home Affairs is not decentralised, although more recently efforts are being made to reach rural areas through the use of mobile units."

As Hunter, May and Padayachee (2003, p.20) remark, the ability of these means-tested programmes to target their beneficiaries is impossible given the desperation faced by so many

low-income rural people: 'The old age pension in South Africa has become a safety net for non-target groups, [and is] particularly... important for the well-being of children in the pension-receiving households.' In general, they summarise,

"The grants do not provide comprehensive coverage for those in need. Unless they are able to access the disability grant, adults are largely excluded from this framework of assistance. It is only possible for the UIF to be received by the unemployed for a maximum of six months and then only by those who were registered with the Fund, for the most part the formally employed. In fact, some of the poorest households are those containing adults and children in which no one receives a grant. The Taylor Committee describes South Africa's social security system as neither adequate nor comprehensive. At present, there is no income support programme for children between the ages of nine and 18, adults between 18 and 59 and no general assistance for households where no one is employed. In addition, the Taylor Committee found that much of what is referred to as social security derives from the European concept which has as its fundamental assumption that social security would develop around formal sector employment."

A project not yet attempted would be to dissect each of the social spending line items and determine the biases associated with state policy and budgeting. For example, according to Hunter, May and Padayachee (2003, p.25), Pretoria's spending on public education is definitely *not*,

"pro-poor, since the share going to the poor and the ultra-poor is substantially smaller than their share of the population. In South Africa education should be free, but in practice schools require school fees and other costs (such as uniforms, school books and stationery, transport to school) are making it increasingly more difficult for the poorest to access basic education. A clear strategy from Government is required in this regard, as it is increasingly evident from the delivery of other services, particularly health care, that user fees and transport costs are hampering the access to these services of those most in need."

If in education and healthcare the problem of user-fees reduces the benefits of state spending for very poor people, the same is even more true in consumables such as water, electricity and telephone, as shown below.

More of the *Review's* claims relate to specific state programmes. According to the *ANC Today* website version, "Another government intervention that has helped to address poverty is the public works programme. Expenditure on this programme has increased almost tenfold in the last five years, employing a total of 124,000 people" (<http://www.anc.org.za>, 7 November 2003). It is not clear how the claim was arrived at, given the static (and paltry) R200-300 million per annum spent on Community Based Public Works programmes during most of the post-apartheid era. Still, these jobs are below minimum wage in pay, have no benefits, and typically last only six months. The tiny number of people temporarily hired – even if increased eight-fold, as 2004 ANC campaigners suggested was possible – made no dent in the vast unemployment problem.

Indeed, the ANC's long-standing failure to engage in a more serious roll-out of public works opportunities was a function of simple ideology, which Trevor Manuel has described as follows: "I want someone to tell me how the government is going to create jobs. It's a terrible admission, but governments around the world are impotent when it comes to creating jobs" (*Sunday Independent*, 9 January 2000). Another interpretation was that Manuel's impotence was limited to allocating the resources required to seriously tackle problems of poverty, for he and the Cabinet made far more funding available for the purchase of high-tech weaponry than for job creation.

The *Review* makes other claims about housing and land:

“About R50 billion of assets have been transferred to poor households since 1994. Nearly two million housing subsidies have been approved over this period, with over six million South Africans having received housing as a result. Just less than half of all subsidies approved were granted to women. Since 1994, 1.8 million hectares have been transferred under the land redistribution programme to almost 140,000 households.”

What has to be said, first, about housing, is that the claim of two million subsidies delivered has never been conclusively confirmed or even properly audited. It is extremely doubtful that the subsidies granted towards ‘housing starts’ led to two million completed housing units. Many developers issued tender bids but failed to actually deliver the finished product. The primary reason is that for most of the period since the ANC adopted a market-oriented housing policy in November 1994, the grant level – R16,000 on a once-off ‘capital subsidy’ basis – was far too small to pay for more than a poorly-located site and an inadequate structure. That problem, in turn, stemmed not only from the ideologically-motivated decision to adopt a developer-driven, bank-centred housing policy, but also reflected the national fiscal squeeze: instead of spending 5 percent of the annual state budget on housing, as was promised by the RDP and *Housing White Paper*, the figure was well below 2 percent in the decade following liberation.

In any case, compared to the hated matchbox houses of the apartheid era, the new post-apartheid houses were typically only half as large, and constructed with flimsier materials than during apartheid; located even further from jobs and community amenities; characterised by regular disconnections of water and electricity; with lower-grade state services including rare rubbish collection, inhumane sanitation, dirt roads and inadequate storm-water drainage. Whereas hundreds of thousands were meant to receive ‘top-up’ financing from banks so that a proper house could be constructed, the banks only financed a tiny fraction (less than 100,000 – far fewer bonds than they had granted during the late 1980s). Furthermore, some of the assets transferred as part of the R50 billion claimed, were actually newly-privatised public housing units, which only exacerbated the ghettoisation of poor people, many of whom in turn found it impossible to finance the maintenance and repair costs for which the state had previously assumed responsibility (Bond 2000).

As for land redistribution, a January 2004 press statement from the Landless People’s Movement (2004) observed that in nearly a decade since liberation, Pretoria failed to deliver on its promise to ‘redistribute 30 percent of the country’s agricultural land from 60,000 white farmers to more than 19 million poor and landless rural black people and more than 7-million poor and landless urban black people within five years... Studies show that just over 2.3 percent of the country’s land has changed hands through land reform.’ The problem was that Pretoria adopted a World Bank-inspired, market-oriented, willing-seller/willing-buyer programme that limited the state function to providing a tiny once-off capital subsidy (R15,000) far too small to acquire a decent plot of land.

Moving to service delivery, yet more grandiose claims are made about water and electricity: ‘About nine million additional people have gained access to safe water between 1995 and 2003. The proportion of households having access to sanitation has increased from 49 percent in 1994 to 63 percent in 2003... There have been around 3.8 million new electricity grid connections since 1994. This means that the number of households with electricity had increased from 32 percent to 70 percent by 2001.’ Yet disconnections of water and electricity were one of the most extreme problems of the post-apartheid era for poor people, and Pretoria’s statistics simply ignored that millions of people were cut off for more than 45 days.

Indeed, the ANC's mid-2006 reply to the SACP was surprisingly aggressive on this point, for the ANC claims great advances notwithstanding the barrage of citizen protests:

“Measuring household usage of water, through water-meters, is discouraged [in the SACP critique] because it atomises working class communities: no reference is made to the fact that, in actual practice, many households do not use much more than the free basic water provided, and that this campaign is encouraging saving of this resource!” (ANC, 2006)

‘Saving’ water – often a counterproductive policy for households at a time of the AIDS pandemic - is also encouraged by the mass disconnection of low-income people, many of whom cannot afford the utility bills which are much higher than during apartheid. According to Joel Netshitenzhe, the government's leading intellectual: “rigour in research does matter: ... 10 million people [were] connected to water which cannot by any stretch of the imagination be compared with the few households occasionally cut off.” (*Sunday Times*, 4 April 2004.)

Unfortunately for Netshitenzhe, the truth soon emerged. The government's chief water bureaucrat, Mike Muller (2004), conceded that in 2003, ‘275,000 of all households attributed interruptions to cut-offs for non-payment’, which extrapolates to in excess of 1.5 million people affected that year alone (in 2003, Muller's boss Ronnie Kasrils had threatened a ‘name and shame’ campaign against municipalities which disconnected residents without providing an alternative source of their free monthly lifeline supply). Over the course of the prior year, Muller had resoundingly rejected findings from reports issued by both the Department of Provincial and Local Government, and by the Municipal Services Project, that ten million or more South Africans had suffered services cuts, but his new figures showed the problem was even worse than critics had earlier estimated.

The reason for the disconnection epidemic was obvious. Notwithstanding deeper poverty, the South African government – ranging from municipalities to water catchment agencies to Eskom - raised water and electricity prices dramatically from the mid-1990s. By 2002, they accounted for 30 percent of the income of those households earning less than R400 per month. One cause of higher municipal utility prices was that central-local state subsidies designed to cover operating/maintenance expenses suffered dramatic declines during the 1990s (85 percent in real terms, according to the Finance and Fiscal Commission).

As a result, Pretoria's national record of municipal ‘credit control’ statistics showed that, in one typical quarter-year period (late 2001), 60 percent of the disconnections were not resolved within six weeks. That, in turn, confirmed that the blame lay with genuine poverty, not the oft-alleged ‘culture of non-payment’ as a hangover of anti-apartheid activism. Likewise, of 13 million given access to a fixed telephone line for the first time, ten million were disconnected (www.hellkom.co.za). Naturally, the bulk of suffering caused by the rescinding of vital state services was felt by women, the elderly and children.

More generally, the status of women progressed unevenly. There were some improvements, especially in reproductive rights, albeit with low levels of access to abortion facilities. Women are certainly empowered through the Constitution and laws such as the Employment Equity Act, as well as institutions including the Gender Management System, the Office of the Status of Women, the Commission on Gender Equality and the Women's Budget Initiative. But substantive, not merely formal equality will require a major upsurge in women's struggles, given the enormous gap between state rhetoric and reality.

Indeed, one of the most striking reflections of backsliding in spite of rhetorical advance was in women's pay. Barely increasing their share of total jobs during the late 1990s, women

experienced a massive decline in relative pay, from 78 percent of male wages in 1995 to just 66 percent in 1999 (Statistics South Africa 2002, p.147). Although subsequent data on gender inequity are mixed, the UNDP's *Human Development Report* does present disturbing information about durable poverty in households characterised as single-parent (6.7 million poor people) and couple-parent (8.5 million poor people): 'Relative to the number of poor in each gender category, the proportions of poor males and poor females living in couple with children families are almost the same, but a significantly larger proportion of poor females live in poor single parent families (35.3 percent) compared to males in this category (24.9 percent)' (UNDP 2003, p.42). The extent of women's unemployment was still vast in 2001, at 46 percent (including those who had given up looking for work, but not including those in the former homelands considered 'economically inactive'), far worse than the male rate of 35 percent.

The most impressive gain for women within the state might have been the ruling party's quota on political representation in parliament (30 percent women) and the number of strong women members of Cabinet, albeit with overwhelmingly anti-labour, anti-feminist, anti-environmental and anti-democratic credentials. Witness minister of public administration Geraldine Fraser-Moleketi's harangues of striking civil servants and their unions; health minister Tshabalala-Msiming's hostility to anti-retroviral medicines for victims of rape and for pregnant women to prevent HIV transmission; minerals and energy minister Phumzile Mlambo-Ngcuka's attacks on environmentalists concerned about the harm done by extractive industries; and foreign minister Nkosazana Dlamini-Zuma's blunt refusal to criticise Robert Mugabe's tyrannical regime, including its systematic sexual violence against women.

Aside from legalising reproductive rights, the most important post-apartheid gain for mainstreaming gender concerns was probably the women's budget. In early 2004, however, the *Mail & Guardian* newspaper (20 February 2004) reported, "When former MP Pregs Govender first proposed a gender-responsive budget a decade ago, she warned that without ongoing political commitment to this initiative, it would be wiped out as yet another "public relations exercise". Govender's prescience was spot on. Minister of finance Trevor Manuel's Budget speech on Wednesday - although it doesn't spell doomsday for women - spelt the death knell for a women's budget."

Perhaps most importantly in structural-economic terms, contemporary South Africa retains apartheid's patriarchal modes of surplus extraction, thanks to both residual sex discrimination and the migrant (rural-urban) labour system, which is still subsidised by women stuck in the ex-Bantustan homelands. Aside from a small state grant to old-age pensioners, these women are still not paid for their role in social reproduction, which in a normal labour market would be handled by state schooling, health insurance and pensions. While remittances from urban workers and pensions remain the main form of support in rural areas, along with an expanded child support grant, these are far below the levels required for a dignified life. Given the durability of migrant labour and the overall failure of rural development, it is fair to condemn the post-apartheid government for deepening the inherited, structured superexploitation.

This structured superexploitation is exacerbated by an apparent increase in domestic sexual violence associated with rising male unemployment and the feminisation of poverty. Even Mbeki was quoted at an ANC campaign rally by the SA Press Association on March 22, 2004, just after Human Rights Day: 'He said if ever his sister was to arrive home and tell him that she was in love with African Christian Democratic Party leader Kenneth Meshoe, he would have to beat her.' Mbeki's spokesperson said he was only 'joking'. According to SAPA, 'The ANC supporters reportedly laughed with delight at the quip,' while no estimates

were made of how many victims of domestic violence that night resulted from the president's care-free attitude (SAPA, 22 and 23 March 2004).

Women are also the main caregivers in the home, and this entails bearing the highest burden associated with degraded health. With the public healthcare services in decline due to underfunding and the increasing penetration of private providers, infectious diseases such as TB, cholera, malaria and AIDS are rife, all far higher than during apartheid. Diarrhoea kills 43,000 children a year, as a result mainly of inadequate potable water provision. Most South Africans with HIV have little prospect of receiving anti-retroviral medicines to extend their lives (half a million urgently require drugs at present), thanks to 'denialist' policies of Mbeki and his health minister, as discussed below.

Overall, it is hard to make sense of Pretoria's grandiose claims of delivery, given how flat the spending on social services was during the first ten years of liberation, a bit less than half of state spending, with a decline from 1998 onwards. According to Hunter, May and Padayachee (2003, p.19), the percentage of the state budget allocated to social spending rose from 46.7 percent in 1995/96 to a high of 49.2 percent in 1998/99 before falling to 47.7 percent in 2001/02, thanks mainly to a drop in education spending. The main rebuttal made in the *Review* and especially by van der Berg/Merrifield, is that those funds were redistributed from white, Indian and coloured beneficiaries during the apartheid era, to black Africans. But non-racial distribution is surely the very least that would be expected.

What the pro-ANC commentators simply fail to grapple with is the overarching criticism of neoliberal social policy made by the independent left. In short, instead of expanding the state's social safety net apparatus and conferring universal rights, as mandated in the RDP and *Constitution*, the post-apartheid strategy was the opposite: denying access and shrinking the state's obligation. Means-testing, meager grants, bureaucratic obstacles and detailed policy sabotage were the main techniques. The most cruel initial example was probably Fraser-Moleketi's attempt in 1996 to cut the dependent children's grant from R135 to R75 (when she was welfare minister), so as to spread the grant more widely to African beneficiaries. In the same neoliberal spirit, by 1997 the ANC - and indeed all political parties running municipalities - made mockery of the constitutional right to water by engaging in large-scale disconnections, as noted above.

However, the ANC might well rebut, at least in cases such as water and other municipal services, the government corrected its neoliberal policy orientation when it made the 'free basic water' promise prior to the December 2000 municipal elections, a promise based on universal access and punishment of large-volume users through a cross-subsidy system. Certainly, the promise itself is exemplary, and reflected not only a fear of apathy in the municipal elections, the August 2000 cholera epidemic (catalysed by rural KwaZulu-Natal disconnections), and the forthcoming Constitutional Court 'Grootboom' decision against the government. Also playing a role was the critical mass of protests against water apartheid. However, the follow-up to the free water promise reveals a great deal. During early 2001, the national water department discouraged municipalities from increasing water charges to commercial/industrial users. By July, the new tariffs unveiled a sophisticated sabotage technique, entailing a very small free lifeline (6,000 litres per household per month), followed by very steep increases (along a convex tariff curve), such that the next consumption block became unaffordable. The free 6,000 litres represent just two toilet flushes a day for a household of eight, for those lucky enough to have flush toilets. It leaves no additional water to drink, to wash with, or to clean clothes or the house.

A government genuinely committed to water as a human right would have provided a larger free lifeline tariff, ideally on a per-person, not per-household basis, which then rises gradually in a concave manner, but with steep penalties against luxury consumption. A water minister genuinely committed to using central state power on behalf of the poor would not merely posture with the threat of 'naming and shaming' those municipalities engaging in massive disconnections, but would actually do so, and in the process declare a water emergency, as water legislation permits, so as to reconnect those whose rights were violated. Such a minister would, when considering the drive to install pre-paid water meters, take the lead of the British government. Even under the neoliberal Tony Blair during the late 1990s, this technology was considered such a threat to the public health that it was banned, along with trickler devices. Instead, then water minister Ronnie Kasrils – ironically, a leading communist – endorsed and actively promoted the pre-paid, self-disconnecting meters.

Moving to the environment, it is fair to assess South African ecology as today in worse condition, in many crucial respects - e.g., water and soil resources management, local contributions to global warming, fisheries, industrial toxics, genetic modification - than during apartheid (Bond 2002). For example, in spite of water scarcity, major dam projects – including 15 new large dams planned to start after the ANC's 2004 election victory – cause destructive environmental consequences downriver. Moreover, as discussed below regarding the case of the Lesotho Highlands Water Project, the high costs of water transfer – made yet higher by rampant corporate/state corruption - deter consumption by poor people. Africa's highest dam, Katse, supplies Johannesburg water across the Lesotho mountains, and the next mega-dam in the scheme, Mohale, was begun in 1998 even though even government officials admitted it was unnecessary.

The wealthiest urban (mainly white) families in Gauteng Province enjoy swimming pools and English gardens, which means that in some of the most hedonistic suburbs, water consumption is 30 times greater each day than in low-income townships, some of whose residents do the gardening and domestic work for whites. Meanwhile, rural (black) women queue at communal taps in the parched former bantustan areas for hours. The location of natural surface and groundwater remains skewed towards white farmers due to apartheid land dispossession and the post-apartheid government's failure to redistribute land to black South Africans.

As for the air, on a per capita basis, South Africa also contributes more to global warming than nearly any economy in the world, if CO₂ emissions are corrected for both income and population. Such greenhouse gas emissions are 20 times higher than even the United States by that measure, and the ratio is worsening because Pretoria is promoting (and subsidising) vast new investments in metals smelters, led by the Coega aluminium project whose repeated false starts led to growing desperation by the state to recruit a foreign firm. Notwithstanding good solar, wind and tides potential, renewable energy is scandalously underfunded. Instead, vast resources continue to be devoted to nuclear energy R&D, especially irrational investments in next-generation pebble-bed nuclear reactors, which internal documents admit are dubious from a financial standpoint. Pretoria also allowed South Africa to become a World Bank guinea pig for a carbon trading pilot project; methane gas will be extracted from a Durban toxic waste dump which is spreading cancer in neighbouring black neighbourhoods, and which would in a just world be closed down. The pro-corporate carbon-trading strategy will not reduce overall emissions, and instead furthers the commodification and privatisation of the air.

Other examples of residual apartheid ecology could be cited, including numerous unresolved conflicts over natural land reserves (displacement of indigenous people continues), deleterious

impacts of industrialisation on biodiversity, insufficient protection of endangered species, and generous state policies favoring genetic modification for commercial agriculture. Marine regulatory systems are overstressed and hotly contested by European and East Asian fishing trawlers, as well as by local medium-scale commercial fishing firms fending off new waves of small-scale black rivals. Expansion of gum and pine timber plantations, largely for pulp exports to East Asia, remains extremely damaging, not only because of grassland and organic forest destruction - leading to soil adulteration and far worse flood damage downriver, as Mozambique suffered in two recent years - but also due to the spread of alien-invasive plants into water catchments across the country. One constructive, high-profile state programme, 'Working for Water', has so far slowed but not reversed the growth of alien invasives.

Meanwhile, South African commercial agriculture remains extremely reliant upon fertilisers and pesticides, with virtually no attention given to potential organic farming markets. Pretoria is also fostering a dangerous Genetically Modified Organisms industry, while regional neighbours like Zimbabwe, Zambia and Angola have imposed bans on the dangerous technology. The government's failure to prevent toxic dumping and incineration has led to a nascent but portentous group of mass tort (class action) lawsuits that may graduate from asbestos victims to residents who suffer persistent pollution in several extremely toxic pockets (South Durban, Sasolburg, Steel Valley). In these efforts, the environmental justice movement nearly invariably fights both corporations and Pretoria. A few new environmental laws and regulations have tackled high-profile problems like plastic bag litter and destruction of beaches by recreational 4x4 drivers, but meanwhile the problems above mainly worsened during the first decade of liberation.

There is, of course, resistance. From the early 2000s, organisations repeatedly challenging the ANC and capital from the left include social movement and community activist coalitions such as the Johannesburg Anti-Privatisation Forum, the network of Durban urban residents stretching from the Abahlali baseMjondolo shacks to South Durban working-class communities and beyond, and the Western Cape Anti-Evictions Committee, as well as a variety of sectorally-specific groups: the Education Rights Project, Environmental Justice Networking Forum, Jubilee SA, Keep-Left, Landless Peoples Movement, Palestine Solidarity Committee, Soweto Electricity Crisis Committee, Treatment Action Campaign, Youth for Work, and sometimes the inconsistent SA NonGovernmental Organisations Coalition. Other left infrastructure includes think-tanks and training institutes such as the Alternative Information and Development Centre, the Centre for Economic Justice, groundWork, the International Labour Research and Information Group, Khanya College, Research, Education and Development, and the University of KwaZulu-Natal Centre for Civil Society, most of which have useful websites. There are, as well, some militant sections of the trade union movement, especially municipal workers. It is only when the Congress of SA Trade Unions and SA Communist Party break their alliance with the neoliberal ANC that a serious electoral and non-electoral left can consolidate, by most analysts' reckoning.

In the meantime, however, divisive conflicts have emerged within South African's independent left movements (nearly destroying the landless and Jubilee movements). Some disputes continue over how to relate to the SACP and Cosatu, with some groups entering selective conjunctural alliances particularly in the wake of much stronger criticism of the ANC from the SACP ('Bonapartist') and Cosatu ('dictatorial'). How far to attack the ANC carries into debates over whether (and when) to form a left political party. In addition, there remain traditional South African problems with sectarianism amongst small political parties and factions.

But what is clear is that the ANC's turn from liberation to liberalism has generated a resistance that is arguing concretely on issues and making small but important steps towards a future that reflects, rather than rejects, those long-held ideals of non-racialism, non-sexism and economic justice.

7 Black Economic Empowerment: politically correct capitalism or social problem?

By Neva Seidman Makgetla

Suppose we could come back to South Africa twenty years from now and visit northern Johannesburg. In one vision of BEE, we would expect to see a boom around Sandton, with young black executives and entrepreneurs joining or perhaps even displacing the well-off whites who now crowd the cafes and the Stock Exchange. But the bustling, luxurious scene would still remain a world away from the poverty in Alexandra township just down the road.

In the contesting vision of BEE, South Africa's future lies, not in integrating Sandton, but in developing places like Alexandra into prosperous working-class communities with skills, jobs, decent housing and infrastructure, and – through their pension funds, ESOPs and community trusts – a share in major enterprises across the economy. In this vision, Sandton itself, even if more representative, should no longer stand out as a bastion of wealth in a sea of poverty.

The contestation over BEE is rooted in a conceptual confusion that in turn reflects growing class differentiation in the black population. Everyone agrees that BEE involves shifting economic power to black people. But does that primarily mean bringing black entrepreneurs into existing structures of ownership, or broadening ownership and undertaking other measures, such as skills development and provision of basic services, that will empower the majority?

To date, the government has responded to this contestation by requiring that companies both support new black investors and entrepreneurs and undertake skills development and employment equity. This package is supplemented by assurances that more representative capital should lead to greater domestic investment, innovation and diversification, ultimately creating more employment and services for the poor.

But the compromise is continually under attack. In particular, many government officials and businesspeople try to bolster the share of incentives for black ownership at the cost of more broad-based elements such as employment equity and improved services for the poor. This emerged clearly in engagements over the draft Codes of Good Practice under the Broad-Based BEE Act (2005).

This paper analyses how government strategies have sought to address the racial inequalities left by apartheid since 1994. For each strategy, it briefly evaluates the impact on overall inequalities and on the formation of a black capitalist class. Despite some improvements, progress remained disappointingly slow in terms of both overall economic inequality and for the increasingly vociferous black upper class. In this context, the final section explores government's regulations on broad-based BEE as an uneasy compromise between using state power to improve conditions for the majority and using it to entrench a black capitalist class in the existing, exclusionary economic structure.

BEE and the apartheid legacy

State action to support black economic empowerment responded to the very slow progress in overcoming the economic inequalities imposed under apartheid, despite the elimination of racial laws. On the one hand, despite extraordinary social and political advances after 1994, most black South Africans faced rising unemployment, falling real wages and relatively slow

growth in basic services, especially in the former homeland regions. On the other hand, the leading companies in the private sector remained predominantly white, with virtually no expansion in black ownership or management outside the public sector.

A series of measures under colonial rule and then apartheid aimed explicitly to disempower Africans, compelling them to accept low wages from white employers. These measures had several dimensions.

- The apartheid state purposefully limited African households' access to capital and wealth. Most obviously, a series of laws dating back over a century pushed people off their land. But the state also constrained black people's access to capital, commercial and industrial sites, and credit. At the same time, the state used subsidised credit and other services as well as procurement to support white entrepreneurs.
- The state neglected household infrastructure like water and electricity as well as transport in black communities, making it virtually impossible for Africans to set up viable small enterprises.
- The state established effective obstacles to African participation in education and formal training, as well as some types of work and most managerial positions.
- In many industries, notably agriculture and domestic work, the labour laws let employers fire black workers without giving reasons and suppress union organisation.
- The state constrained Africans' access to institutions and relationships needed for formal economic activity, such as the financial sector, marketing firms, state procurement, and so on.

This complex of measures – some dictated by the law, some institutionalised but informal – entrenched deprivation in African communities. At the same time, it ensured that whites owned and managed most enterprises in both the state and private sector.

Between 1994 and 2005, the democratic government aimed to address the inequalities left by apartheid. But except for limited efforts at land reform and the use of the general tax system, it did not actively redistribute assets. Nor did it demand that the private sector do much to support economic equity.

The democratic government adopted four core strategies to enhance equality.

- 1) It ended discrimination in public services, including social services, welfare grants and infrastructure, and increased the share of spending in black communities.
- 2) It undertook to improve skills development and supported employment equity as well as workers' right to organise unions and strike.
- 3) It prohibited legal discrimination in economic activity, including lending, marketing and employment.
- 4) It increased the representation of black people in management in the public service and parastatals.
- 5) It established various programmes to support small and micro enterprise.

Taken together, these strategies proved inadequate to bring about fundamental changes in the deep-seated inequalities left by apartheid, especially given very high unemployment from the mid-1990s. As far as the data allow, we here first summarise trends in the distribution of income and assets between 1994 and 2004. The following sections look at implementation of the strategies aimed at improving equity.

Trends in inequality

In 2005, a debate emerged about the extent of poverty in South Africa. That debate tended to obscure the agreement amongst most analysts (see van den Berg et al., 2005; Ardington et al., 2005) that between 1994 and 2004 overall economic inequality showed very little improvement and Black people substantially increased their share in the higher-income group, without coming anywhere close to representivity.

We here first examine overall inequality, and then the representation of black people in the economic ruling class.

In the early 2000s, South Africa remained one of the most inequitable countries in the world. The top 10% of the population received 45% of the national income, while the poorest 20% got 2%. (Statistics South Africa 2002).

As the following table shows, between 1996 and 2004 unemployment (using the broader definition that counts as unemployed people who want a paying job but have given up actively looking for one) hovered persistently around 40%. Meanwhile, the share of employed people earning under R1000 a month in constant 2000 rand remained almost unchanged at around 45%.

Table 1. Expanded unemployment rate and share of employed people earning under R1000 in constant rand^a



(Note: The broader definition of unemployment counts as unemployed people who would take a job immediately, but who are too discouraged to continue to search for paid employment. R1000 is calculated in constant 2000 rand. The LFS gives incomes in bands. Where the value of R1000 in 2000 rand falls inside a band, a linear proportion is used. Source: Data for 1996 and 1998 calculated from, Statistics South Africa. *October Household Survey*. Relevant years. Databases on CD-ROM. Pretoria. Data for 2000 to 2004 calculated from, Statistics South Africa. *Labourforce Survey*. September of relevant years. Databases on CD-ROM. Pretoria. Constant incomes calculated using CPI.)

Unemployment and low incomes remained concentrated in the African population, and especially amongst African women. In 2004, unemployment for Africans, using the broad definition, was 48%, compared to 28% for Coloureds and Asians and 8% for whites. Two thirds of the unemployed were Africans under the age of 30, who faced an unemployment rate of 60%. For African women, the overall unemployment rate was 56%, compared to 7% for white men. Almost three quarters of African women under 30 were unemployed. (Calculated from Statistics South Africa 2004).

The black population also continued to suffer the lowest incomes. In 2004, estimates suggest that 40% of African employed people earned under R1000 a month in 2000 rand, compared to 20% of Coloureds and Asians, and 5% of whites. Again, African women were the worst off, with well over half earning under R1000 a month. Moreover, only 60% of African families reported wages, salaries or profits as their main source of income, compared to 80% of whites, Coloureds and Asians. The other households relied on social grants, family remittances, charity and pensions. (Calculated from Statistics South Africa 2004).

The falling share of remuneration in national income after 1994 also indicated persistent inequalities. Between 1994 and 2004, remuneration fell from 50% to 45% of the national income, while net operating surplus climbed from 26% to 32%. (TIPS 2006) Studies suggested, too, that within remuneration, the gap between the highest and lowest salaries began to widen in the 2000s. (See Crotty 2006).

Data on the distribution of assets is harder to come by, although very inequitable distribution of income generally indicates even more inequitable ownership of capital and land. (See UNDP 2004, pp 70 ff) Indicators of asset inequality in South Africa included:

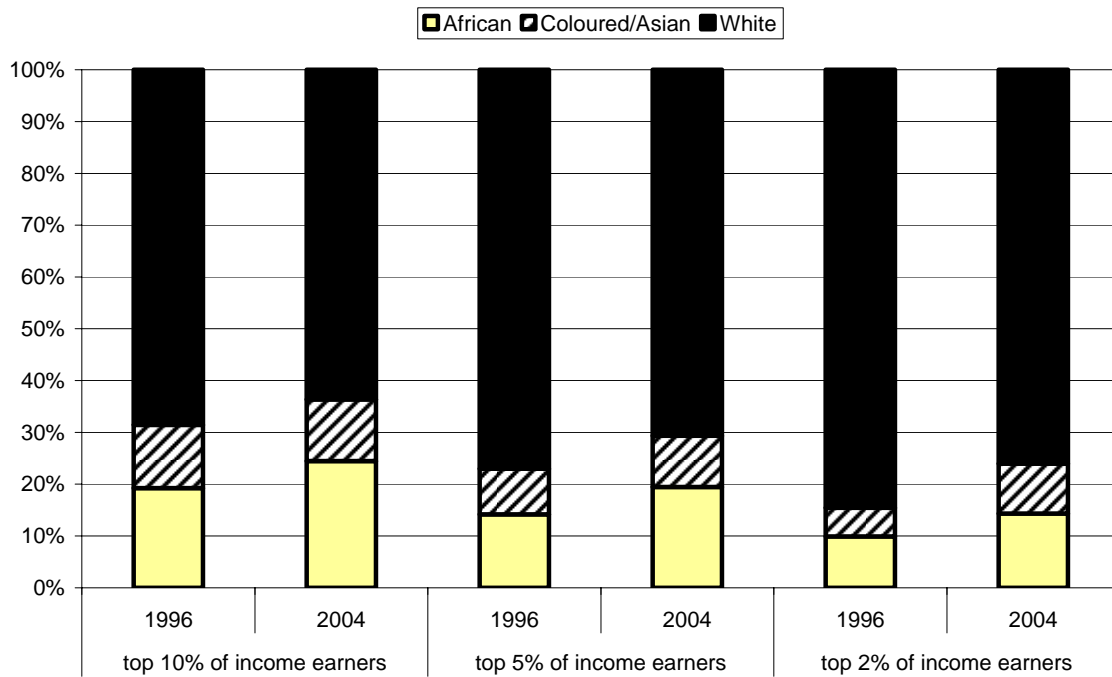
- Small and micro enterprise remained stunted, and the country had only a rudimentary co-operative movement. These sectors lagged far behind the norm for developing countries. (See Orford *et al.*, 2004)
- Income from property was far more unequally distributed than income from wages and salaries. In 2004, 4% of the self-employed earned over R11 000 a month, compared to 2% of the employed. But 40% of the self-employed – virtually all African - got under R500 a month. In contrast, only 15% of wage earners fell into this income category. (Calculated from Statistics South Africa 2004).

In short, ten years after the transition to democracy, the majority of the population remained heavily disempowered in economic terms. Their disempowerment emerged in lack of capital and other assets, high unemployment and low pay. Poverty and joblessness hit hardest at Africans, and especially African women.

At the same time, potential black entrepreneurs – effectively meaning black people with formal qualifications and/or political experience plus some capital – still found themselves largely shut out of the economy, and in particular the private sector. This emerged in the substantial under-representation of black people in the high-income group, management, and the top end of the self-employed.

As the following table shows, in 2004 Africans constituted only a quarter of the top 10% of income earners and about a seventh of the highest-earning 2%. This was an improvement on 1996, but not by much. In contrast to their small share amongst high-income earners, Africans made up almost three quarters of all paid employees in 2004.

Table 2. Representivity in the high-income group by race, 1996 and 2004

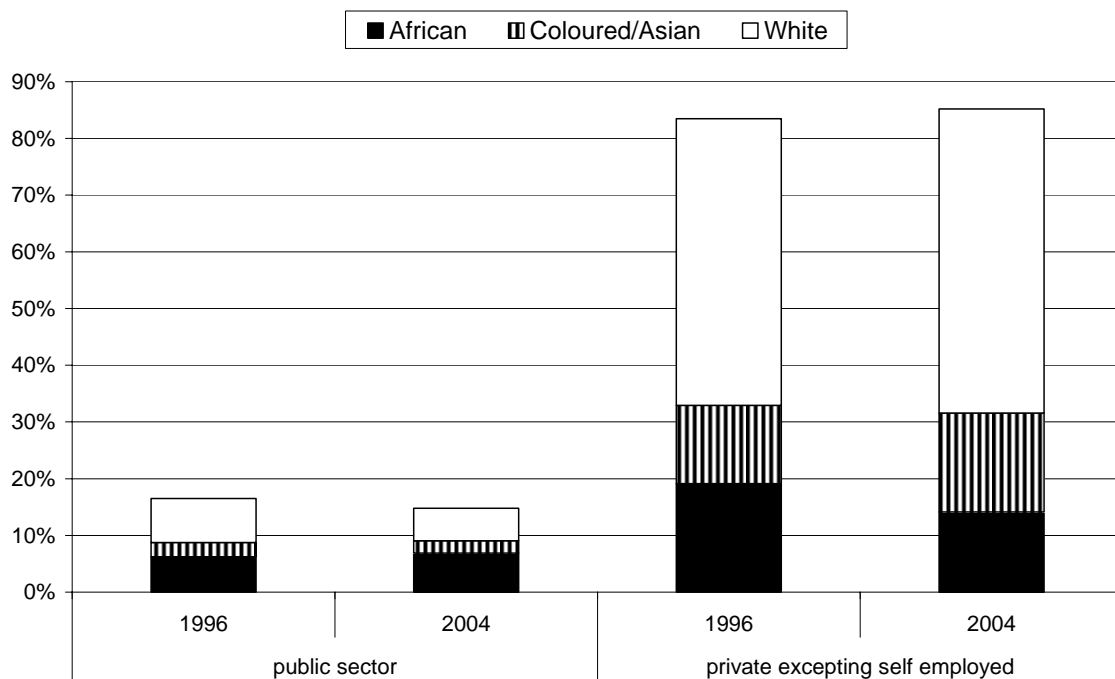


(Source: Calculated from, Statistics South Africa, *October Household Survey* for 1996, and *Labourforce Survey* for September 2004. Databases on CD-ROM. Pretoria).

African women, who constituted just under a third of all working people, comprised only one in 15 of the top 10% of income earners. In contrast, white men accounted for under a tenth of working people, and almost half of the 10% with the highest incomes.

The continued under-representation of black people in the high-income group was matched by their low share in senior management, especially in the private sector. In both the public and the private sector, white managers remained in the majority. Between 1996 and 2004, their reported share of private management positions reportedly grew slightly, although black managers gained ground in the public service, local government and parastatals.

Table 3. Senior management by race, 1996 and 2004



(Source: Calculated from, Statistics South Africa, *October Household Survey* for 1996, and *Labourforce Survey* for September 2004. Databases on CD-ROM. Pretoria).

Again, the position of African women was particularly poor. Just over one senior manager in 20 was an African woman, while two out of five were white men. Moreover, over a quarter of African women in senior management worked in the public sector, compared to an average of 10% for all senior managers.

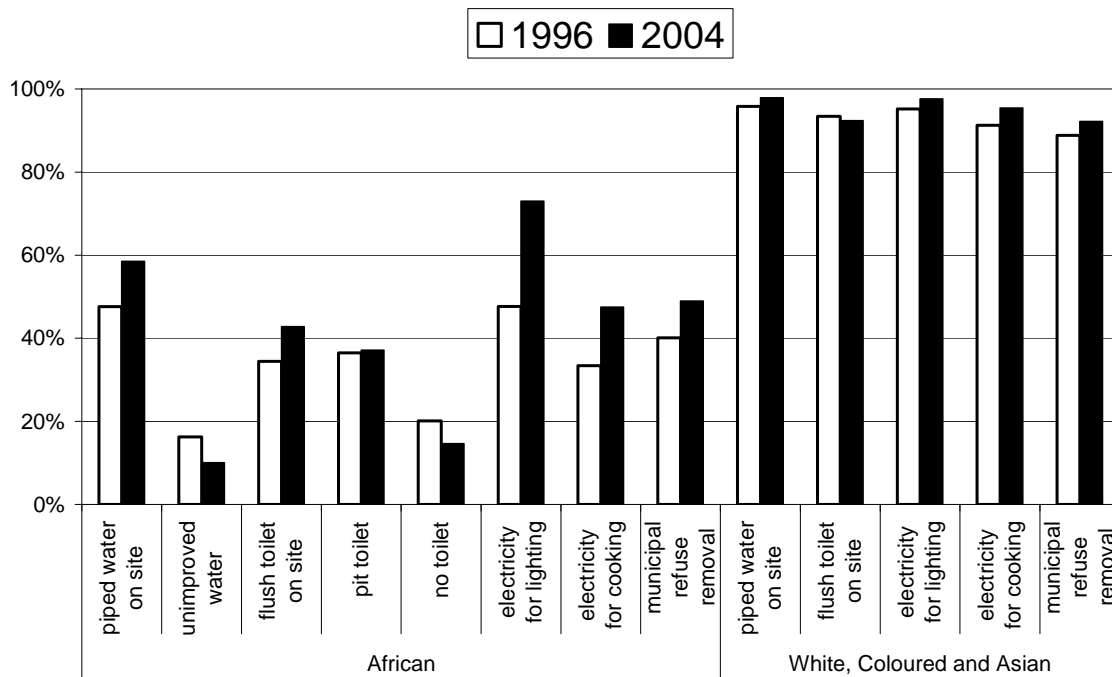
In short, the shift to democracy neither improved overall economic inequality substantially, nor opened doors to economic power for the black elite, especially in the private sector. The rest of this section examines how and why the main government strategies to promote greater equity fell short.

Government services

The RDP expected the extension of government services to historically deprived black communities to provide a central instrument in empowering the majority. It argued that improvements in basic infrastructure and social services would establish the basis for black people to engage with the economy, as workers and through home-based enterprise. Yet substantial growth in basic services in black communities after 1994 did not have much apparent impact on income generation. The main reasons appeared to have been the contractionary fiscal policy of the late 1990s combined with programmes that made no effort to maximise economic benefits.

The most accessible indicator of growth in government services was household infrastructure, which was assessed from 1995 by regular household surveys. As the following table shows, virtually every aspect of household infrastructure improved, with electricity making the greatest advances toward equity. Still, even in 2004, less than two thirds of Africans had piped water on site, under half had a flush toilet, and about three quarters had electricity for lighting. In contrast, even before 1994 more than 90% of white, Coloured and Asian households had access to improved water, electricity and refuse removal.

Chart 1. Access to household infrastructure by race, 1996 and 2004



(Source: Calculated from, Statistics South Africa. 1996. October Household Survey. Database on CD-ROM. Pretoria; and, Statistics South Africa. 2004. Labourforce Survey. September. Database on CD-ROM. Pretoria).

It is more difficult to quantify improvements in education, health, policing and welfare. Formally, all institutions in these sectors were banned from discriminating; in practice, the historic distribution of infrastructure and personnel heavily meant substantial inequalities remained.

The following section indicates the persistent inequalities in education, which were equalled in policing and health. The main exception was welfare grants, which represented the most redistributive form of government spending.

After 1994, the government equalised grants to Africans – who had previously lagged far behind white and Coloured beneficiaries – and extended them to virtually all older people without a private pension, as well as many children. The share of African households getting some kind of grant rose from 17% to 45% between 1996 and 2004. (Calculated from Statistics South Africa 1996 and 2004) At the same time, however, the state reduced the amount of the grants in real terms. Through the late 1990s, increases in individual grant categories did not keep up with inflation. Thereafter, while the grants themselves rose at inflation rate, the bulk of new take up came from the child grant, which provided under R200 a month compared to over R900 for the old-age pension.

In sum, government spending was substantially redistributive after 1994. Nonetheless, it did not come close to overcoming the huge inequalities in infrastructure and services left by apartheid. Moreover, in contrast to the hopes of the RDP, it did not lead to a substantial upsurge in employment and economic engagement by the black population.

Three inter-related factors contributed to this outcome:

- First, mass unemployment and poverty amongst the black population limited the scope for redistribution. Most African households earned too little to contribute to the cost of maintaining services, must less installing them. This situation vastly increased the fiscal burden of government services.
- Second, the budget cuts under GEAR meant that through the late 1990s redistribution took place in a very constrained envelope. In real terms, government spending per person dropped by 1% a year from 1997 to 2000. Thereafter, it increased fairly rapidly, at between 5% and 10% a year. Still, the fiscal restraints of the late 1990s ruled out the massive extension in government services required for the RDP strategy.
- Third, faced with limited budgets, government service departments focused on short-term improvements in living standards rather than expanding economic opportunities. For instance, houses were built very far from employment opportunities, to save on the cost of land; to get public health care often meant standing in day-long queues, making it almost inaccessible for working people; and the supply of basic free water and electricity remained far too low to support home-based enterprises. Moreover, the Treasury consistently refused to adopt a policy of local procurement, which would have strengthened the economic stimulus from government spending.

In these circumstances, improvements in government services could not achieve the aims set under the RDP. They certainly enhanced the quality of life for many black households and went far toward cushioning the impact of massive unemployment. But they did not bring about equity or strongly enhance the capacity of poor households to engage with the economy. These shortcomings did not, however, affect the black high-income group, which mostly moved into historically white suburbs or the better-served areas of the townships.

Education and skills development

Education is particularly important for economic empowerment, since it lays the basis for individuals' engagement in the economy. But changes after 1994 probably did more to improve representation in elite institutions than to ensure more equitable, quality education overall.

Three sets of data indicated distressing inequalities in education through the mid-2000s. To start with, resourcing remained inequitable, with the historically white schools – now, in many cases, attended predominantly by black learners – enjoying better infrastructure and more educators. In part, this reflected the fact that they could charge higher fees, both increasing their revenues and effectively excluding poorer students. As the following table shows, progress in improving school infrastructure remained slow. Virtually all the disadvantaged schools were African; the worst off were almost exclusively primary schools in the former homeland areas. The pace of improvements may have picked up since 2000, but no new data have been published.

Table 4. School infrastructure, 1996 and 2000

Indicator	1996	2000
learner:classroom ratio	43:1	39:1
Percentage of schools with:		
No toilets	55%	17%
No telecommunications	60%	36%
No water	35%	28%
No electricity	68%	43%
Poor buildings	16%	35%

(Source: Brochures for the School Register of Needs Surveys, 1996 and 2000. Downloaded from www.education.gov.za in March 2005).

In contrast, the government equalised educators between schools, based on the teacher-learner ratio, in the late 1990s. Even then, historically white schools were able to employ additional educators privately. In 2004, private educators made up 10 per cent of all teachers in Gauteng and the Western Cape, which held the majority of historically white schools, but hardly featured in the other provinces.

In these circumstances, the matric pass rate remained much higher for learners from historically white schools than for those from African areas, and particularly the former homeland regions. As the following table shows, in 2003 over half of white candidates passed matric with exemption, compared to just over one in ten Africans.

Table 5. Matric pass rate by race, 2003

	wrote	passed with endorsement	with passed without endorsement	pass rate with endorsement
African	349,900	42,100	186,800	12%
Coloured/Asian	48,600	14,200	28,700	29%
White	46,900	23,800	22,000	51%

(Source: Answer by National Department of Education to Parliamentary question from H. Zille in May 2005. I am grateful to James Myburgh for sending me the information).

Finally, tertiary education, and in particular the professional schools and elite universities, remained disproportionately white. This situation resulted from the higher matric rate for traditionally white schools as well as the imposition of fees. In 2004, the annual university fee at Wits or UCT was well over twice the median expenditure for an African household.

Table 6. University graduations by race and type of institution, 2002

	African	Coloured	Indian	White	Total
Historically Advantaged University	37%	4%	7%	51%	100%
Historically Disadvantaged University	88%	6%	6%	1%	100%
UNISA	43%	4%	9%	45%	100%
Total	49%	4%	7%	40%	100%

(Source: Altman, Miriam. 2004. Meeting Equity Targets: Are there enough graduates? Pretoria. HSRC).

The government adopted a national skills strategy from the late 1990s that sought to overcome historic inequalities in access to education. The skills strategy had three pillars: introduction of a skills levy at 1,5% of wage costs for larger companies; establishment of industry-wide training schemes; and a system to certify skills gained through experience, since so many black people had been barred from formal learning.

As the following table shows, despite the new system, in the early 2000s black people, and especially lower-level workers and women, were still less likely than whites to enjoy training opportunities. Only senior management proved an exception.

Table 7. Access to skills development by occupation, race and gender, September 2003

Main occupation	African		Coloured/Asian		White		% of total employment
	men	women	men	women	men	women	

Legislators, senior officials and managers	16%	38%	21%	34%	26%	30%	7%
Professionals	19%	27%	24%	28%	24%	30%	5%
Technical and associate professionals	22%	21%	25%	26%	31%	26%	10%
Clerks	15%	19%	16%	20%	27%	24%	10%
Craft and related trades workers	16%	17%	20%	12%	32%	23%	12%
Service workers and shop and market sales workers	35%	13%	24%	16%	30%	25%	12%
Plant and machine operators and assemblers	8%	8%	10%	6%	26%	17%	10%
Elementary Occupation	6%	5%	8%	6%	27%	23%	22%
Skilled agricultural and fishery workers	5%	3%	11%	23%	19%	26%	3%
Domestic workers	5%	2%	0%	3%	n.a.	0%	9%
Total	14%	10%	16%	15%	28%	26%	100%

(*Note:* Figures show percentage of respondents in each group who said they had access to skills development, without giving a time frame. *Source:* Calculated from, Statistics South Africa. Labourforce Survey September 2003. Pretoria. Database on CD-ROM).

A further problem emerged around recognition of prior learning, which was crucial for overcoming past discrimination. In most industries, it proved practically impossible for workers to gain formal qualifications, no matter how great their experience. For one thing, they were required to add theoretical components, at considerable cost in terms of time and resources. For another, most employers still did not give time off for training. And many industries simply never set up systems to evaluate and certify the skills of workers below the professional level.

In sum, access to education, training and formal qualifications remained racially biased even a decade after democracy. Well-off black families could get their children into the best schools, but the majority remained relegated to underresourced institutions and barred from university by poor secondary results and high fees. This outcome in itself meant that, absent state intervention, the economy would largely replicate historic inequalities for the foreseeable future.

Employment equity and labour rights

A further strategy to enhance equity was to require employment equity and protect labour rights. The Employment Equity Act had little visible impact at all, however. In contrast, the union movement succeeded in improving standards in organised industries. Still, these measures could not bring about more equitable access to wealth or increased employment opportunities.

The Employment Equity Act was passed in 1998. It went beyond a simple ban on discrimination to require employers to address systemic obstacles to advancement by historically disadvantaged groups. The Act sought explicitly to ensure greater equity in all skilled occupations, not just amongst senior managers and professionals. In this, it sought to

address the near-absolute lack of career mobility for elementary and semi-skilled African workers, which had been entrenched under apartheid.

As the information in section 1.1 indicates, despite the Act, in the mid-2000s senior managers and professionals remained highly unrepresentative. Indeed, as the following table indicates, the structure of employment by race showed virtually no changes after the Act was passed.

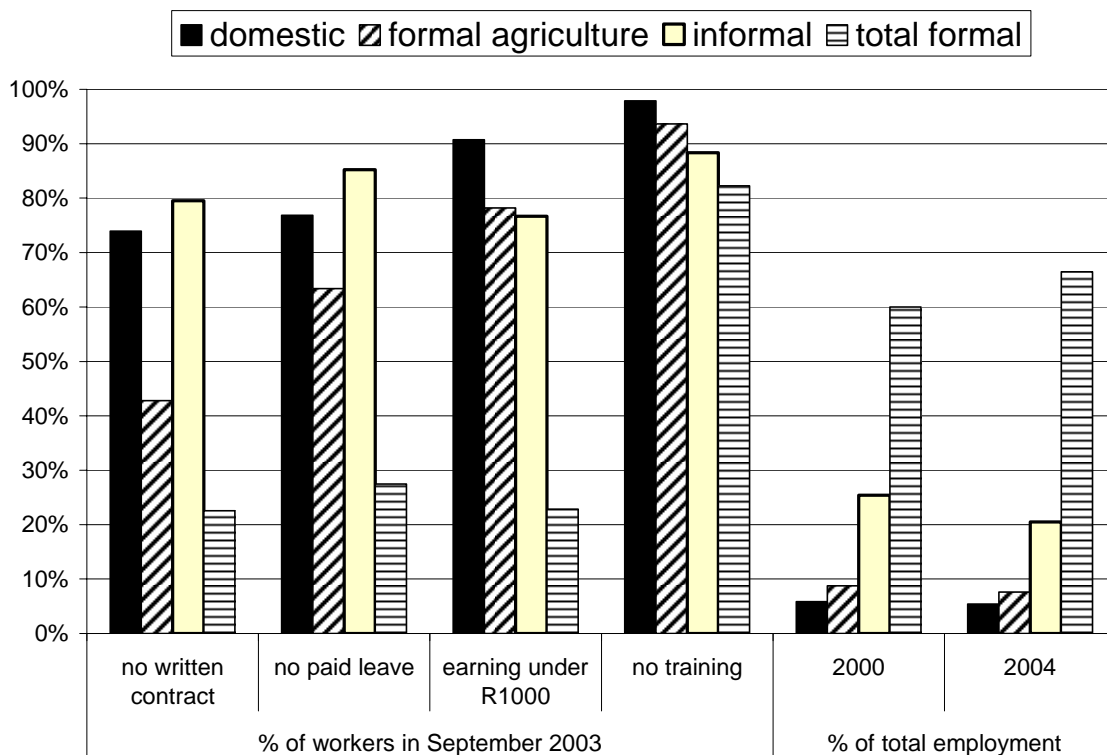
Table 8. Occupations by race, 2000 and 2004

	African		Coloured/Asian		White	
	Men	Women	Men	Women	Men	Women
2000						
senior management and professionals	18%	11%	10%	5%	37%	19%
technicians and clerical workers	20%	26%	6%	12%	12%	23%
skilled production and service workers	52%	25%	9%	4%	8%	2%
elementary	41%	39%	10%	7%	2%	1%
domestic	4%	86%	0%	10%	0%	0%
total	37%	32%	8%	7%	9%	7%
2004						
senior management and professionals	20%	11%	10%	4%	37%	17%
technicians and clerical workers	20%	27%	8%	12%	12%	21%
skilled production and service workers	57%	20%	9%	4%	8%	2%
elementary	51%	32%	9%	5%	2%	1%
domestic	4%	86%	0%	9%	0%	1%
total	40%	28%	8%	6%	10%	7%

(Source: Calculated from, Statistics South Africa. Labourforce Surveys for September 2000 and 2004. Pretoria. Databases on CD-ROM).

In contrast, the passage of a suite of laws to protect labour rights led to a substantial increase in union density and much greater protection for African workers. Union members generally enjoyed higher pay than non-members, as well as benefits like pensions and health plans. But in major sectors – notably retail, agriculture and construction – unionisation remained low. In these sectors, employers often ignored laws setting basic conditions, such as providing a written contract or paid leave.

Chart 2. Adherence to labour laws by sector



(Source: Calculated from Statistics South Africa, Labourforce Surveys, September 2000, 2003 and 2004. Databases on CD-ROM).

The labour laws may not have helped the unemployed directly, but they did have an important indirect effect. In 2004, 12% of the poorest 50% of households, measured by expenditure, survived primarily on remittances by family members. (Calculated from Statistics South Africa 2004).

The labour laws and employment equity sought to provide career mobility and rights to workers that had been historically denied under apartheid. The labour laws, in particular, did a great deal to give African workers a voice and the power to improve pay and working conditions. But they did reach the unemployed, and they generally did not address the needs of new African entrepreneurs.

SMMEs

The state introduced a range of measures to support SMMEs, including land reform, dedicated financial schemes, and training. These strategies had the potential for shifting asset distribution, developing a new class of small black capitalists and perhaps even a co-operative movement. As the Presidency's initial ten-year review document pointed out, however, these programmes all proved largely ineffective. (PCAS 2003, p. 40).

Land reform had perhaps the greatest potential to improve the asset base of the poorest households, which had been left by apartheid in the overcrowded and destitute homelands. In the mid-2000s, government officially kept the RDP target of getting 30% of arable land into black hands. The extent of land reform in the early 2000s suggested that this target would not be reached for the next 50 years, however.

In the first decade of democracy, well under 5% of land changed hands under land reform programmes. Estimates suggested that the budget for land reform would have to multiply at least by five to achieve the official aim. (People's Budget 2005, p 19 ff) In addition, post-settlement support remained limited and rather chaotic, as responsibilities fell between different tiers of government. (Hall et al., 2003).

Other government programmes to support small and micro enterprise fell similarly short of the mark.

The shortcomings in government programmes to support small and micro enterprise reflected, above all, the overall hostile environment. South Africa's production structure remained geared primarily toward minerals and beneficiation – sectors that do not generally provide fertile ground for small-scale operators. Financial and retail networks developed over centuries to support large-scale (white-owned) companies and small groups of rich (white) people. They did not easily extend services and support to new, small (black) entrepreneurs. Finally, new black entrepreneurs had been left by apartheid largely without capital, formal business connections and, in many cases, experience.

In the mid-2000s, small and micro enterprise in South Africa still lagged far behind other middle-income countries. (Orford et al, 2005) Most small black entrepreneurs ran only survival strategies, generally hawking, with two out of five earning under R500 a month. (Calculated from Statistics South Africa 2004) Meanwhile, in many years, government funding for small enterprise showed substantial roll overs.

Public sector employment

Given the weakness of other strategies in promoting the black elite in the private sector, the public sector proved the crucial route for advancement. By the mid-2000s, black people had made considerable progress into management in both the public service and the parastatals. In effect, state capital became the main form of black capital.

Black representation in senior management and professionals in the public sector rose from 53% to 61% between 1996 and 2004. In the latter year, 19% of all African senior managers were in the public sector, compared to 7% of all whites in top management. (Calculated from Statistics South Africa 1996 and 2004).

The major national parastatals – especially Transnet, Eskom and Telkom – proved particularly important for new black capital. They accounted for the lion's share of parastatal investment, which comprised 12,5% of national gross fixed capital formation in 2005. (Calculated from SARB 2006, p S-122).

Although they retained some social responsibilities, the government sought to commercialise the parastatals and to privatise them at least partially. This approach both opened the door to investment by black consortia, and gave black executives control over substantial sections of the economy.

Employment in the state supported the creation of a black capitalist class in two ways. First, it gave many educated black people a chance at a high-level, well-paid job, while doors remained firmly shut in most of the private sector. Second, experience and connections in the state sector made black candidates more attractive to white-run companies in the formal sector. In the mid-2000s, almost all leading black capitalists had started with a position in the state.

The role of the state in forming a new elite did little to address overall inequality. The public sector was disproportionately represented amongst the highest income earners, with a quarter of those in the top 10% but only a seventh of total employment. (Calculated from Statistics South Africa 2004) The wage gap in the public service and the parastatals tended to rise from the late 1990s, after an initial effort to raise incomes for the worst-paid workers.

The move to Broad-Based BEE

Analysis of government strategies to address the apartheid legacy in the economy demonstrates that they failed either to achieve a qualitative change in economic inequality or to open a path for most potential black entrepreneurs. The question becomes how current proposals for broad-based BEE will likely affect these outcomes. To answer that question, this section examines the Broad-based BEE Act and the regulations issued under it, which will probably not be finalised until the end of 2006.

The Act itself reflected contestation over the concept of BEE. The concept itself only came to the fore with the publication of the report of the BEE Commission, a grouping of predominantly black businesspeople. (Before that, it hardly existed in the policy discourse within the ANC or the state.) The Commission report initiated the strategy of defining BEE as both improvements in overall equity (without any quantification) and specific targets for increased black participation in management and ownership. (BEEComm 2000).

This dual strategy was adopted in the ANC's resolutions on BEE at its 51st National Conference in Stellenbosch in 2002, with an added emphasis on collective ownership by working people and communities. The ANC resolved:

“... the indicators for success [of BEE] are overall equity in incomes, wealth, increasing levels of black participation - including black women and youth - in ownership, the extent to which there is operational participation and control of the economy and the extent to which there has been transfer and possession of skills and a retention of assets by the BEE beneficiaries. To ensure that BEE is broad based, supportive of collective ownership programmes by working people and communities, in the form of collective enterprises and cooperatives, supportive of the creation of an entrepreneurial class, the accumulation of assets by the poor and with a focus on the development of rural economies...”

“...That an essential component of BEE is the involvement of black business people, especially women, in the ownership, control and management of productive capital in all sectors of the economy as well as skilled occupations. In pursuing this objective the ANC will work with the emergent black capitalist class to ensure joint commitment and practical action to attain increased investment, job creation, employment equity and poverty alleviation...” (ANC 2002).

The government's policy document on broad-based BEE responded to the ANC resolutions and the BEE Commission report and laid the basis for legislation. It argued that the new policy would add:

“...a comprehensive black economic empowerment strategy that draws together the various elements of government's transformation programme in a more coherent and focused way...” (dti 2003 p 11).

The policy identified three main elements in broad-based BEE:

- 1) Increased black ownership in the formal sector,
- 2) Development of new small and micro enterprises, effectively making the economy as a whole more equitable and competitive, and
- 3) Skills development and employment equity, which would mean formal workers generally benefited as well.

Despite these three pillars, the main emphasis continued to be on increased black ownership and control, with little mention of improving overall income distribution or supporting collective ownership. (dti 2003 pp 12-13). Entirely missing from the policy framework were:

- Any discussion of how BEE should support formal employment creation, except as a function of support for new enterprise. Yet unemployment formed the critical cause of marginalisation for most black people. This gap has led to considerable contestation about BEE measures that could destroy jobs. This can happen, for instance, where black importers gain precedence over local producers. Similarly, when privatisation or outsourcing is used to set up new black-owned enterprises, it often leads to the loss and/or downgrading of existing jobs.
- Specific measures to support the provision of goods and services for the black community where relevant, for instance in the financial and health sectors. This has hampered efforts to negotiate improvements in these areas within the relevant industries.

The Broad-Based BEE Act formalised the policy document by listing as its objectives:

- (a) promoting economic transformation in order to enable meaningful participation of black people in the economy;
- (b) achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises;
- (c) increasing the extent to which communities, workers, cooperatives and other collective enterprises own and manage existing and new enterprises and increasing their access to economic activities, infrastructure and skills training;
- (d) increasing the extent to which black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training;
- (e) promoting investment programmes that lead to broad-based and meaningful participation in the economy by black people in order to achieve sustainable development and general prosperity;
- (f) empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills; and
- (g) promoting access to finance for black economic empowerment.

As a result of engagement at NEDLAC and Parliament, the Act laid more emphasis than the original dti policy on overall economic transformation, broad-based ownership and skills development. In addition, it required that sectoral BEE charters include all stakeholders, including workers and consumers.

The Act provided that every department should “as far as reasonably possible” take into account an enterprise’s BEE status in providing licences, procurement, and any other business. This obviously lent the BEE process great clout. It also opened government processes up to considerable uncertainty, since the extent to which a department had to take BEE into account seemed quite unclear.

Based on the Act, in 2005/6 the dti circulated draft Codes of Good Practice to define precisely how a company’s BEE performance would be judged. These codes were extensively negotiated with business and, at NEDLAC, with labour and community representatives. Often, in this context, the interests of labour and black business came into open conflict.

Four examples illustrate the contestation:

- 1) The special codes on small enterprise effectively increased the importance of black ownership and limited targets for employment equity and skills development for lower-level workers. Under the definition of small enterprise, however, almost half of all formal employees would work in this sector.
- 2) The draft Codes gave only limited bonus points for collective ownership, despite the strong support from the ANC resolutions and the Act itself. Moreover, dti officials argued that collective ownership should take second place to development of an entrepreneurial class. They initially wanted to exclude retirement funds – the main form of capital owned by working people – from any BEE incentives, and only agreed to reconsider the issue after direct pressure from the labour movement.
- 3) Although the Codes gave points for employment equity, most of them rewarded greater representivity amongst senior management and professionals than amongst skilled professions. That contradicted the explicit effort of the Employment Equity Act to foster career mobility for the majority of black employees.
- 4) The balance between points for black enterprise and for local production continued to form a point of contestation. The dti was unwilling to give points simply for local production – and job creation – by white enterprise, although it did try to introduce limits on imports for qualifying companies.

Conclusions

The contestation over broad-based BEE reflected the inadequate response of the private sector to persistent inequalities, and the difficulty of prioritising state action in the context of growing class differentiation in the black community. The government's explicit policy was that it could not support empowerment for black capital alone. But the extent to which it broadened the definition of empowerment remained hotly contested.

In effect, government has a fixed amount of influence over the private sector. If it imposed substantial costs to bring in black owners, it could not push as hard for new investment, employment creation, or skills development for the majority of employees.

From this standpoint, a major concern remained the failure to integrate BEE with broader economic initiatives. From the national budget to the State of the Nation Address to ASGI-SA, BEE remained at best a marginal consideration and at worst was misinterpreted. Generally, it appeared as a further measure to support small enterprise and low-income housing. (See National Treasury 2006; President Mbeki 2006; Presidency 2006) Major policy documents seemed studiously to ignore the implications for ownership – probably the most expensive effect of the BEE exercise.

References

- Altman, Miriam. 2004. Meeting Equity Targets: Are there enough graduates? Pretoria. HSRC.
- ANC. 1994. *Reconstruction and Development Programme*. Johannesburg. Downloaded from www.anc.org.za. 2001.
- ANC. 2002. Resolutions of the 51st National Conference. Johannesburg. Downloaded from www.anc.org.za in March 2006.
- Ardington, Cally, David Lam, Murray Leibbrandt and Matthew Welch. 2005. "The Sensitivity Of Estimates Of Post-Apartheid Changes In South African Poverty And Inequality To Key Data Imputations." Pretoria. CSSR Working Paper No. 106. Downloaded from www.sarprn.org.za in July 2005.
- Department of Education. 2000. *Brochure for the 2000 School Register of Needs Report*. www.education.pwv.gov.za. Downloaded in 2002.

- Hall, Ruth, Peter Jacobs and Edward Lahiff. 2003. *Evaluating Land and Agricultural Reform in South Africa: Final Report*. PLAAS/UCT. Cape Town. Downloaded from www.sarpn.org.za in September 2005.
- Mbeki, Thabo. 2006. "State of the Nation Address 2006." Downloaded from www.gov.za in March 2006.
- Mlambo-Ngcuka, Phumzile. 2006. "Background document on a Catalyst for Accelerated and Shared Growth in South Africa." Media briefing. Pretoria.
- National Treasury. 2006. *Budget Review 2006*. Downloaded from www.treasury.gov.za in February 2006.
- PCAS. 2003. *Toward a Ten Year Review*. Pretoria.
- People's Budget Coalition. 2005. *The People's Budget 2006/7*. Downloaded from www.naledi.org.za in March 2006.
- SARB. 2003. Long-term data series on national accounts and international transactions. Downloaded from www.resbank.gov.za. August 2003
- SARB. 2006. *Quarterly Economic Bulletin March 2006*. Pretoria. Downloaded from www.reservebank.co.za in April 2006.
- Simkins, Charles. 2004. "What Happened To The Distribution Of Income In South Africa Between 1995 And 2001?" Johannesburg. University of the Witwatersrand. Downloaded from www.sarpn.org.za in July 2005.
- Statistics South Africa. 1996. October Household Survey 1996. Database on CD-ROM. Pretoria.
- Statistics South Africa. 2000. Labourforce Survey, September. Electronic database. CD-Rom. Pretoria.
- Statistics South Africa. 2002. *Earning and Spending in South Africa*. Pretoria. www.StatisticsSouthAfrica.gov.za. Downloaded in December 2002.
- Statistics South Africa. 2004. Labourforce Survey September 2004. Database on CD-ROM. Pretoria.
- Terreblanche, S. 2002. *A History of Inequality in South Africa 1652-2002*. University of Natal Press. Pietermaritzburg.
- The dti. 2003. *A Strategy for Broad-Based Black Economic Empowerment*. Pretoria.
- TIPS. 2006. TIPS EasyData. Electronic database. Downloaded from www.tips.org.za.
- UNDP. 2004. *South African Human Development Report*. Oxford: OUP.
- Van den Berg, Servaas, Ronelle Burger, Rulof Burger, Megan Louw and Derek Yu. 2005. "Trends in poverty and inequality since the political transition." Stellenbosch. University of Stellenbosch.
- Van den Berg, Servaas. 2005. "Fiscal expenditure incidence in South Africa, 1995 and 2000." Pretoria. National Treasury. Downloaded from www.sarpn.org.za in March 2006

* A previous version of this article was published in New Agenda.

8 The ANC in South Africa's political landscape. From underground freedom movement to governing party

By Pallo Jordan

Preparing for power

The paths pursued by a reformist National Party (NP) leadership and the African National Congress (ANC) intersected at an awkward historic moment. January 1990 arrived with the ANC at the head of a huge mass movement that had drawn into its slipstream noted public figures. Though it was still illegal, during the 1980s the ANC inspired a significant network of civil society formations, a front of democratic organisations and activists who accepted its leadership. After 1976 the ANC succeeded in placing itself at the head of organised radical opposition inside the country. It had won international legitimacy while isolating the apartheid regime politically from actual and potential sources of support in the international community. It succeeded in having limited economic sanctions imposed on South Africa and at the end of 1989 the international financial institutions refused to extend apartheid South Africa further credit. The ANC's programme, the Freedom Charter, had won widespread support from black (and some white) South Africans and been adopted by both the United Democratic Front (UDF) and the Congress of South African Trade Unions (COSATU). A sustained insurrectionary climate inside the country in the 1980s inspired the ANC leadership to adopt a strategy implemented at the time as *Operation Vukindlela*.

Explaining his government's decision to legalise the ANC, the Pan African Congress (PAC), the South African Communist Party (SACP) and the other political movements and parties that the NP had banned over the previous four decades, F.W. De Klerk has told numerous audiences that he felt comfortable about it because the collapse of communism in Eastern Europe implied that South Africa would not be overrun by communist states. De Klerk, the constituency of white voters and opinion-makers he represented doubtless took comfort in that. But it is evident that the Afrikaner political elite had grasped the nettle of reform some years prior to December 1989.

Addressing a meeting of apartheid-regime strategists during the early 1980s, Samuel Huntington of Harvard University decried the absence of 'a Lenin of reform' who would give as 'intense attention' to the strategy and tactics of reform as that which 'Lenin devoted to the strategy and tactics of revolution'. Reform in South Africa, Huntington advised his audience, would be the most effective means of preempting revolution. The explicit purpose of reform should be counter-revolutionary, and if properly managed, would place the white minority in a position to codetermine the future of South Africa with its perceived revolutionary enemies. In Paris, in November 1989, an Afrikaner intellectual with links to the Broederbond announced that it was De Klerk's intention to challenge the ANC on the political terrain. Legalisation, he implied, would create an environment in which credible negotiations could unfold, with De Klerk's prospective interlocutors given the political space to interact with and receive mandates from their constituency. De Klerk's 2 February 1990 speech did not come therefore, as a complete surprise to the ANC leadership. Of greater concern was the limited character of the reforms he had announced. But the ball was now clearly in the ANC's court and it had to respond.

After the first post-unbanning summit at Groote Schuur, the ANC determined that its key strategic goal was to have power transferred from the NP government as swiftly as possible. Consequently, the strategic debate within the ANC quickly came to centre on the confidence-building steps required for negotiations. Shortly after Mandela's return from a tour of the US, the National Executive Committee (NEC) took the decision to suspend all armed actions unilaterally. Matters might have moved very quickly to discussion of the repatriation of

refugees and trained combatants but for the Security Police's arrest of Mac Maharaj, the internal coordinator of *Operation Vukindlela*. Shortly thereafter De Klerk advised Mandela that he had plans to arrest Jacob Zuma and was rescinding the indemnities granted to Chris Hani and Ronnie Kasrils. In briefings to the media Foreign Minister 'Pik' Botha tried to explain De Klerk's actions as a response to a communist conspiracy within the ANC's alliance which had not embraced negotiations but were intent on an insurrection.

The ANC leadership read this as an attempt to sow division between it and the SACP. For its part, once again a legal organisation, the SACP proceeded with plans for its first mass rally in 40 years. (In 1950 when it was banned, the Communist Party of South Africa (CPSA) became the first communist party ever to disband when it was proscribed.) At the SACP's first mass rally, held on 29 July 1990, it became clear that South Africa had inscribed yet another unprecedented occurrence in the annals of communism; at least 50% of the members of the Central Committee it had elected a year previously had resigned from the party once it became legal. With three of its leaders declared virtual outlaws so soon after returning home, it became clear that the course the ANC sought to pursue would not be an easy one. But after that initial hiccup, by June 1991 it appeared that all the hurdles had been cleared and that negotiations could begin in earnest. Both sides had taken the lessons of that first year to heart. There were evidently powerful pockets of opposition to De Klerk's course among both the white electorate and within the security services. The next three years witnessed a wave of unprecedented violence, orchestrated by the die-hard element in the apartheid regime's security services who hoped to derail the negotiation process or precipitate all-out war. In December 1991 the Convention for a Democratic South Africa (CODESA) held its first session. Negotiations stumbled along for the following two years. The ANC suspended talks twice in response to the violence. Even after they resumed as CODESA II, scepticism that they could stay on course continued to dog them. The assassination of Chris Hani in April 1993 concentrated the minds of all the key players on the dangers that could arise from continued uncertainty. The ANC was able to demonstrate its immense moral authority in the tense week that ensued by keeping a firm grip on the seething anger gripping the African townships. For a short while it appeared that a combination of the Inkatha Freedom Party (IFP), the Bophuthatswana homeland government and far-right white formations might prevent a pan-South African general election. But Bophuthatswana collapsed ignominiously when the people of Mafeking and MmaBatho rebelled, and the IFP agreed to participate in the elections at the eleventh hour.

27 April 1994 was the outcome of tough-minded decision making on both sides of the conflict. In order to take on the ANC on the political terrain the National Party (NP) had to change or reinvent itself. Towards the end of 1990, the NP announced that it would open its membership to persons other than whites. As negotiations progressed, the NP also revised its standpoint on two issues. Having amassed power over the years by ruthlessly wielding the instruments of a unitary state, by the 1980s the NP's strategists were expressing a preference for consociationalism. This option, they argued, was particularly attractive for South Africa as it took account of the deeply fractured character of the society and its multi-racial features. In 1990 the NP positioned itself as the champion of group rights. By 1994 it had abandoned that platform.

On its side, after heated internal debates, the ANC had accepted the idea of a convention of all political parties, including those from the homelands and the tricameral parliament. To improve its own representation at CODESA it connived at the farcical resurrection of the Natal and Transvaal Indian Congresses (NIC-TIC), all of whose members were card-carrying members of the ANC. It had also made a major concession to the incumbent state bureaucracy, a key NP constituency, by adopting the 'Sunset Clauses' guaranteeing their jobs for the immediate future. The compromise on an interim constitution was the most significant considering the ANC's prior insistence on a constitution legitimated by an elected Constituent Assembly. A remarkable consensus emerged quite early in the negotiations about making the

electoral system as inclusive as possible and on the need for a Constitutional Court. By 1994, a successful transition of power had been achieved and the trappings of a democratic order put in place.

The ANC in power

For over 90 years, the ANC as a political movement has demonstrated a capacity to adapt to, and remain relevant in the face of, sweeping changes that have taken place not only in Africa, but also in the rest of the world. Originally founded in 1912 as a body of respectable and very respectful black subjects, who regarded their organisation as a loyal opposition designed to give ‘... expression to representative opinion ...’ and to assist the government ‘... formulate a standard policy on Native Affairs ...’, the ANC had evolved by the 1980s into a revolutionary national movement whose principal objective was the seizure of political power. The 1990s required of the ANC that it transform itself again into a party of government able to administer Africa’s wealthiest economy but also one of its most diverse societies. To arrive at that point, the ANC underwent repeated redefinition and a profound metamorphosis.

The ANC was shaped by South Africa’s 20th century history as much as it helped shape it. Born in response to the racist constitution of the Union of South Africa that excluded Africans, Coloureds and Indians from the country’s political institutions, the ANC at first regarded itself as a movement of the African people, pursuing African objectives. In the course of the struggle for democracy, the need for alliances and pacts became evident, persuading the ANC leadership to seek allies and establish ties with like-minded bodies among Whites, Coloureds and Indians; thus was forged the Congress movement of the 1950s. Over and above specifically African aspirations, the ANC repositioned itself as a movement striving for democracy and an end to white racial domination. By 1990, it had become a non-racial movement for all South African democrats, counting amongst its leadership and ranks South Africans of all races.

After the publication in 1960 of Nimrod Mkele’s *The Emergent African Middle Class*, it was generally accepted that, despite differences in lifestyle, life chances and incomes, the shared burden of national oppression would persuade the African petty bourgeoisie and the majority of African working people to make common cause. By extension, the same was assumed to apply among Coloureds and Indians, as well as between Africans and the two black minority groups. These assumptions were the cornerstones of liberation movement strategy and the gravamen of Joe Slovo’s 1977 thesis which argued against the likelihood of any accommodation because the disabilities of the black elite would oblige it to seek radical solutions. When the ANC assumed political office in May 1994, the negotiation process had already disproved one leg of Slovo’s thesis. In 1992, Slovo himself had proposed a middle course, the so-called ‘sunset clauses’, that envisaged the exit of the incumbent civil service by attrition. The elections too, had established that the disenfranchised black population was far more heterogeneous than ANC strategists had realised. Significant segments of the Coloured and Indian working classes had voted for the party of apartheid, and though the majority of Indians had been prepared to follow the ANC’s lead by boycotting the tri-cameral elections, that did not translate into electoral support for the ANC in 1994. The election results confirmed the ethnic-regional character of the Inkatha Freedom Party (IFP) but had also demonstrated its strength in rural KwaZulu-Natal.

The ANC-led government was constituted to take account of a number of tough realities. Though it had won the elections by a landslide, the ANC assumed political office with little power other than control of the majority of ministries. The upper reaches of the security services were still in the hands of apartheid appointees, as was the civil service. Mandela deliberately appointed Derek Keys, a former NP Minister, as Minister of Finance to reassure an uncertain South African and corporate sector. Carefully measured actions and studied moderation, in both rhetoric and action, helped reassure skittish investors and international

markets. South Africa experienced a decade of social peace underpinned by political stability thanks to such circumspection.

Governing together with the NP and the IFP in a Government of National Unity (GNU), the ANC confounded its detractors with its pragmatism. During his inaugural address to Parliament, Nelson Mandela set the tone for his government by quoting the Afrikaans poetess, Ingrid Jonker. The symbolism of that action was not lost on observers; she had in the 1970s committed suicide in despair about apartheid and the future of South Africa. Mandela was calling on the country to put the past behind it, seize the moment of hope and focus on the future.

The ANC had anticipated the challenges of governing and had drawn up an elaborate Reconstruction and Development Programme (RDP) based on an assessment of what would be required to address huge apartheid-created social deficits. The realities of political office soon made it clear that leveraging the resources for reconstruction and growth would not be easy. The post-Cold War environment brought with it a demonisation of state intervention. The state sector was concentrated in key delivery areas – utilities, posts and telecommunications, and public transport. Though the RDP had called for ‘right sizing’ of South Africa’s hugely inflated state-owned sector, ANC policy makers soon discovered that they were expected to dismember it. The restructuring of state assets thus became a crucial aspect of government policy.

Motivated by an ambitious White Paper, telecommunications is the only sector that has been successfully restructured by inviting the participation of two strategic equity partners. During the last six years, SA Telkom has carried out an impressive rollout of telephone lines into previously deprived and neglected areas. Opinion surveys in 1998 and 2003 indicate that the improvement of communications is recognised as one of the ANC government’s most notable achievements.

After two years as part of the GNU and shortly after the adoption of the new Constitution, the NP decided in June 1996 to withdraw from it. The NP’s decision signalled a desire to mark out a position to the right of the ANC-led government and its hope to profit from oft-expressed white anxieties about the consequences of democracy. In less than two months, the NP changed both its leader and its name when Marthinus van Schalkwyk was elected leader of the New National Party.

The remaking of the ANC as a party of government

Hegel once wrote that a political party becomes real only when it divides. That profoundly dialectical statement will strike many as odd. But, its profundity lies precisely in its paradoxical nature. Provided that it is not brain dead, as a political movement grows, its inner contradictions inevitably begin to unfold. But as these unfold, so too are the movement and its ideas enriched and its political and intellectual life made more vital.

Members of the ANC should take comfort from Hegel’s view because it so closely approximates their lived political experience. The tired analogy of the ANC as a broad church can prove useful here in trying to understand the ironies of the debates that have so often taken place in recent years within it and among its alliance partners.

A corpus of religious values holds a church together much as a common programme is the standard beneath which the political faithful are rallied. That programme defines the boundaries of intra-movement debate. Contenders in any dispute each seek legitimacy by an appeal to its authority, but each is expected to respect the bona fides of the others. Episcopates in both the Catholic and the Protestant churches have been prepared to accommodate heterodox thought within their folds, provided it could be contained or co-opted. Thus was many a potential heresy tamed. In the ANC, in contrast, within the living memory of many veterans, heterodoxy has regularly become the new orthodoxy. The dissident voice, the innovative strategy and the critical ideas have won the argument in the movement on several

occasions. While this offers conservatives little comfort, it would be a rash radical who sought to employ it as justification for reckless behaviour.

Any serious political movement necessarily requires its adherents to act collectively on the decisive issues. The whips in a parliamentary party are assigned precisely that role. Movements that have been forced to operate illegally place greater emphasis on discipline, because any breach can result in arrests and even the suppression of the movement itself. Theoretically, such discipline does not extend to the inner political life of the movement, but there have been numerous instances when the requirements of discipline have been abused to repress debate and critical thought. Prior to March 1960 when it was banned, ANC practice, as the reams of paper used up in inner-ANC debates will testify, was to encourage optimal debate within its structures until a collective decision had been arrived at. After that, the minority view was expected to submit to the majority. Highly vocal dissenting minorities, like the 'Africanists' of the 1950s, survived for years as ginger groups within the ANC before they walked out in frustration. The communist movement coined the term 'democratic centralism' to describe this practice, which recognised the inevitability of a diversity of viewpoints, but also insisted that they should not impair the movement's capacity for united action.

Security considerations, distances between centres and the dispersal of its membership across the globe severely undermined the ANC's ability to operate in this way during its 30 years of illegal operations. The militarisation of the movement as a result of the armed struggle also tilted the balance away from consultative practices. But even within those limitations, the movement sought to keep alive a tradition of internal debate and discussion that found expression in its publications, conference documents and other records. Feminism, for example, was disdained or derided in the ANC of the late 1960s. But it is firmly rooted within the movement today. Acceptance of same-sex relationships had to be fought for in heated debates. No strategic shifts came as a surprise to ANC members and supporters because, in most cases, their views had been widely canvassed beforehand. The relative absence of destabilising upheavals that might have led to disintegration attests to the skill with which such issues were managed. While unity was never conflated with uniformity, the crystallisation of factions was also firmly resisted.

Achieving the delicate balance that enables a movement to maintain continuity while remaining open to new initiatives and even heretic ideas is a challenge even at the best of times. Strong leaders are often tempted to assert their wills. There were two occasions post-1990 when even Nelson Mandela was unable to muster the necessary support among the ANC's leadership for his views to prevail. There were numerous other, less publicised, occasions when he was over-ruled by the executive. Thabo Mbeki initially tabled the central ideas in Joe Slovo's strategic initiative, the 'sunset clauses'. Mbeki lost the argument on that occasion. Despite Slovo's prestige, the initiative he authored was hotly contested and radically amended before it was adopted by the ANC. After its legalisation, the ANC and its key strategic partners, the SACP and COSATU, have often appeared as bodies seething with fractious internal conflicts. But perhaps this capacity, even willingness, to enter into robust debate is a quality to be cherished rather than sneered at. Devoting time and resources to intra-movement debates, arguments and ideological polemics often looks messy and even divisive. But after a decision is taken, most members are confident that every possible option has been examined and they also feel a sense of ownership of the policy positions adopted. The ANC in government sought to reaffirm this aspect of its organisational culture. It reformed the workings of the national parliament by opening up all its plenaries and committee meetings to members of the public and the media. Stressing accountability and transparency, it piloted the adoption of codes of ethics for both parliamentarians and members of the executive. But governing a country has reinforced the centripetal tendencies in the movement's culture, giving countervailing the impression of power centralised in the presidency. Powerful trends are, however, also evident. The NEC meets once every two months, usually according to a pre-determined schedule which permits members to plan their attendance with greater

certainty. Participation in its plenaries has also been expanded to include non-elected national government Ministers and Deputy Ministers.

Participating in two general elections and a host of local government elections the ANC has introduced many new concepts to South African electioneering. Compelled to master the skills of modern elections very quickly in 1994, the ANC learnt the use of opinion surveys and focus groups. Borrowing from its own past experience, specifically during the campaign for the Congress of the People in 1955, the ANC introduced the People's Forum during its 1994 election campaign. Such forums were conceived as town hall meetings which would afford members of the general public the opportunity to question ANC leaders on any aspect of its election platform. They proved hugely successful in bridging the social distance between politicians and the citizen. The degree of interaction at such forums increased the sense of identification with a party that was prepared to listen and did not insist on talking to the electorate all the time. The People's Forum has now become part of the ANC's elections repertoire and has been adopted also by the Presidency which refers to its gatherings as *imbizo*.

But as a party of government, rather than an illegal liberation movement, membership of which entailed risks of imprisonment or even death, membership of the ANC today could open up career opportunities. Apart from the activists who surfaced in 1990 and could now openly affiliate to the ANC, the movement is attracting into its ranks many in search of political careers. The appetites of many old militants for the good things in life have also been whetted after decades of denial. A measure of the problem is repeated allegations of the misuse of state funds levelled against ANC local councillors and government officials. The need to fill civil service posts with personnel loyal to the ANC's vision has inevitably transformed many capable grassroots' activists into state bureaucrats, depriving the movement of the calibre of membership who were the driving force in its local structures.

Being in power is visibly changing the character of the ANC. Whereas in the past ANC networks linked one to the movers and shakers among organisations representing the disadvantaged, the poor and the disinherited, today they can also give you access to the leading corporate boardrooms, the cabinet, top civil servants and members of the political elite. This was reflected in the ANC's own recasting of its strategy and tactics at its 1997 national conference, that marked the passing of the baton from Mandela to Mbeki. On that occasion, the black middle strata, who had received scant attention in previous strategy and tactics documents, were elevated to the status of one of the motive forces of the National Democratic Revolution. A rather vague Black Economic Empowerment project was also flagged at that conference.

The fleshing out of the project since 1997 has given rise to fears amongst many that the ANC has adopted the creation of a black bourgeoisie as one of its principal objectives for the medium term.

The ANC's second term

The ANC went to the hustings in 1999 very confident of winning by a landslide. The upshot was that it won just one percentage point shy of a two-thirds majority. The most salient feature of the 1999 elections, however, was the collapse of the New National Party, despite its make-over as the New National Party after it walked out of the GNU in 1996. The Democratic Party, under Tony Leon's leadership, emerged as the party of white discontent.

Thabo Mbeki assumed the presidency having acted as *de facto* President for some years as Nelson Mandela gradually disengaged himself from day-to-day government business. He led the ANC to a magnificent electoral victory that left the opposition in disarray. No other party managed to garner more than ten per cent of the poll and instead of the six opposition parties of the first democratic parliament, there are now ten even smaller groupings. The ANC again offered the IFP seats in the executive though its majority did not require it to find coalition partners. A portent of what has become a feature of Mbeki's incumbency raised its head in the

NEC of the ANC during 1994. Reacting rather testily to an editorial in the SACP's news-sheet *Umsebenzi*, Nelson Mandela castigated the SACP as an unworthy organisation, which owed its place in democratic South Africa to the ANC. Instead of defending the SACP, its former Chairman, Joe Slovo, and its then General Secretary, Charles Nqakula, retreated before Mandela's attack and apologised for the offending article.

Relations between the ANC and its communist ally have deteriorated even further and faster under Mbeki's presidency. Neither COSATU nor the SACP had become reconciled to the adoption of the Growth and Redistribution (GEAR) strategy piloted through Cabinet during Mandela's incumbency. As the ANC government proceeded with its speedier implementation after 1999, repeated exchanges between the ANC leadership and its allies ensued. These escalated as the policy areas of difference between the ANC and its allies seemed to multiply. By 2001, these included not only the restructuring of state assets, but also the HIV/AIDS pandemic.

Perhaps over-confident that it could win over the rank-and-file members of COSATU affiliates, the ANC leadership took the issues that divided the alliance partners to both COSATU and SACP conferences. The SACP came in for particularly harsh criticism and was repeatedly warned that it was straying from the course pioneered by its previous leaders, J.B. Marks and Moses Kotane, who had been content to allow the SACP to survive as a secret communist network operating within the ANC, but with no independent profile. When the SACP was legalised in 1990, it shed a fair number of its erstwhile members. Consequently there was a massive intake of new members, drawn from the trade unions, the civics and other mass organisations after the SACP's first internal congress in 1992. Buoyed by the popularity of its General Secretary, Chris Hani, the SACP grew fast, reaching a high point of 89,000 paid-up members in 2002. It also underwent a period of intense internal discussion about its future role, especially in the light of the collapse of Soviet socialism in Eastern Europe and the Soviet Union. The outcome of these discussions was a decision that, as the party of socialism, it should begin to carve out an identity distinct from both the ANC and the failed socialist projects in Eastern Europe. To achieve the former, it did not project itself as the vanguard of the second phase of the revolution but instead, spoke boldly about the particular interests of the working class within the alliance. It appealed to the rich vein of indigenous South African radicalism to which South Africa's communists had made a distinctive contribution. Unaccustomed to an SACP that not only differed with, but publicly criticised, positions adopted by the leadership, many in the ANC reacted very negatively to the positions the SACP pronounced. By January 2002 it was not uncommon to hear the epithet 'ultra-leftist' applied to the SACP's leadership. This reached its nadir when two fairly senior ANC leaders, Josiah Jele and Jabu Moleketi, penned a polemic directed against the SACP's leadership. Both sides to this acrimonious quarrel pulled back from the brink towards mid-2002. An ANC policy conference, in anticipation of the national conference, resulted in a wide-ranging consensus on most issues. At the national conference that December, all the delegates from the president down reaffirmed the importance of the tripartite alliance.

There is little dissent within the ANC over the area of foreign affairs where the Mbeki-led government has made its most decisive mark. With an energetic Foreign Minister in the person of Dr Nkosazana Dlamini-Zuma, South Africa has been punching way above its weight. Mbeki's presidency, or rather his foreign-policy profile, has been facilitated by South Africa's assumption of the headship of the Non-Aligned Movement (NAM) and of the Commonwealth. When the OAU changed itself into the African Union (AU) in 2002, South Africa also became chair of that continental body. In addition, in the first three years of Mbeki's tenure, South Africa has hosted four major international conferences – that of the Commonwealth, the World Conference Against Racism, the World Summit on Sustainable Development and lastly the African Union.

South African foreign policy has as its central plank the creating of space for Africa and its people to define their own future by exploring and offering viable, indigenously-evolved,

alternative agendas to those imposed on our continent by former colonial powers and their allies. Africa has also adopted new and far-reaching human rights instruments during the past four years. Though the rights contained in these charters are in the main aspirational, they are indicative of and will reinforce the growing trend toward democratic governance on the continent. Progress towards democratisation on the continent is still very uneven but the struggles of ordinary citizens and political activists have gained momentum during this time and could result in the creation and extension of democratic space in African societies.

The ANC's second term started with a bold foreign-policy initiative in the Congo when Nelson Mandela attempted to arrange a relatively peaceful transfer of power. South Africa became even more deeply entangled after Mobutu fled, and Laurent Kabila assumed power in Kinshasa, backed by Uganda and Rwanda. South African diplomacy at first sought to minimise the capacity of non-African powers to interfere in the Congo so as to give the Congolese and their neighbours a chance to resolve their problems. The upshot was rather different from what had been hoped for. Uganda and Rwanda had been drawn into the effort to get rid of Mobutu in pursuance of their own interests. Unable to secure these from Laurent Kabila, whom they had assisted to power, both countries sought to use armed Congolese factions close to them to overthrow Kabila's government. That had inspired President Mugabe of Zimbabwe to seek a multi-state SADC intervention, in support of Laurent Kabila's beleaguered government. South Africa, Botswana, Mozambique and Malawi refused to become involved, but Namibia and Angola sent troops and equipment.

From day one of his presidency, Mbeki tried to find a solution to the Congo crisis. After three years of talks, interrupted by outbreaks of terrible bloodletting, the Congo factions agreed to constitute a government of national unity in December 2002. South Africa had invested millions of rands to keep the negotiations afloat but in the end was unable to exclude non-African powers. When the fragile peace in Eastern Congo threatened to unravel in 2003, South Africa was compelled to accept the introduction of French troops to keep the warring factions apart.

As Deputy President, Mbeki had nailed his colours to the mast of an African Renaissance. When he assumed the presidency it was expected that this vision would be further fleshed out. The arrival of the new millennium, six months after he became president, offered a golden opportunity. Working with the Presidents of Algeria and Nigeria, he crafted what was at first named the Millennium African Project or MAP. This was conceived as an ambitious programme for African economic development premised on good governance and rapid economic growth driven by massive inflows of direct foreign investment. The Presidents of Egypt and Senegal were subsequently also drawn in and the projects were redesigned to take account of their contributions. It was then renamed the New Partnership for African Development (NEPAD) with roughly the same features. Mbeki took the lead in canvassing and winning support for NEPAD among the political leaders of the developed world. Despite extremely parsimonious commitments from G8 summits in Canada and France, there is still optimism that the developed economies will come to the party.

Conclusion

During its first five years under Mandela's presidency, the ANC's main aim was the consolidation of the democratic breakthrough and ensuring that the majority of South Africans bought into their newly-won democracy. The 1999 elections seemed to confirm that it achieved that objective.

27 April 1994 completely transformed the South African political landscape. The African majority – some 77% of the total population at last count – are now the decisive factor in electoral politics. No political party can hope to prosper except by addressing the needs and aspirations of that majority. Reducing the gap between rich and poor remains the priority issue on the national agenda. Apartheid, and not the ANC's rhetoric, has determined that this

line of cleavage will in large measure coincide with race. Addressing a graduating class at Howard University in Washington, DC, in June 1965, President Lyndon Johnson, declared: But freedom is not enough. You do not take a person who, for years, has been hobbled by chains and liberate him, bring him up to the starting line of the race and then say, you are free to compete with all the others, and still justly believe that you have been completely fair. Thus it is not enough just to open the gates of opportunity. All our citizens must have the ability to walk through those gates.

The extent to which it succeeds in giving the previously disadvantaged the capacity to walk through those gates is the measuring rod South Africa will use to judge the ANC's ten-year stewardship.

* A previous version of this article, titled "The African National Congress: From Illegality to the Corridors of Power", was published in *Review of African Political Economy* Vol. 31, No. 100 (June 2004).

9 The transformation of the South African trade union movement and the challenges

By John Appolis

Introduction

In many quarters of South Africa, except of course in the official trade unions, there is a general recognition that the 'forward march' of the South African trade union movement (SATUM)²⁸ has been halted. The official SATUM is in an unfortunate state of denial that it is presently unable to fulfil the traditional role of defender of the immediate political, economic and social interests of its members and of the broader working class. In important spheres of influence tremendous ground has been lost over the past ten years. This is in stark contrast to the situation a decade ago when unions were viewed as the champions of the working class and the poor, and the bearers of an alternative society.

We have today still boisterous claims that the SATUM has adapted well to the new political dispensation in South Africa. As recent as June 2006 the SATUM in its Discussion Document, drafted for debate at its up-coming 9th National Congress in September of this year, has this to say:

COSATU ... has prepared well for democracy. It has adapted fairly well to the democratic dispensation but faces new challenges. It retains its vision of transformative unionism and has played an active role to shape the democratic dispensation. It also retains a high degree of militancy which it has deployed against employers and elements of state policy.

Despite these lofty claims, reality paints a different picture where, under the cover of democracy, the SATUM has suffered a reversal of fortunes of historic proportions. It is the contention of this article that, presently in South Africa, capital, with the conscious assistance of the ANC government, has engineered in its favour a fundamental shift in the balance of power. Two major contributing factors have brought about this unfortunate scenario where the once mighty SATUM has been halted in its tracks. Firstly, the unrelenting neo-liberal offensive from the side of the capitalist class and its national state agency, the ANC government, was, and frankly still is today, the chief destroyer of the fortunes of the movement. Secondly, the impotency of the SATUM to mount a serious defence to this neo-liberal offensive has paradoxically compounded the problems of the movement. In fact, it can be said, and as this article will attempt to demonstrate, that, by and large, the response of the trade union movement has contributed to the entrenchment of the hegemonic position of the neo-liberal paradigm in our country.

The neo-liberal offensive

After only two years of being in political office, the ANC government unceremoniously discarded the mild social democratic Reconstruction and Development Programme (RDP), the political mandate on which it assumed office. In its stead, the new political elite hastily unwrapped the neo-liberal programme ironically named the Growth, Employment and Redistribution Programme (GEAR), and imposed it onto the rest of society, including its own allies in the trade union movement. Literally within the space of two years the ANC

²⁸ Reference is here made to the dominant federation of trade unions: The Congress of South African Trade Unions (COSATU)

government re-invented itself as a long-standing advocate of neo-liberalism and moved irreversibly away from being the champions of the people to being the defenders of big business.

As in all the cases worldwide where neo-liberalism took root, the South African variant had all the familiar ingredients:

- That economic development in South Africa must be led by the capitalist class (the private sector)
- The state must play a smaller and smaller role in the economy. The state's role must be one of creating a playing field in which the capitalists can invest and make money.
- The state-owned enterprises must be privatised
- The government spending must be cut so that the apartheid debt **is** paid.
- The economy must become internationally competitive and be based on an export-orientated strategy. This means that tariffs and duties that protected industries in the past must be removed.
- The laws that prevented capitalists from taking money out of the country – exchange control regulations – must be removed.
- There must be wage restraint and deregulation of the labour market.

We are now in the tenth year of an unrelenting bombardment of neo-liberalism and reality speaks for itself. To its credit the SATUM, in its Discussion Document, has this to say of the past decade:

Contrast the optimistic picture of the South African economy painted by the mainstream media with the reality confronted by millions of poor South Africans. Unemployment remains stubbornly high by both the strict and narrow definition. Some four million people, or about 27% of South African adults, are unemployed, using the narrow definition that counts as unemployed only those people who searched for a job in the week before the survey. The figure doubles to eight million or 41% if the expanded definition of unemployment is used. This definition counts as unemployed workers that have given up looking for work but who want a paid job. It is probably a better indicator of structural, long term unemployment.

Unemployment is highly racialised, gendered and unevenly distributed by region. Of the unemployed over 70% are under the age of 35. African women and rural areas fare worse in comparison to men and urban areas. The quality of jobs is also declining as permanent secure employment is replaced by precarious and vulnerable forms of employment. On paper, workers have gained rights that in practice are being “hollowed out” as employers use various strategies to circumvent the labour law. At a micro-enterprise level the promise of democracy has been thwarted. The apartheid world order and discipline have been re-imposed in many South African workplaces. (See Bezuidenhout and Fakier 2006 and von Holdt and Webster 2005)

Income inequality is also high, and worsened at least in the late 1990s. (Gelb and Simkins) According to the UNDP Human Development Report (2003) the Gini coefficient was 0.596 in 1995 and rose to 0.635 in 2001 suggesting that income inequality was worsening. This is of concern not only from ethical perspective of the National Democratic Revolution that seeks to make society more equitable, but also from an economic perspective. Today, there is wide consensus that reducing inequality is necessary for sustainable economic growth.

In short, the post-apartheid socio-economic order can be characterised as one in which there is positive economic growth and opportunities for amassing wealth for a few. This growth is not equitably shared and does not trickle down much to the many that are desperately poor. While

there is a formal break with the apartheid racial ordering of society, the dualistic development path continues, albeit with new features. Fundamentally the accumulation regime has not changed, so that development and under-development continues to coexist. Cheap labour is reproduced under different circumstances, including through sub-contracting and increased use of women labour and through exploitation of undocumented migrant workers, especially Zimbabweans.

The main driver of the neo-liberal offensive has been, and still is, the democratically elected ANC government. Contrary to the general wisdom in the political circles of the liberation movement, the ANC was not a victim of outside imperial forces that imposed the neo-liberal paradigm onto the newly elected and inexperienced government, but rather it had choices, and it opted for the path of neo-liberalism.

Giving credence to its new identity, the ANC government, over the past decade, adopted policies putting in place the fundamentals of neo-liberalism – a favourable tax regime for business where tax on business has progressively been reduced, relaxation of exchange controls, removing of trade barriers, the privatisation of the productive assets of the economy and the progressive reduction in social expenditure.

As if these policies were not creating enough social inequalities, the social wage has also been converted into a terrain for capitalist profit-making through the commodification of the provision of basic services. The latter – housing, education, water, electricity and sanitation – can only be accessed in South Africa if the citizens have the necessary monetary means to acquire them. Bear in mind that this policy of commodification is being applied in the context of chronic unemployment.

In the process of spearheading the neo-liberal offensive the ANC government itself underwent a transformation and has become closely associated with the interests of big capital. The quote above from COSATU's document highlights the fact that a redistribution of wealth has taken place but in the direction of the capitalist class, which appropriated the largest share of the national surplus.

Unsurprising then is the presence of strong tendencies emptying the South Africa state of its democratic content. More and more, the executive arm of the state – the Thabo Mbeki presidency and its cabinet – is the main decision-makers of policies and laws with parliament being reduced to a rubber stamp. Parliamentary deputies are elected on the basis of proportional representation on a political party ticket and are therefore chosen by the party bosses. The result of this electoral system is to ensure the acquiescence of the deputies to the party bosses. Consequently the democratically elected parliament has, in the eyes of millions of South Africans, lost its lofty status as the representative of the people. And the result has been widespread dissatisfaction with the centralisation of power into the hands of the Thabo Mbeki presidency.

All these decisions combined increase the power of the Presidency. They point to a highly centralised position, and explains why the price of the Presidency, and its potential for extended patronage, is so very high. At the same time, the state is weak in deliberately driving a development agenda and has no central institution with such a mandate. Prior to the creation of the Policy Advisory Service and Cabinet clusters, government was incoherent and compartmentalised. It is, however, committed to driving a neo-liberal economic programme concerned primarily with stabilisation rather than transformation.

What should be recognised that it is no accident that the centralisation of power is taking root in the political institutions because the more the nation state rules in the interests of the capitalist class the more removed and insulated it must become from the people. It cannot afford to be subjected to popular pressure. Contrary therefore to COSATU's view, the South African state is not a weak state but rather a state that is strongly committed to the interest of big capital.

Another target of the neo-liberal offensive, and one vital to the prospects of capital accumulation, was the traditional power base of the trade union movement. What is not really understood by the SATUM is that the successful implementation of the neo-liberal programme was dependent on the weakening of the power base of the movement. Ironically COSATU's political ally, the ANC, had to effect a demobilisation and depoliticization of the membership base of the trade unions. How was this executed?

Historically the power of the trade unions rested on the blue-collar workers who led militant struggles against both the apartheid regime and the capitalist class. It built the movement through its stubborn resistance of more than two decades starting in the early 1970s.

It is at the point of production, the world of work, that, it must be said, the reversal of fortunes of the trade unions effected by the SA ruling elite is acutely felt. This is what the SATUM has to say about the workplace:

COSATU has also retreated from the workplace as a site of contestation and mass activism. In the 1980s COSATU successfully began to challenge the prerogative of management, but bosses have begun to recapture this space post-1994..... Outside of wage struggles, there is no coherent strategy to challenge management prerogatives and to democratise the workplace. COSATU has rejected the workplace forums but has not necessarily used other strategies to challenge 'management prerogative'. Workers have been reduced to spectators and a reserve army waiting for mobilisation.

The principal means by which the reversal of fortunes has been orchestrated was the re-casting of blue-collar worker into labour brokers, outsourced work and temporary and casual labour. The workplace of today is unrecognisable from that of the previous decade. This reconstitution of the workforce brought in its wake structural divisions within the employed working class where there is now a constantly shrinking pool of permanently employed encircled by an ever-growing pool of atypical employed workers. The employment relationships of the atypical workers are characterised by ultra-exploitative conditions. They are vulnerable and subjected to a work regime of constant job and income insecurity. Importantly with labour brokering the compensation of the worker is no longer the responsibility of the employer extracting and appropriating the surplus value but that of a third party. The latter generally falls outside the scope of collective bargaining. The upshot of the re-organisation of work is a structurally divided working class with workers locked in a competitive battle for survival against each other.

What should be noted is that the re-assertion of the power of management over the South African workforce was largely achieved at great cost in jobs where thousands upon thousands of workers were removed from the point of production through the process of retrenchments. It is common knowledge that since the advent of democracy more than a million workers have lost their jobs in SA and, as mentioned earlier, unemployment is currently running at 40%. Unemployment has become a major political and economic weapon in the hands of the ruling class and is a dead weight on the employed working class.

In the era of neo-liberalism there are no prospects of a physical renewal of the working class at the point of production. It has been shown that under neo-liberalism there is tendency for

low or no growth. In 2005 SA achieved a growth rate of 4,3% but this has been jobless growth. No sustainable economic growth is possible under neo-liberalism and we have come to realise that economic booms are the exception rather than the rule. If there is growth then it is mainly premised on increased speculative activity.

Previously under capitalism, jobs in times of boom were always expected. Historically unemployment was considered temporary – a phenomenon of the times of bust or recession. Under the hegemony of neo-liberalism unemployment is structural and permanent. This is in direct contrast with earlier periods of the revival of the trade union movement. In South Africa, for instance, the industrial expansion from the mid-1930s through to the war years led to a massive influx of black workers into semi-skilled work providing the basis for the revival of African trade unionism during that period. The next phase of the revival of the trade union movement in the early 1970s came in the wake of the second period of expansion of the manufacturing base during the 1960s. The decade saw hundreds of thousands of workers being absorbed into the factories and mines. This dramatic expansion in the physical composition of the working class gave it confidence to organise, resist and form trade unions. In this sense the regeneration of the trade union movement in the 1970s was directly premised on major industrial and economic growth – under the era of racial social democracy. Neo-liberalism holds no such prospects.

The two interrelated processes of retrenchments and re-organisation of work have led to the heightening of competition between the different layers of the working class for jobs, income and survival. Any trade unionist can confirm that competition between workers is fatal for strong organisation and radical politics. Not only increased competition arose as a result of these processes, but retrenchments in particular have caused the loss of a whole generation of trade union and socialist militants to the trade union movement. These two processes have thus wreaked havoc with the power base of the SATUM and directly led to the progressive weakening of the movement.

The impact and response of the South African trade union movement

The membership base

One of the first casualties of the neo-liberal offensive has been the membership base of the trade union movement. The traditional base of the trade unions has contracted and, for the first time in the history of the SATUM, it has entered a phase of declining membership. Statistically the picture is as follows:

In 1997, the traditional strong holds of the trade unions, the manufacturing and mining membership stood at 1 247 600 and in 2002 it stood at 1 033 000 reflecting a decline of 214 600, translating into 17%. Partially off-setting this decline was the growth in the public sector. Comparable over the same period the membership in the public sector stood at 543 400 (1997) and 734 100 (2002) representing a growth of 190 700, a significant increase of 35%.

But the cycle of growth in public sector members has come to an end and in 2003 declined by 5 800. Even though the decline is minuscule, the significance thereof is that it coincides with a general decline in the total membership of the federation.

Of more significance the trade union membership base largely still consists of the permanently employed (92%), a declining section of the employed working class. Though attempts are made to draw in the atypical workers into the unions, no major inroads have been achieved. On the side of the unemployed there is total neglect and no attempts whatsoever are made.

COSATU and its affiliates are failing to effectively organise atypical workers and to make large enough inroads into sections of the unorganised and vulnerable. Organising atypical workers poses a challenge to unions internationally. It must be pointed out that COSATU unions are trying to grapple with these issues but on aggregate the movement is not succeeding.

This means in effect that COSATU has not succeeded to unify the working class behind the 2015 Plan. Internally we have failed to consolidate our strength because of the failure to form strong cartels and merge unions as envisaged by the previous congresses and 2015 programme.

This situation is dangerous and may prove to be the soft underbelly of COSATU. If COSATU represents a shrinking pool of workers with permanent jobs surrounded by a sea of poorly paid and temporary workers, it will be vulnerable to attacks by employers and conservatives. The gains it makes for its members will be eroded.

As compared to the previous decade the profile of the union member has also undergone a very fundamental transformation with serious ramifications for workplace activism. The Discussion Document shows that the trade union members are fast becoming more educated and possibly more well off relatively to other sections of the working class:

- The membership profile is changing: COSATU seems to be representing mostly workers in permanent occupations; older than 35 years; predominantly African males; growing number of semi-skilled and skilled; and more and more in the public sector.
- The membership is largely new with little organisational memory. The SWOP survey conducted in 2004 revealed 80% of current COSATU members joined after its creation in 1985. Further 35% joined the federation after 1991 and 13% joined over the past two years. This means only 20% have the pre 1985 experience and even lesser number were part of the great revival of the democratic movement sparked by the 1973 Durban strikes.
- The education levels of COSATU members have improved. The same SWOP survey indicates that 64% have matric and forms of formal education qualifications. Some 7% of COSATU members have a university degree, a further 13% have a technikon diploma, 38% have matric and 6% have post school qualification. This means COSATU membership on average has a better education level than the average working class.
- Class formation: Many former leaders and members have moved up the social hierarchy into middle class positions. In this context, the movement can be used as a ladder if new members perceive it to be the route to gain promotion in the work place or deployment to senior political positions.

Evidently SA unions have not understood the political and organisational implications of changes in the world of work. Their strategies and forms are not adapted to the new conditions. Historically a direct correlation exists between the forms of trade unionism and the organisation of the labour process. Looking back at the changing forms of trade unionism in South Africa there emerged a variety of forms ranging from crafts unions and general unions to industrial based unions.

Another fact not being confronted by the trade unions is that the changing profile of the membership base is having an impact on its ability to mount an effective defence.

But at the end of the day, the strategies employed by the trade unions are political choices reflecting the interests of its leading bodies and its base. Tragically the policies and responses of the SATUM to the neo-liberal offensive have not caused any rethink on the part of the ruling elite but rather led to their entrenchment.

Political and ideological adaptation to the capitalist framework

Accepting the capitalist logic

Another notable feature of the movement is that there is an acceptance of the capitalist logic. For one, the proliferation of investment companies owned by trade unions bears testament to this acceptance. More than 90% of the affiliates of COSATU have an investment company and consequently the unions are caught up in the fall-out of being involved in profit-making. Instructive is the statement of the Discussion Document on this matter:

Unions have also failed to assert themselves relative to their investment companies. Outside of few exceptions, union investment companies are a law unto themselves. They are also not pursuing the strategic aims to transform the economy as espoused in the Central Committee. Governance of these companies in some cases leaves a lot to be desired. If we fail to assert control over these assets, we will live to regret this. Signs are showing that union investments are beginning to sow divisions within the organisation – which tells you what happens when an initiative detracts from its original aims and when there is poor worker control.

The acceptance of capitalist logic is not only confined to union investment companies but prevalent in the manner the movement problematized the root causes of the problems facing the SA working class. Capitalism is no longer regarded as the prime cause of poverty. Narrowly the legacy of apartheid and bad management of the economy are put forward as the culprits. Though emphasizing social democratic solutions COSATU has gradually embraced elements of neo-liberalism – the endorsement of international competitiveness, export orientation strategy and the support for SA companies and products. For them what we have is bad capitalism; we need good capitalism, good managers and less greedy ones.

In line with the reformulation of the problem the preferred method of struggle is social dialogue and the accompanying social partnership. For instance, the dominant message coming from the trade unions in relation to the Growth and Development Summit in 2003, meant to address the problem of joblessness and poverty, was that all social forces must work together to tackle the problems of poverty and unemployment. If there was doubt about this warming up to capitalism then the endorsement of the Proudly SA Campaign settles it. This campaign has as its aim the promotion of the products of SA companies and citizens are called upon to buy locally and to reject imported goods. The political message is simple: labour and capital are working together for the good of South Africa.

Occasionally social dialogue is coupled with moral indignation and mass pressure. General strikes called by COSATU periodically punctuated the political landscape. What is evident however is that these actions and others by the movement have no longer as their key premise the building of alternative working class power. They are merely utilised as pressure points to secure a more humane form of neo-liberalism. The self-constraint general strikes had no real impact on the dominant neo-liberal hegemony and the failure to exact any significant compromises from the other side has in turn led to more ground being ceded to these forces.

The institutionalisation of the trade union movement

The trade unions participate and are involved in a wide range of institutions – ranging from tripartite bodies like NEDLAC to bargaining councils, education bodies and many others. Participation in institutions is not problematic as such but rather how participation is viewed and, in the case of COSATU, it is integrally linked to the notion of social dialogue and partnership. Participation in bourgeois institution is treated as a norm, a principle. This varies

in many respects to the approaches on participation in the 1970s and 80s where such matters were hotly debated and a variety of responses pursued. The present uncritical acceptance and participation in these bourgeois institutions is a consequence of the neglect of the bourgeois character of the present South African state on the part of the SA trade unions. The form of political rule (democratic) is elevated over the substance of state power (the capitalist nature of the ANC state) in determining the approach to its institutions. What is ignored is that the fundamental factor determining the character of the state is not its form of rule, which varies greatly at different times, but the type of property and productive relations that its institutions protect and promote.

Moreover, and notwithstanding the claims of COSATU, the political independence of the trade union movement is being compromised. COSATU is persisting with its alliance with the governing political party, the ANC who has, as shown earlier, become the party of neo-liberalism and big business. The Tri-partite Alliance with the ANC and SACP has a constraining impact on the ability of the movement to mount an effective challenge to the neo-liberal agenda. This is reflected in the manner in which the ANC is characterised by the union as a way of justifying its continued association with the ANC. Politically the trade unions characterised the ANC government as a democratic left leaning government and not as a neo-liberal government with a democratic cover. Such a characterisation sidesteps the capitalist character of the incumbent government and the only result is ideological disorientation amongst union members.

Flowing from its alliance with the governing party COSATU has become the election machinery of the SA state. When there are national and local government elections the trade union movement puts at the disposal of the ruling party its organisational and political resources but in return is rewarded with further doses of the neo-liberal prescription.

Though the South African state regards the alliance with COSATU as a useful incorporation strategy of the movement there are differences on the form of the incorporation. COSATU wants a more equal status in determining government policies and emphasises the role of the alliance as the medium for this. On the other hand the ANC has attempted to craft out a far junior role for the trade unions in government policies. One of the consequences has been the overshadowing of the Tri-partite Alliance and, increasingly, the relationship between the unions and ANC is mediated through the state than the party. Instructive was the process leading up to the Growth and Development Summit in 2003. In preparing for the Growth and Development Summit the trade union movement had to go through the Presidential Labour Group, a body established by the president of the country, instead of the Tri-partite Alliance.

The contestation over the form of incorporation of the trade union is at the centre of the present tensions between the ANC and COSATU. The present conflict over the succession issue within the ANC is a manifestation of the differences over incorporation. It is the view of COSATU that a Jacob Zuma presidency, in contrast to the Thabo Mbeki presidency, will be an Alliance-friendly one and will accord greater prominence to the role of unions in policy formulation.

Bureaucratisation of the trade unions

The unsurprising consequence of the institutionalisation of the unions has been the bureaucratisation of these unions. This is reflected in the centralisation of power into the hands of the unions' national bodies. Michel's law of oligarchy has taken root within the South African trade union and permeates the internal regime of the unions. The space and power for self-initiative on the part of the local and regional arms of unions have been obliterated. Every aspect of the union requires the sanction of national leadership. Struggles,

campaigns, finances, hiring and firing, alliances and policy making are centralised and, nowadays, the prerogative of national leadership. A culture of the command of the centre permeates the SATUM. In other words, nothing moves in the unions without the blessing of the national leadership. This power over the apparatus is being used to stifle and root out any critical voices. No organisational or political space exists for the contestation of ideas. There are numerous examples where critical voices have been purged from the trade unions.

In the past, the locals, branches and regions of the SATUM had the latitude to initiate struggles and campaigns. They were an important counterweight to bureaucracy. The close association with the state and business has given rise not only to bureaucratic tendencies but also the co-option of trade unionists is regular occurrence. The trade union movement is not unaware of the bureaucratic tendencies besieging its internal apparatus but it is not locating these developments in the context of its own particular transformation from being a militant anti-capitalist movement to one that is attempting to make the system work better.

This is a new and dangerous culture that is informed by charlatanism and dishonesty that has taken hold. Clearly some leaders have no guts to articulate their personal opinions within the structures for a range of reasons including that their opinions are not consistent with the positions of the constituencies they represent in the constitutional structures. They use the media to dissociate themselves from decisions of the federation and present themselves as the rational group in an organisation presented by the media and the conservatives as a madhouse.

There is a phenomenon that we must also openly confront. The culture of leaking information basically undermines confidence leaders should have on one another. It kills trust and leads to witch hunts. Eventually it will kill internal democracy as leadership feel justified in failing to report finer details to the constituency in fear that the charlatans would then leak the information and embarrass the organisation. ...

The combination of individual lobbying of trade union leaders by elements within the liberation movement and even capital combined with the rampant culture of careerism and consumerism is proving to be a threat to the unity and cohesion of COSATU. We have seen the effects of this throughout the transition.

Linked to the above paragraph, the syndrome of some leaders negotiating with their CVs under their armpits must be confronted before it is too late. In this case positions in the unions are used to cultivate chances to advance personal careers in both government and in the private sector. Positions are held not to serve but to act as the instrument to distribute patronage to factions within the movement. This happens more so as leaders sit in interviewing panels or influencing employment practises of government and private firms. Nepotism and downright corruption on occasions are reported, leading to huge divisions.

In this situation leadership with eyes in the horizons and firmly on the other side for opportunities after serving their terms begins to be inconsistent in its articulation of the trade union movement's positions blowing hot and cold.

Though not inevitable, this bureaucratisation and careerism should be no surprise. Basically, the acceptance of capitalist logic requires the insulation of the trade union from the pressures of membership.

The changing attitude of the member to the union

All of the above - the neo-liberal offensive, re-organisation of work, the acceptance of capitalism, changing profile of the union member, the bureaucratisation of the unions and the inability to mount an effective counter-defence - have brought about a fundamental shift in the way members and workers generally perceived unions.

Members no longer view the unions as schools of socialism. They rather feel alienated from their own organisations. In fact, workers generally see unions as another form of insurance, a service provider. There exist amongst union members the “just-in-case” phenomenon where union members join legal agencies like Legal Wise in case the union fails to defend them adequately and they then have a legal back up.

This does not mean that workers are leaving unions. Not at all. In the context of massive job losses, job insecurity, poverty and unemployment, unions are an important form of protection. By being a union member there is always the stability of income and some form of security of conditions of employment. In addition, for the COSATU member the Tri-partite Alliance also holds the prospect of social mobility by having access to state power. In this sense the Alliance holds possible material advances.

The result has been a dramatic decline in strike activity, notwithstanding high profile strikes like the security strike at the beginning of 2006. Again this is not to say that union members will not engage in militant wage struggles. To defend themselves they will do so. But it should be understood that struggles within the unions have become institutionalised and ritualised.

The ossification of the movement permeates collective bargaining, the main occupation of the unions. Collective bargaining is highly centralised and removed from the membership. Many of the major wage bargaining processes take place in national institutions like Bargaining Councils. The rank-and-file members are mere spectators on this terrain and many are becoming disillusioned with this form of bargaining. Deadlocks, strikes and settlements are stage managed and choreographed. Occasionally the rank-and-file is called to share the centre stage but under strict directorial supervision. And where something lacks spontaneity, self-initiative and is under strict bureaucratic control it ends up dull, boring, comical and tragic.

In contrast to the past – where issues of wages were a matter of the factory and under direct control of the workers – decentralised - we saw the range of creative forms of struggle – the wire-wire strike, the “siyalala” (the sleep-in strike). The wage strikes of the 1970s and 1980s were the bedrock of the trade union movement – they solidified the movement at the factory and threw up layer upon layer of militant worker leaders who sustained the movement over the decades.

What to do?

What are the elements of a progressive trade union strategy?

The first aspect of a progressive strategy should be the acceptance the SATUM has suffered a historical reversal of fortunes and that there is a need to fundamentally re-invent the trade union movement in SA, both in political and organisational terms. Politically the movement must put at its core the struggle for political independence.

Secondly, the structural re-composition of the workforce necessitates the creative experimentation with new forms of trade unionism, appropriate forms for these times. It can no longer only be the industrial organisation of the permanently employed. The innovative organising and insertion of the strata of atypical workers, casuals, the labour brokers and the

unemployed cannot be neglected. This has implications for bargaining, for structures, timing of meetings and location of organising.

Thirdly, this new situation has necessitated a re-examination of old alliances. Some of the old allies have re-invented themselves as advocates of a free market capitalist system. But the situation has thrown up potential new allies. For instance the new movements – social movements – both here and abroad – are largely anti-capitalist and militant and, importantly, based on the unemployed.

Quite clearly this radical reconstruction is not going to happen of itself. For this re-radicalisation to materialise, the movement needs a new burst of energy within its ranks – a new spark of inspiration, a new mass of energy. Partly this spark of inspiration will come from the new social movements. Through their struggles, demands, and organisational and political cultures they will inspire the unionised worker to take up the spear of radical struggle. This will be the case as long as the social movements avoid all the problematic features of the existing unions.

But this process would not be sufficient and organic for at present the two movements share different social bases. Their compositions are different, the unions are composed of the employed and the social movements the unemployed. Hence it is found that the struggles of the social movements are not registering inside the unions, nor do we see unionised workers inside the social movements.

Therefore part of the challenge is to create the space inside the unions for this new mass of energy, new spark of resistance to emerge. Taking our cue from the past, the rebirth of the trade union movement came as a result of the thousands of struggles undertaken by workers. The self-initiatives of workers are what led to the rebirth and herein lies the key to its regeneration.

10 The grassroots. The rise of the new social movements in South Africa. The role of the opposition

By Eddie Cottle

Introduction

The African National Congress government and its allies believed that the main challenge of post-apartheid was to move from “Resistance to Reconstruction.” They maintained that the end of apartheid signaled the end of mass struggle politics and “resistance.” That it was now time to “reconstruct” the social, economic and cultural life in South Africa and build a new nation.

The main problem with the above thesis was that the movements before 1994 had believed that in order to overcome the social, economic and cultural challenges posed by Apartheid we had to also struggle against capitalism and build socialism. While apartheid was abolished the system of capitalism remained intact and strengthen through the official adoption of ‘free enterprise’ by the ANC led government. Through ‘reconstruction’ the millions of workers and the poor who sacrificed so much through their resistance struggles were being told that they had to ‘tighten their belts’ and participate in the free market in order to build the new nation. However, not long after the first democratic elections in South Africa in 1994, the new social movements emerged as a response to a lack of service delivery and land reform challenging the very ‘reconstruction’ they were supposed to participate in.

From resistance to reconstruction

The transition to a democratic South Africa was not the peaceful miracle that most commentators make out to be. The apartheid state unleashed a wave of violence that ultimately led to the death of over 15 000 people in the period between 1990 and 1994. The aim of this violence was to weaken the ‘old’ social movements, which had been led by the United Democratic Front (UDF) a co-coordinating body composing of different social movements. It is the struggles that were led by the UDF that led to the unbanning of the ANC and other banned political parties.

The revolutionary movements in South Africa were engaged in intense debates after the unbanning of organisations of the working class. The masses of workers and their organisations were involved in a range of intense discussions ranging from the tactics and strategy of insurrection versus negotiation; the nature of South African society and the state, and whether to disband or not to disband the United Democratic Front (UDF). The sharp differences in debate and divisions within revolutionary movements emerged on the way forward. At this time the capitalist classes worldwide celebrated the collapse of ‘socialism’ and launched a major ideological attack on the ‘authoritarian nature of socialism’. Even within the ANC-led alliance, divisions between the doves (moderates) and the hawks (militants) came to a head within the movement over issues like the suspension of the armed struggle and the demobilisation of *Umkhonto we Sizwe* (MK), the armed wing of the ANC. Thousands of workers and community activists were involved in discussions on the nature of the transition; the interim constitution, the Government of National Unity (GNU); and the Reconstruction and Development Programme (RDP).

In the course of these political processes, a wholesale retreat of the revolutionary intellectuals over to the camp of reformism and neo-liberalism took place. At a time when the capitalist class was engaged in an ideological offensive against the working class, major left intellectuals of the movement such as Steven Gelb, Alan Hirsh, Alec Erwin and Marcel

Golding came to promote the very same policies of the capitalists, such as ‘competitiveness’, ‘export-led growth’, ‘tight fiscal policy’ and so on. The main reason for the capitulation of these intellectuals can be explained by the retreat of the working class locally and internationally, and the coming to power of neo-liberal governments and the collapse of the Stalinist states. These conditions made possible the retreat of the intellectuals.

Through the combined impact of the violence unleashed by the Apartheid government and the reformism of the leading intellectuals and leaders within the revolutionary movements, effectively weakened the mass movements of non-party organisations and thereby made it possible for the shift from “resistance to reconstruction” politics to take place. The platform of “reconstruction” politics was codified in the election platform of the ANC called, the reconstruction and development programme (RDP). The initial RDP was based on the welfare state model. The “reconstruction” of South African society implied that the state, civil society and the capitalist class had to work together in a common programme to rebuild the nation.

With the coming to power of the ANC as the representative of the ruling class in power with a working class base a new hegemonic rule had to be constructed. The new state set out to ‘reconstruct’ South African society and called for an ideological turn from ‘resistance’ to ‘reconstruction.’ By the mid-1990’s non-party structures such as civics, women’s and youth groups, religious bodies and other entities organized under the banner of the UDF, were either absorbed into the party structures or dissolved as the party-state took control. The compromise of the ANC and its alliance partners, the South African Communist Party and the Congress of South African Trade Union (COSATU) with the Apartheid government to preserve capitalism ultimately meant the centralisation of political power within the mass movement, the suppression of militancy, de-politicisation and ultimately reducing mass organisations to recipients of information rather than organs of power at the grassroots level. This explains the collapse of the UDF, the South African National Civic Organisation (SANCO), as a once ‘popular, democratic union of community organisations.’ The abandonment of the grassroots movements and the movement of many leading skilled individuals from civil society into the state, created the conditions for the politics of “reconstruction” to take root. Reconstruction politics therefore emerged when the ‘old’ movements were at their weakest or have completely disbanded.

Having succeeded in demobilising the masses it successfully incorporated the unions, the SACP, universities, remnants of the civic movement and a large layer of NGO’s through SANGOCO to extend this hegemonic project. The intellectual attack on class analysis ensured that civil society became incorporated into the states hegemonic programme of reconstruction and development. The dominant discourse of developmentalism is essentially a discourse developed in the US to mean the restructuring of global economic relations with liberal democracy and welfarism as a means to ward off the communist threat. As we can see in South Africa, development is seen as a re-integration into the global economy and deflating mass struggle through a bit of welfarism and market discipline. The South African Communist party in particular developed the notion of the South African state being characterized as a ‘developmental state’ depicting the state as a ‘peoples state’ and without class content. South African NGO Coalition (SANGOCO) was also very important in spreading the notion of a developmental state with the RDP providing the proof. Of course, it was not long before the true class character of the state raised its head and unilaterally implemented GEAR, a neo-liberal macro-economic framework for South Africa. The redistribution of the wealth of the nation through neo-liberal measures ultimately meant that a greater share was to be spread between the ‘old’ white bourgeoisie and the new black bourgeoisie. Though the state incorporated civil society into its hegemonic bloc this did not mean that there were no contradictions within the bloc:

“The SACP accepts the inevitability and in certain well-defined circumstances, even the potential advantages, of an emerging black capitalist strata.” (SACP Press Statement on the Telkom Share Offer and Black Economic Empowerment, 22 January 2003).

‘Reconstruction’ politics created widespread ideological confusion as the once socialist oriented mass movements now had to work within a class collaborationist framework. Ironically, the SACP was taking a lead in sowing this ideological confusion for its tacit support for a black bourgeoisie, as if skin colour could change the nature of exploitation. Reality proved different, as we will see later. The extent of the slide to the right even within the trade union movement could be seen by the widespread establishment of trade union investment companies, acting as a springboard for a section of the new aspirant black bourgeois.

Exposing of a myth

The democratic triumph over apartheid in 1994 and the entry of an ideological attack on socialism by the ANC, a sustained effort was made to incorporate civil society either into the state apparatus or in partnership to rebuild the nation through a reconstruction and development programme (RDP).

The uncritical adoption of the reconstruction agenda within civil society, especially the trade union movement forestalled any formidable independent response to the more clearly articulated capitalist agenda, the Growth, Employment and Redistribution Strategy (GEAR) that was unilaterally implemented by the ANC government.

Within two years, GEAR the overtly neo-liberal macroeconomic strategy was implemented to: cut government expenditure; provide tax holidays and other incentives for business; phase out exchange controls; create a flexible labour market and encourage wage restraint and the privatization of state assets. The impact of this strategy has been devastating for the working class and the poor. It has been reported that there is a 180% increase in the number of households without any measurable income; the 2005 United Nations Development Index placed South Africa at 120th of 177 countries compared. Further, the United Nations Development Programme Report of 2003 found that the number of households deprived of ‘good’ basic services increased from 5.68 million to 7.24 million between 1996 and 2001 census. It is also reported that besides a 40% unemployment rate (with over a million jobs lost since 1994) that the number of shack dwellings have increased so much that they are almost equal to the total number of houses built between 1996-2001.

The gap between the rich and poor is increasing. But spiraling poverty of the vast majority of South Africans must mean that the wealth of the country is being redistributed elsewhere. South Africa has experienced a phenomenal 15.9% growth of (mostly black) dollar millionaires in 2005, well above the global rate of 6.5%. Many of these new dollar millionaires are high-ranking ANC members and include Tokyo Sexwale, former Communications Department Director-General Andile Ncgaba, head of the ANC presidency Smuts Ngonyama, former Environment and Tourism Minister Valli Moosa and former North West Premier Popo Molefe, former chief prosecutor Bulelani Ngcuka and former Justice Minister Penuell Maduna, former Northern Cape Premier Manne Dipico, former ANC deputy secretary-general Cheryl Carolus and former Spoornet chief executive Dolly Mokgatle to mention a few. South Africa is also ranked fourth among the countries with the fastest-growing dollar-millionaire populations, behind South Korea, India and Russia. We can see the fusion of state – capitalist relations. The politics of ‘reconstruction’ was therefore a myth to mask the true class character of the ANC and that transformation of South African society could take place in the common interest of all South Africans.

The nation-wide protests mark the awakening of South Africans who have begun to see that their interests are not compatible with the new ruling classes of the old and new capitalist state. The failure on the part of the strongest civil society formations, the labour movement to respond to the neo-liberal policies of the ANC led to the formation of a range of independent civil society formations - the new social movements.

Enter the new social movements

The social movements - as the offspring of the former revolutionary movements - have recently been formally established in South Africa through interventions by different organisations and individuals from various ideological backgrounds. Over the last few years, and at least since the run-up to the 1999 general elections, a range of new organisations has emerged, usually categorized and sometimes self-defined as the 'New Social Movements'. They include the newly formed 20,000 strong shack dwellers movement Abahlali base Mjondolo and the Concerned Citizens' Forum (CCF) based in Durban, the Anti Eviction Campaign (AEC) in Cape Town, the Anti Privatisation Forum (APF) in Gauteng and Cape Town, the Treatment Action Campaign (TAC) and the Landless People's Movement (LPM). Most of these new movements have come together to form a new national co-ordinating structure, the Social Movements Indaba (SMI). But since, these new movements took the center stage, many other community movements have emerged and some have collapsed in a short space of time. These movements, on the whole, largely consist of members who were, until recently, supporters of the ANC, or are still ANC members. The composition of the social movements has been determined as a response to neo-liberal policies such as evictions from homes, squatter settlements and farms, electricity and water disconnections, access to land, unemployment, health issues, housing, general lack of services and the need for communities to provide immediate defence of their livelihoods.

A closer look at the movements

Treatment Action Campaign (TAC)

The TAC is the most well known of South Africa's social movements and is the oldest of the new social movements. The TAC was launched in December 1998 in Cape Town and campaigns for the affordable treatment for people living with HIV and AIDS. The organization has a card-carrying membership of over 10,000 members. The TAC consists of local branches, which report to a district structure. The district elects delegates to the provincial executive council, which in turn sends an ex-officio member to the national executive committee. The NEC also, has representation from social sectors such as, children, youth, faith-based organizations, health care professionals and labour. There is currently no representation from social movements. The TAC has a full-time staff of forty people and received large amounts of donor funding. The TAC has structured itself very much on the old UDF sectoral and executive format.

Anti Privatisation Forum (APF)

The APF was formed as a response to the states privatization of services. Since its formation in 2000, the APF, located mainly in the Gauteng Province, has broadened its social base and extended far-reaching roots into working class communities. Today, the APF has 22 affiliates in communities on the East Rand, the Vaal, Potchefstroom and Johannesburg (including Soweto, Alexandra and Orange Farm) as well as the West Rand and the Tshwane Metro area. The affiliates have evolved in different ways depending on their specific social circumstances, for example, a response to electricity cut-offs led to the formation of the Soweto Electricity Crisis committee (SECC) and struggles over access to, and affordability of, water led to the formation of the Orange Farm Water Crisis Committee (OWCC).

The APF is both organised in the old methods and has also broken with past methods. It has various standing committees and an executive, with affiliates being represented on each committee. It does not have membership cards and this makes it difficult to determine the support base. The APF has two full-time employed activists and receives limited donor support.

A completely new form of organisation that is being developed is one that recognises the right of political currents and political parties to join community organisations. APF affiliates in this category include the Socialist Group, Keep Left and the Democratic Socialist Movement (DSM), which are all Trotskyist in orientation, and the Bikisha Media Collective, which is Anarchist. While, as part of the natural process of political development of the APF, difficulties in defining limitations and possibilities of organisation and political expression will unfold, the point is that there is an acknowledgement that the class struggle produces different ideas and ideologies within the movements themselves, and that the size or influence of these currents or sects does not constitute a basis for exclusion. Indeed, this factor was something that was not respected within the past Stalinised revolutionary movements.

Anti-Eviction Campaign (AEC)

The AEC was formed in 2000 as a response to the eviction of people from their homes in Tafelsig, a largely so-called colored township in Cape Town. Like the APF the AEC consists of community-based formations that are composed largely of woman and unemployed youth. The AEC has a co-ordinating structure with an executive structure. They insist that the executives are not leaders but facilitators and resist hierarchical structures.

Landless Peoples Movement (LPM)

The LPM was formed in June 2001 to deal with the slow pace of land reform, land restitution and as a result of the widespread evictions of farm workers and tenants. The LPM had about 20 branches at a local level and operated at an autonomous level. The LPM elected a national executive committee in 2002. Provincial executives also, have representation on the NEC. The highest decision-making body of the LPM is the National Assembly.

Abahlali base Ujondolo

The Abahlali base Ujondolo, meaning shack dwellers were formed in February 2005 as a response to lack of formal housing and serviced land for squatter settlements. The movement consists of 16 settlements within the formally Indian middle class and elite suburbs of Durban. Although there is no membership cards issued this movement claims a 20,000-membership base. Settlements meet once a week and elected leaders of the settlement who meet once a week as well.

The Social Movements Indaba (SMI)

The SMI was formed during the UN World Summit on Sustainable Development in Johannesburg in 2002. The SMI rejected the UN led summit and the ANC governments GEAR policies as detrimental to sustainable development. The SMI was initiated by NGO's such as the Rural Development Services Network (RDSN) and the Environmental Justice Networking Forum (EJNF). The SMI has a very loose coordinating structure with a national secretariat located in Johannesburg but has no full-time staff. It has members based in the Gauteng, Western Cape, KwaZulu-Natal and Free State provinces. It organises national solidarity meetings where it invites existing and new organisations to join. Organisations such as the APF, AEC, LPM, Abahlali base Ujondolo, Soweto Electricity Crisis Committee, Umzabalazo we Jubilee, Anti-War Coalition and some progressive NGO's form part of the SMI.

The state, NGO's, and the social movements

Due to the demobilisation and disbanding of the 'old' social movements, one of the most important developments after 1994 was the mushrooming of NGO's, which led to the formation of the South African NGO Coalition (SANGOCO) in 1995. This body worked closely with the state to fulfill on the one hand a lever to access development funds and on the other to incorporate large sections of civil society into participating in the institutionalized parliamentary and state programme implementation processes. Through making written and oral submissions on almost all aspects of social and economic policy and legislation, and the implementation of social projects, SANGOCO played a powerful role in fulfilling the demands of the hegemonic power - participation in 'reconstruction'. A similar development took place with the National Land Committee (NLC), an umbrella organization looking at land reform, land restitution and security of tenure. While there were those in the NGO's who were content to participate in official government programmes there was a minority that emphasised the need for a radical approach as government delivery of services and land reform was slow and based upon the interest of the ruling classes, right to property.

The legitimacy of those NGO's that were critical of the government was increasingly questioned by the state that argued that these NGO's were not representing the 'poor' but themselves. This in turn led some NGO's orientating their programmes in such a way to either build or support an organization with a mass base. A good example of such an orientation to form a mass base is the NLC who participated and initiated the forming of the Landless People's Movement (LPM), which took various actions including land occupations, demonstration and seriously questioned the private property clause in the South African constitution as the major stumbling block to land reform. But it had been argued that this new orientation was at best a mobilisation of the grassroots in order to access government programmes.

It was almost in the same time that the new social movements were being formed that SANGOCO rejected GEAR in 2000. The honeymoon period of 'reconstruction' politics were beginning to show strains and many leading NGO's were quietly disaffiliating from SANGOCO in view of its recent positions. The relationship between the state and SANGOCO also became strained. But difference within civil society were not that polarized as yet but came shortly with the UN World Conference on Sustainable Development (WSSD) held in Johannesburg in 2002.

SANGOCO positions zigzagged and ultimately it formulated a position with COSATU and the SACP that South African civil society had to engage with the UN institutionalized process and called for more power for the UN to enforce resolutions and conventions on member states. The SANGOCO/COSATU/SACP alliance also, led to an adoption of a position that sought to not to raise any criticism of the South African governments GEAR policy as leading to unsustainable development. Social movements and radical NGO's stood in opposition to the UN conference as a façade, as real power vested with a few capitalist states dominating the agenda and corporate influence dominated the conferences. The South African social movements began to mobilise extensive support from anti-globalisation activists and organisations in opposition to the UN conference and South African government. SANGOCO, together with COSATU tried everything to marginalize or purge any organization that did not tow the line in the umbrella body, the Civil Society Indaba (CSI). The tensions within civil society in relation to the attitude and demands in relation to the South African state and the UN sponsored conference led to a split within civil society and the Social Movement United (later became the Social Movements Indaba) was formed comprising the more radical component of civil society.

The SACP and COSATU, while paying lip service to supporting social movements, not only attempted to break the unity of the social movements but act as a (left) ideological cover for the rightward shift of the ANC. This was demonstrated during the WSSD when the alliance partners refused to acknowledge the Social Movements United march through Alexandra Township towards the UN Conference in Sandton and instead staged a march in opposition to the social movements. For the first time, the ANC/SACP/COSATU Alliance (including SANGOCO failed to draw mass support and was sidelined by a march of 25 000 people with 'red' t-shirts, head bands and red flags mobilised by the Social Movements United. The Alliance partners only managed to mobilise 5000 people dressed in 'white' t-shirts for their march. The two marches were symbolic and the battle lines of class struggle were drawn. For the first time, the ANC was beaten in its own backyard and support base of Alexandra Township. This was an important and historic event, not only in terms of the ANC Alliance taking a beating, but it showed new beginnings of the possibility of creating an alternative anti-capitalist movement based upon the development of a new, mass-based social movements. It further signaled the end of eight years of 'reconstruction' politics and that the hegemonic project of the state had to be redrawn and reinvented. Constructing a new hegemonic politics and instruments for its realization proved more difficult post – WSSD.

From 'reconstruction' to 'resistance'

By 2005 South Africa experienced a nation-wide spate of community unrest specifically in relation to a lack of service delivery and housing. The Minister of Intelligence, Ronnie Kasrils was quick to charge that the unrest in the country was due to a third force that was trying to undermine the new democracy and destabilize the country. The National Intelligence Agency (NIA) probe into the social unrest drew large-scale condemnation by social movements, COSATU and the printed media. Cosatu Western Cape secretary Tony Ehrenreich said that the "current state action harks back to old apartheid tactics or is an attempt to undermine the right to legitimate protest." The criminalisation of dissent became widespread practice at all levels of government.

There was an increased feeling by communities and social movements that the more they had dialogue with state structures (reconstruction politics) the more these were merely tactics to delay progress.

"We have learnt from our experience that when you want to achieve what you want you want, when you want to achieve what is legitimate by peaceful negotiations, by humbleness, by respecting those in authority your plea becomes criminal. You will be deceived for more than 10 years; you will be fooled and undermined. This is why we have resorted to the streets. When we stand in our thousands we are taken seriously." But "We are driven by the Third Force, the suffering of the poor."

S'bu Zikode, Chairperson of the Abahlali base Mjondolo

Like the other social movements in the country, Abahlali base Mjondolo, had discussions with government representatives in this case the chair of the housing portfolio of the executive committee of the Durban municipality, the director of housing and the council of the area. There was a promise of houses and land. But a month later the land identified was being developed for commercial purposes. Protest resulted and the police arrested 14 of the 5000 protesters. The protesters were branded criminals by the local ANC councilor for illegally occupying land.

The state has increasingly used repressive measures to quell the mood of discontent and protest. The TAC protest to demand the roll out of antiretroviral drugs at state hospitals saw the police brutally beat protesters but also, use live ammunition. The South African police

have killed a number of young activists during protest actions. Nhlanhla Masuku (15) and Dennis Mathibithi (17) were killed by the South African police while taking part in resistance against forced evictions of poor people in Katlehong. A young Nomthandazo Ngcobo was shot dead by police for participating in a small protest against alleged municipal electoral fraud in Umlazi Township. The more publicized death concerns a 17-year-old student, Thebogo Moloi, who died of gunshot wounds sustained during a protest organised by the Greater Harrismith Concerned Residents Organisation. Journalists of THIS DAY newspaper on 1 September 2004 described the protest as:

... scenes reminiscent of the violent 1976 student uprisings erupted near Harrismith yesterday when police riot squad opened fire on thousands of high schools children who barricaded the busy N3 highway.

This protest was largely caused by complaints of poor municipal services, outstanding land claims, housing and infrastructure. Another example of a spontaneous response was seen in the community of Diepsloot, which embarked upon a three-day riot, burning down municipal offices and fighting the police in response to information that had circulated about the forced relocation of the community. The squatter settlements, are bursting at their seams as rural-urban migration implodes in South Africa's main cities, Johannesburg, Durban and Cape Town. As South Africa experienced increased property speculation and thereby increases in the selling price of land and houses, large scale evictions are taking place within major urban centers and rural areas making way for tourism accommodation, new homes and holiday houses. New established resistance against evictions is also taking place from farm workers with new community organizations being formed.

South Africa's social movements are being formed in response to the crisis of capitalism that has spurred on the class struggle against neo-liberal policies. The movements are, therefore, not a result of some third force or a result of someone's great idea but rather an outcome of spontaneous action on the part of the working class, to defend its living standards and its right to security of tenure. These movements are also emerging in light of the failure of traditional organisations to defend them against the impact of neo-liberal policies in their daily lives. The nature of community responses and the kinds of militant action such as roadblocks, anti-evictions struggles, riots, community mass mobilisation, and direct action against the security establishment are inherited from past movements.

Challenges of the social movements

The rise of the new social movements represents an organic response to the crisis of capitalism in a post-apartheid South Africa. The reconstruction of new class relations with the emergence of a black bourgeoisie and the redistribution of the wealth of the country to the rich has objectively fed the crisis, as welfare to the majority is reduced or largely ineffective. South Africa is experiencing the dual effect of object enrichment and object impoverishment and unemployment.

Despite the spate of spontaneous struggles by social movements throughout the country we have not seen a repeat of the 'red march' of WSSD. The social movements are by and large a spontaneous occurrence with many of these movements collapsing some time after they have taken to the streets or leaders easily co-opted into state structures. The labour movements while paying lip service have largely distanced themselves from the social movements. This is largely because of the anti-state position and the social movements not displaying any loyalty to the ANC or the Alliance. Traditional labour therefore recognises the potential political implications if it provided organizational and financial resources to assist the struggles of the social movements – they see the seeds of an alternative radical movement! The fact that

traditional labour has failed to organise the unemployed, the casuals and those that fall outside the formal economy places a huge challenge for the movements to organise these sections into their ranks. This process has started but the movements are struggling with a situation that is embryonic and not flexible enough to take on the organizational and political challenges.

The struggles of the social movements are defensive in character and do not have any ideological cohesion, which is necessary if there is to be a national offense against neo-liberalism and capitalism. A major challenge for the social movements is to encourage open political debate with the aim of developing a more vigorous and thorough going class analysis of poverty and inequality in South Africa. While this is happening with the ideas of socialism being raised once more and some social movements adopting socialism as their ideological outlook the majority are parochial in outlook. There exists the challenge to form a national social movement with a new national identity. Then we can truly say that 'resistance' politics is back on the South African agenda again!

References

- APF. 2003. Minutes of the Trade Union Workshop, 16 August 2003
- Arrighi, G. *Hegemony and Antisystemic Movements*, Rosa Luxemburg Foundation, Johannesburg, Policy Paper 1/2004
- Barchiesi, F. 'Marching on the Left: Before and After August 31', *Khanya: A Journal for Activists*, No 2. (2002), p13-16
- Desai, A. and R. Pithouse, *Dispossession, Resistance, Repossession and Repression in Mandela Park*. (University of KwaZulu-Natal, Centre for Civil Society Research Report. No. 9, 2003)
- Development Update. *Mobilising for Change: The rise of the new social movements in South Africa*. Vol.5 No.2 November 2004
- Fine, B. 1992. Civil Society Theory and the Politics of Transition in South Africa. In *Searchlight South Africa*, No. 9 August 1992. Johannesburg
- Greenberg, S. *Post Apartheid Development, Landlessness and the Reproduction of Exclusion in South Africa*. (University of KwaZulu-Natal, Centre for Civil Society Research Report, No. 17, 2004)
- Greenberg, S. 'The Land Movement after WSSD – Where to now?' *KHANYA: a journal for activists*, issue no.2 (2002)
- Jordan, P. 'The Crisis of Conscience in the SACP - A Critical Review of Slovo's 'Has Socialism Failed'', *African Communist*, September (1990)
- Kakaza, A. and Russouw, S. 'Police fire on protesting school kids: Free State march turns violent', *THISDAY Newspaper*, 1 September 2004. p1
- Lehulere, O. 'The Political Significance of GEAR'. *Debate*, No.3.1997
- Mail & Guardian Online, 'Minister promises houses to Protea Glen residents', 19 Jul 2004 <http://www.mg.co.za>
- Mail & Guardian Online, 'Transparently full of holes', 02 Sep 2004. <http://www.mg.co.za>
- Mazzetti, G. 2003. *Where do the Anti-Globalisation Movements Come From?* Gloves Off. http://glovesoff.org/features/mazzetti_1003.html
- McKinley, D. 2003. Beware Ideological Absolutism: A reply to Barchiesi. Email correspondence, IMC-SA.
- McKinley, D. 2002. *Manufacturing the 'new' enemy*. Unpublished paper.
- Naidoo, P. and Veriava, A. *Re-membering Movements: Trade Union Movements and the New Social Movements in Neo-liberal South Africa and Mauritius*. (University of KwaZulu-Natal, Centre for Civil Society, 2003)
- SALB, Social Movements: Rebels with a clue? *South African Labour Bulletin*. Vol. 27 No. 6. (2003.)
- S'bu Zidode (2005). The Third Force. Star Newspaper.

Xali, Mthetho. (2003) Seeking Trade Union and Community Organisation linkages in the Cape Town Metropolitan area: Possibilities for new trade unionism and new social movements. ILRIG research report compiled for the Centre for Civil Society. Cape Town

11 Land redistribution in South Africa: the property clause revisited²⁹

By Lungisile Ntsebeza

After being marginalized for most of the 12 years of our democracy, the land question seems to be getting some attention from the democratic state. In his State of the Nation address delivered on 3 February 2006, President Thabo Mbeki announced that the Minister of Agriculture and Land Affairs would, during this year (2006), review the following:

- The willing seller, willing buyer principle;
- The land acquisition models and possible manipulation of land prices; and
- The conditions under which foreigners buy land.

However, he did not elaborate, save to state in rather ambiguous and vague terms that the above will be done in line with international norms and practices.

The President also made an important point about the importance of aligning the Provincial Growth and Development Strategies (PGDS) and the Integrated Development Plans (IDP) of municipalities to the land redistribution component of the land reform programme. He further pointed to the proper use of the funds that have been made available for the productive use of the land.

It is worth recalling that the above statements by the President come barely seven months after the historic four-day Land Summit which was held in Johannesburg in July last year (2005). In one important respect, the State President's pronouncements were reflective of some of the key resolutions of the summit. The summit was organised by the Department of Land Affairs with limited involvement of various civil society organisations and some leading academics and researchers. The event was attended by more than a thousand people. I was greatly privileged not only to attend the Land Summit, but to facilitate and report back on one of the five commissions, the commission dealing with the vexed issue of land redistribution in this country. In this role, I gained access to some interesting documentation and engaged in facilitating debates and discussions around some of the key challenges to land redistribution in South Africa from a wide spectrum of often emotionally charged participants: from representatives of organised white commercial farmers, AgriSA to participants from the Young Communists and the Landless People's Movement (LPM).

At this Summit, far reaching resolutions were taken, and later adopted. For example, in my commission on land redistribution, there was overwhelming support that:

- the state should be proactive and be the driving force behind land redistribution;
- the willing seller, willing buyer principle should be rejected;
- the state should have the right of first refusal on all land sales;
- land reform should benefit the poor, particularly women, farm workers and youth; and
- land should be expropriated.

Similar radical resolutions from the other four commissions were adopted.

In many ways, the state is responding to a range of criticism and pressures. From the late 1990s civil society organisations consistently criticised the emerging policy direction, and

²⁹ This is an adaptation of a lecture presented in August 2005 as part of the Harold Wolpe Lecture Series organised by the Centre for Civil Society at the University of KwaZulu Natal in Durban. I'm very grateful to Patrick Bond, the Director of the Centre for permission to publish aspects of the lecture.

NGOs working within the government framework and helping government in implementing its policy were increasingly able to articulate this criticism based on their experiences on the ground. The establishment of the Landless People's Movement (LPM) in 2001, strategic shifts on the part of long-established organisations such as the Trust for Community Outreach and Education (TCOE) towards land issues, not forgetting the People's Tribunal on Landlessness that this organisation staged in Port Elizabeth in December 2003, all contributed to these pressures. Over and above these internal pressures from below, developments in neighbouring Zimbabwe were a constant reminder of what could happen to this country.

By 2003, senior government officials were acknowledging the very serious challenges of redistributing land in South Africa pointing to unwillingness of white farmers to sell land and sharply rising land prices. It is against this background that the Land Summit and the statements by the President in his State of the Nation address should be viewed.

The Land Summit was built around the theme: "A Partnership to Fast Track Land Reform: A New Trajectory, Forward to 2014". The year 2014 is the new target set by government for the redistribution of 30 percent of white owned farmland to blacks. At the time of the land summit, eleven years after South Africa's democracy, just over three per cent of the agricultural land had been transferred. The theme and the use of the term "fast track" which most would immediately associate with the current land reform initiative in Zimbabwe, and indeed the resolutions of the summit, demonstrated this urgency.

Since the Land Summit and the President's address, critics are wondering how the resolutions of the summit and the statements by the President will be taken forward. In particular, critics are asking whether a review of the willing seller, willing buyer principle constitute a more active involvement of the state in the land reform process, albeit within a capitalist and market framework, or what. Radical critics of current government land policy lament that the land summit and the President's address did not address constitutional issues such as the protection of existing property rights whose history is traceable to colonial conquest, land dispossession and naked exploitation of black labour.

In this paper, I would like to consider the radical critics' argument that the property clause in the Constitution is the main obstacle to large scale land redistribution in South Africa. This is not the first time concerns on the entrenchment of the property clause in the constitution are articulated. The matter received some degree of discussion during the political negotiations period in the early 1990s, a process which led to the initial inclusion of the clause in the Interim Constitution. The central question here is whether it is possible to embark on a comprehensive land redistribution programme while recognising and entrenching land rights acquired through colonialism and apartheid, as the property clause does.

Land reform in South Africa: the property clause debate in context

It is important that the wider context within which the property clause debate is occurring should not be forgotten. A lot has been written and said about the broader historical context, but it is worth highlighting the following: Historically, white settlers in South Africa appropriated more than 90 per cent of the land surface under the 1913 Natives Land Act, confining the indigenous people to reserves in the remaining marginal portions of land. This process forced a large number of rural residents to leave the rural areas for urban areas and farms in search of work. A significant number of rural people became fully proletarianised, while others became migrant workers with a tenuous link to land. It is important to note, though, that this process of proletarianisation should not be viewed in linear and teleological terms. Whenever colonialists got the upper hand, they introduced commodity farming, challenging indigenous agricultural systems which were not geared for the market. However, prior to the discovery of minerals from the 1860s, Africans adapted quite remarkably to commodity farming. As Mafeje (1988:100) puts it, they were "the most dynamic agricultural producers in South Africa". Radical scholars of the 1970s and 1980s have documented this

phenomenon, and the best known of these studies is Bundy's *The Rise and Fall of the South African Peasantry*. In the Cape, the colonial government and missionaries went further and attempted to establish a class of African farmers in their bid to marginalise chiefs who were associated with anti-colonial wars.

The discovery of minerals, particularly gold in the 1880s led, amongst others, to a demand for cheap labour. The obvious target was black African labour. The colonial strategy, even in the Cape, shifted from promoting a class of African farmers to compelling Africans to becoming wage labourers. The first legislative measure in this regard was the promulgation under the premiership of Cecil John Rhodes in the Cape parliament of the notorious Glen Grey Act in 1894. After the Union of South Africa in 1910, some of the provisions of the Glen Grey Act were incorporated in the Natives Land Act of 1913. This Act forbade Africans from buying and owning land outside the seven percent of the land that was reserved for their occupation. It also abolished the sharecropping system and labour tenancies. These developments, according to Bundy, by and large accounted for the fall of the peasantry in South Africa.

While colonialism and apartheid systematically undermined African agriculture, white farmers, through substantial state subsidies and the availability of cheap black labour, developed a model of large-scale commercial farming in South Africa. This has led some commentators to argue that there existed two forms of agriculture in South Africa: so-called subsistence farming in the communal areas, and white commercial farming.

Although the liberation struggle in South Africa was not overtly fought around the land question, as was the case in Zimbabwe for example, there was always the expectation that unravelling centuries of land dispossession and oppression would be among the priorities of a democratic South Africa. Indeed, the ANC's Freedom Charter, drafted in the 1950s when decolonization in Africa was on the agenda, had promised that "(t)he land shall be shared among those who work it" and will be "re-divided among those who work it, to banish famine and land hunger".

However, during the political negotiation process which led to the advent of democracy in South Africa, the rhetoric of the Freedom Charter increasingly became difficult to sustain. There are a number of reasons why this was the case which cannot be dealt with in full in this paper. Suffice it to say that the fall of Soviet Communism was arguably one of the most critical. Discussions within the Congress Alliance incorporating the ANC, SACP and COSATU, the trade union federation show deep divisions on what the apartheid system would be replaced with in the event the ANC came to power. The international climate, though, clearly favoured the pro-capitalist forces within the ANC.

When the ANC launched its election manifesto in 1994 there was a fundamental reversal of the Freedom Charter's call for the nationalization of land. Although the manifesto had some redistributive elements in it, there was equally a commitment to market forces. This tendency towards the market became clearly pronounced when two years after the introduction of democracy, an ANC-led government formally embraced in 1996, conservative neo-liberal economic policies in the form of GEAR (Growth, Employment and Redistribution).

With regard to the land reform programme and its implementation, not only did government commit itself to a market-led programme, land reform policy in South Africa was to be based on a willing-seller-willing-buyer condition. This was despite the fact that this principle had by the mid-1990s proved to be a failure in, for example, neighbouring Zimbabwe. Over and above this, the property clause was entrenchment in both the Interim and Final Constitutions. Analysts such as Marais (1998) have commented that this shift marked a victory for the more conservative, capitalist inclined forces within the ANC, thus suggesting that the ANC and most definitely the Tri-partite Alliance of the ANC/ SACP/ COSATU are not unanimous on this issue. Indeed, the shift to GEAR and the endorsement of the willing-seller-willing-buyer condition must have dealt a serious blow to the "land lobby" in the negotiation process which had hoped for at least a "mixed economy" and radical reform in a democratic South Africa.

The property clause debate

As already pointed out from the outset, except for hardboiled party loyalists, there is wide acceptance today that the pace of land reform in South Africa is painfully slow. I will not, in this paper, assess the land reform programme in the first 10 years of South Africa's democracy. Mine is to ask why the slow pace.

Various reasons have been offered in attempts to explain slow delivery in land reform. The bone of contention in current debates, it seems, is around the interpretation of section 25 of the constitution. There seem to be broadly two streams to the debate. On the one hand, there are those who argue that the fundamentals in terms of policy are in place and that what is now missing is commitment from the government to ensure that the policies are implemented. Others, on the other hand, argue that the problem is with policy, in particular the entrenchment of the property clause in the Constitution which, inter alia, protects existing property rights, as well as the endorsement in policy of the willing-seller-willing-buyer principle. Let us consider each of these arguments.

Government representatives at a Land Tribunal which was held in Port Elizabeth in December 2003 and organised by the Trust for Community Outreach and Education (TCOE) provide one example of the argument that the fundamentals are in place. Both Glen Thomas, the former Deputy Director-General of Land Affairs, now Director General of the same department, and Manie Schoeman, member of the Parliament Portfolio Committee on Land Affairs agreed that they had no problem with policy, including the willing-seller-willing-buyer condition. The issue, according to Thomas was 'whether government has sufficient resources to buy land when there is a willing seller at a price at which the willing seller wants to sell the land'. He was adamant that the 'land market is there. There's no scarcity of land that could be bought, but the question is at what cost, at what price? That's the point'.

A more nuanced and coherent version of the above argument that the fundamentals are in place has recently been made by Ruth Hall (2004), and some of her colleagues in the Programme for Land and Agrarian Studies (PLAAS). She does not query the fact that Section 25(1) protects existing property rights (2004:5). Her point is that although the land reform policy is based on a 'willing seller, willing buyer' condition, the state can expropriate land. She argues that a far-reaching land reform is possible within the existing constitutional framework. According to her: 'While protecting rights, the constitution also explicitly empowers the state to expropriate property and specifies that property may be expropriated in the public interest, including "the nation's commitment to land reform"' (2004:6).

In many ways, Hall was responding to arguments raised in a paper authored by Fred Hendricks and I in (2000) and Hendricks (2004). The main argument in these writings is that the provisions of section 25 in the Constitution are contradictory in the sense that on the one hand the Constitution protects existing property rights, while at the same time making a commitment to redistributing land to the dispossessed majority.

Hall, though, has a point. We have never really addressed the issue of expropriation. Indeed, it may be misleading to suggest that the South African land reform programme is exclusively market-led. The South African market-led approach to land reform is much more nuanced. For example, there is a sense in which it could be said that the South African Constitution places an obligation on the South African state to take steps to ensure that citizens who are in need of land should access it. This means that the state would not be passive in the process of redistributing land.

Secondly, the protection of private property and the entrenchment of the willing seller, willing buyer condition in policy should be balanced with the Constitutional provision which gives the state the power to expropriate land with compensation in the public interest, including, as Hall notes, 'the nation's commitment to land reform'. However, I argue in this paper that

despite these provisions, there are still enormous problems with the entrenchment of the property clause in the Constitution.

Important to remember here is that expropriation goes with compensation. It should not, as Thomas reminded those attending the Land Tribunal, be confused with confiscation. This then raises the question of how compensation is determined. Sub-section 3 of section 25 of the constitution is supposed to guide the determination of compensation.

However, it is widely accepted that this sub-section is extremely vague. It merely states that 'the amount of compensation and the time and manner of payment must be just and equitable'. But what precisely counts as a 'just and equitable' dispensation is not clearly spelt out, except that the subsection goes on to state that compensation should reflect 'an equitable balance between the public interest and the interests of those affected'. In this respect, regard would be accorded to 'all relevant circumstances'. The pertinent ones for our purposes include the history of the acquisition and use of the property; the market value of the property; and the extent of direct state investment and subsidy in the acquisition and beneficial capital improvement of the property.

In recognition of the vagueness of some of these provisions, a so-called 'Geldenhuis formula' is used to determine compensation. Justice Geldenhuis is a Land Claims Court judge who worked out a formula for the determination of compensation in cases involving expropriation in restitution cases. In essence, the formula takes into account two of the circumstances mentioned in sub-section 3 of section 25 of the Constitution: the market value of the property and the extent of direct state investment and subsidy in the acquisition and beneficial capital improvement of the property. In a nutshell, the amount of compensation is the market value of the property minus the current value of past subsidies.

The question that confronts us is whether a consideration of the expropriation measure and the clarity that the Geldenhuis formula has brought undermines the argument that the property clause is a major obstacle to fundamental land reform in South Africa. I contend that the expropriation clause does not affect the conclusion about the limits imposed by the property clause.

In the first instance, government has itself shown great reluctance to invoke the expropriation clause. Thomas conceded in his testimony that although the government has expropriated land for land reform purposes, this is not the norm. In his response to a question from the President of the PAC on the 2005 State of the Nation address, President Mbeki has also shown great reluctance in using expropriation as a mechanism to redistribute land.

Let me point out that I'm aware of the recent pronouncements since the Land Summit that the government is committed to using expropriation as a tool in cases of resisting farmers. However, my contention is that the devil is in the detail and time will tell whether government will this time be prepared to stand its ground in the event of a legal challenge from white commercial farmers and their organised bodies.

Secondly, although the Geldenhuis formula takes into account the critical issue of subsidies, the fact that compensation is based on the market price makes it almost impossible for the government to budget for land reform for the simple reason that the role of the state in determining the price of land is very limited, if at all. Thomas in his testimony conceded that the fact that land owners were inclined to inflate their prices was a potential problem. Once again, the question of the price of land seems most likely to feature in the latest possible case of expropriation in the North West Province.

A point worth making in this regard is how the Geldenhuis formula has severely called to question some analysts' optimism that the compensation amount in cases of expropriation could be determined without necessarily taking the market value into account. The judgement by Geldenhuis has created a precedent that pours cold water over this optimistic position.

Lastly, and equally critical, it is intriguing that the history of land acquisition is not receiving prominence in the determination of compensation. In so far as reference is made to it, the

suggestion is that this refers to the history of land acquisition by the affected land owner. Yet, there is the history of colonial conquest and land dispossession that lies at the heart of the land question in South Africa. A serious attempt to embark on a radical land reform programme cannot afford to downplay the importance of this history. It is this history, I argue, that gives legitimacy to the claims of those who were robbed of their land.

Closely linked to this is that the naked exploitation of black labour which was central to the success of white commercial farming in South Africa is interestingly not considered to be one of the crucial factors that must to be taken into account when the amount of compensation is calculated.

The land summit and way forward

It must be regretted that the above issues and complexities have not received the attention that they deserve. Although the issues were raised at the land summit, that particular event was not the right platform to afford an in-depth discussion and analysis of the issues at stake. However, two critical observations must be highlighted.

First, it is clear from the discussions throughout the land summit, including discussions in the various commissions and the reports back where resolutions were adopted that the overwhelming majority of people agreed that extraordinary measures needed to be taken to accelerate land delivery. Singled out for special condemnation were the willing seller, willing buyer principle and the inflated prices that were charged by white farmers for the land. Even government officials, including the Deputy President Phumzile Mlambo-Ngcuka, appeared to be endorsing the need to scrap the willing seller, willing buyer condition.

It must be noted, though, that a tiny, albeit vocal minority of white commercial farmers who were delegates from AgriSA, were in vehement opposition to both the scrapping of the willing seller, willing buyer principle and what they argued was interference with “the market” when it came to determining the price of land. They threatened that if there was interference with the market, there would be consequences far beyond the imagination of those at the summit. They pointed to Zimbabwe as an example, threatening that those who defy the world, currently dominated by a neo-liberal agenda, will find themselves in a position where this world will boycott them, with dire consequences. In this regard, it was quite clear that the delegates from AgriSA were conscious that they represented broader, global neo-liberal capitalist interests.

However, whatever pressures the international situation exerts, there is no doubt that the market-led approach to land reform, including the property clause and the willing-buyer-willing-seller condition will not unravel years of colonial and apartheid dispossession. Further, the claims that the poor are laying are legitimate. No one can dispute the fact that colonialism and capitalism in South Africa led to the dispossession of indigenous people, the development of racial capitalism and white dominated commercial farming which triumphed largely as a result of the naked exploitation of black labour. The minimum that the poor and their allies expect is that these past imbalances be redressed.

In the short-term, there is an urgent need to challenge the so-called Geldenhuys formula, especially its fundamental notion that the market should determine the price of land, expropriated or not. The issue of how the price of land is determined is very crucial in planning for effective land and agrarian reform in South Africa, and elsewhere. As I indicated, it is impossible to budget for land acquisition where the market rules supreme.

Linked to the above is the urgent need to re-visit the property clause in the Constitution. This is particularly the case with regard to the sub-section which protects existing property rights. No meaningful land reform programme is going to take place for as long as this clause is entrenched in the Constitution, especially in its current, I dare say, ambivalent form. Although not debated in greater detail, it became clear at the land summit that there was an urgent need to bring clarity on the meaning of the property clause for the poor. The manner in

which the property clause has so far been interpreted, if the Geldenhuys formula is anything to go by, appears to be favouring the propertied and rich.

It is worth remembering that this is not the first time the property clause is being debated in the recent history of South Africa. The issue came up as early as the mid-1980s when South Africans began to reflect about how a future democratic South Africa would look like. Although not occupying centre stage, the vital question of how the land question would be resolved became part of this discussion. This was raised in the context of discussing a Bill of Rights for a future South Africa. It is striking to note that two South African judges, and this is during the apartheid era, took a progressive stance on the question of property rights. The dominant theme in their reasoning was that a lasting resolution of the South African problem would be threatened if existing property rights were protected. For example, Judge Leon, a fairly conservative judge who sentenced an ANC guerrilla, Andrew Masondo to death in 1985, warned, in the same year he sentenced Masondo, that a constitutional protection of property rights could cause serious problems for the acceptance of the bill of rights. Another more progressive South African Judge, Didcott expressed similar sentiments in 1988:

What a Bill of Rights cannot afford to do here ... is to protect private property with such zeal that it entrenches privilege. A major problem which any future South African government is bound to face will be the problem of poverty, of its alleviation and of the need for the country's wealth to be shared more equitably ...

Should a bill of rights obstruct the government of the day when that direction is taken, should it make the urgent task of social or economic reform impossible or difficult to undertake, we shall have on our hands a crisis of the first order, endangering the bill of rights as a whole and the survival of constitutional government itself (quoted in Chalskason 1993:73-4)

The two judges seem to have perfectly understood that transformation in terms of property rights and redressing the imbalances caused by colonialism and apartheid were not likely to be possible if existing property rights were recognised and entrenched. It is not clear, though, what alternative measures they had in mind.

On the other hand, some white farmers had, by the early 1990s, come to accept that for the sake of stability, they would have to part with portions of "their" land for transfer to the historically dispossessed. From my personal experiences working on land occupations in the Queenstown area of the Eastern Cape in the mid-1990s, the question of buying and selling land was hardly discussed: a significant amount of land had been grabbed and occupied by land hungry black South Africans. Behind these land occupations was the conviction on the one hand, by the historically dispossessed and their allies that existing white property rights were illegitimate. On their part, white farmers had come to accept that they would have to share land with their black South Africans.

Unless the property clause were to be interpreted in such a way that it unambiguously identified with the interests of the poor and landless, conditions might well be created which make a Zimbabwe-style political and economic breakdown possible in South Africa.

12 Learning, living and leading: education in the new South Africa

By Jonathan Jansen

Introduction

What is it like to live in South Africa after apartheid? How do ordinary South Africans deal with the things that once divided them—like race, religion, and resources? Have black schools, long disadvantaged under racially oppressive policies, started to improve? To what extent have white schools desegregated? Do more children now have access to schooling? And if so, what do they actually have access to? Who really benefits from the transition to democracy? And what does it mean to lead in ways that satisfy the demands of both conciliation (*versoening*) and correction (*regstelling*), at the same time?

In one of my lives, as an academic, these kinds of questions are often subject to the authoritative voice of high-powered, ‘objective’ analyses of huge volumes of ‘empirical’ data published in scholarly journals. This chapter attempts something different. I tell stories about the things I observe and experience everyday as I learn, live and lead in schools and universities, inside homes and churches, among government officials and in teacher councils, in restaurants, sandwich shops and hairdressers.

I speak from the vantage point of a black person, a parent of two children, an academic Dean inside a once racially fortified Afrikaner campus in Pretoria, a community developer, a public critic, an ordinary citizen. I have recorded these stories not so much to advance theory, but to deepen understanding. I seek to understand the transition from the perspective of the streets, as black and white South Africans struggle to find each other outside of the emotional volcanoes that ruptured at the Truth and Reconciliation Commission (the TRC) or the elite negotiations that unfolded when politicians met at the Convention for a Democratic South Africa (CODESA).

The stories are a sample from a much broader set of daily musings on the South African transition. I selected these stories because each of them cast a light on a different aspect of our new society—such as the new curriculum, school organization, educational access, religious attitudes on university campuses, culture and conflict, worship and war.

In telling these stories of hate and love, frustration and exuberance, anger and admiration, embarrassment and embrace, fear and hope—I wish to convey a sense of the rhythm of the everyday, the kinds of things that make South Africans ‘tick’, and the slow but as yet steady progress towards a more humane society. It has to be slow—after all, it took 350 years to mess us all up.

I will not “conclude” the series of stories or summarise the key points made. Rather, I would like the collection of stories to provide the basis for discussion and deliberation among readers, and that those who engage this chapter will draw their own conclusions and make their own interpretations of how race is lived in South Africa, and how far the transformation of education and society has progressed since the legal termination of apartheid in 1994.

Vignette 1. Singing to the tune of a new ‘pe-salem’ (psalm)

During the school holidays my brother and I would be posted from the Cape Flats to the little town of my birth, Montagu, to spend the time with my grandmother and aunts. The scariest part of those visits were the Sunday morning trips to the Nederduitse Gereformeerde Sendingkerk (NG, or Dutch Reformed Mission Church), a beautiful piece of architecture in

the Dorp (town) that eventually fell to apartheid's obsession with keeping the town white. What scared me senseless as a boy was the emergence of an apparition from behind the elevated pulpit: a white giant dressed in a striking black gown would, without warning, break the funereal silence in the pews and pronounce in a deep, booming voice, "Ons slaan ons oe op na die berge...." (we lift our eyes unto the hills). Man, that put the fear of God into me. Fortunately, the rest of the proceedings put you to sleep again.

You would forgive me, therefore, if I accepted the invitation to speak at the Dutch Reformed Church Skuilkrans with some trepidation. It was the start of the week called *Pinksterfees* (Pentecost Feast), and I was to be the opening speaker on the theme of "listening." My preconceptions fed expectations of an aging and smileless dominee (minister) dressed in black, an all-white church, a few stiff Afrikaans songs called 'pe-salems', half-empty pews occupied by pensioners, heavy organ music, a solemn introduction, and then the tentative handover to Jansen, whom some of the faithful might have thought was white.

As I ascended the steps into the Church, I was greeted by a young black woman who welcomed me in Sepedi (Sotho, an indigenous language), and who, to my surprise, joined the otherwise white worship team on the stage to lead the congregation in song. The song leader was a young dominee dressed as if he had just come from shopping and sporting a distinctive pony tail. I was still in shock when a bunch of young girls took to the stage to perform what the charismatic churches call 'spiritual dancing' to a packed-out church with large numbers of youth. The pony-tailed youth dominee was by now in a trance, holding his hands up in worship, eyes closed, as he strummed a guitar to a mix of English and Afrikaans songs which I was more accustomed to hearing in Baptist church circles. While I sat waiting to speak, young and old came to greet, some families of colleagues, others just to tell me how delighted they were to have me in their Church. I felt ashamed of my prejudices.

It was my turn to speak and I told the rapt audience of what I had learnt listening to their children, those precious undergraduate students of mine at the University of Pretoria (UP) and those delightfully honest children at high schools in the area. I told them of the tears I had seen as young people spoke about conflict in their homes; of their difficulties in crossing racial and language borders; of their fears about exclusion from the post-apartheid labour market; and of their enduring idealism about teaching as a profession.

As the church service drew to a close, the spiritual dancers returned to "lay hands" on me and to pray that I receive wisdom and strength in my role as Dean at UP. The young dominee raised a heart-rendering prayer asking God to save us from racism and sexism in our individual lives. We moved outside, and the radiant senior dominee told me that the Church was built by Professor Carel Boshoff, that arch-conservative ideologue whose dreams of a volkstaat (separate geographical residence) for white Afrikaners exists only in a semi-desert area of the Northern Cape.

As I turned to leave, I bumped into a gracious old woman called Annemarie Bosch—the wife of that great Afrikaner theologian from UNISA (University of South Africa), David Bosch, who became famous years ago for his profound ideas about racial reconciliation when it was still extremely dangerous to have such thoughts; in fact, there are still some who believe that his gruesome death in a car accident was, well, not an accident. I was overwhelmed to meet the wife of one my heroes as a young student struggling to connect personal faith and social justice in my Christian commitment. The first bricks might have been laid by Professor Boshoff, but part of the church buildings will be named after Professor Bosch.

I turned to the senior dominee and inquired about *lidmaatskap* (membership).

Vignette 2. Teaching the wrong stuff in a dangerous world

When my son started Grade 1, he would wake up at four in the morning and, with great speed and alacrity, would wash, eat, dress and pack his bags out of sheer excitement about the day ahead. By the time this same child started high school, I would have to wrestle him out of bed to try to get him to school before four in the afternoon. Somewhere between Grade 1 and high school, our children typically move from being great enthusiasts for learning to becoming deeply disengaged from formal education. I have spent much of my time trying to understand why and how this natural thirst for learning among young children is so quickly lost after a few years inside this structure we call *school*.

Throughout South Africa, I have been privileged to address more than 30,000 students in the past five years—black and white, urban and rural, private and public—and they all tell me the same thing, which I could summarise as follows: *schools teach the wrong stuff*.

One could argue of course that schools were never created to become fountains of knowledge, sources of invention or sites for the liberation of the mind. In fact, more than one historian has drawn powerful parallels between schools, mental asylums and the prison system. One has only to witness the regimentation of children in school, the common uniform, the colourless teachers, the humourless principal, and the inflexible security systems to wonder loudly about this quasi-prison environment. We pay for this, in more ways than one.

I partly share one view that schools *as institutions* are a set-up, a device to warehouse the children of working parents in order to control them and prevent trouble on the streets. I *partly* share another view that schools are places to reproduce the kind of class-based society we live in, allocating chances of success and failure with astounding (though not perfect) predictability—rich kids at affluent private schools make it big in the corporate world; poor kids in run-down township schools trawl the streets with meaningless certificates, provided they even get that far. What these children have in common, though, is that they were all taught the wrong stuff, and that very few of them were taught the kinds of things that enable them to thrive in a diverse and dangerous world.

When I talk in this direction at endless numbers of school gatherings, the audience normally splits down the middle. The one side thinks that this kind of speech is the best thing they could ever have heard. There is too much emphasis on competition, too much favouring of the kids who are talented in math and science, too little focus on wholeness. The other side—whose children normally stride up to the podium struggling to carry all the trophies—absolutely hate what they hear. How dare the speaker rain on their child's parade? After all, their children worked hard to achieve these certificates and accolades; they won because they played by the rules. Yet it is precisely the rules of the game that worry me. What is it that we teach, why and with what consequences?

I have yet to meet students in my first-year class at the University of Pretoria who remember school teachers because of their skills at solving quadratic equations, their fluency in grammatical analysis, or their knowledge of the DNA double helix structure. They remember single teachers who made a difference in their lives. They tell moving stories of individual teachers who taught them about community, about caring, about compassion and about change.

Most of our teachers, however, have succumbed to the mindless focus on curriculum trivia reinforced by competitive examinations that measure individual performance on a very narrow range of competences. It did not help, of course, that under the former Minister of Education, there was the real threat of exposure of failing schools in the media. The pressure

on teachers is relentless. One of my doctoral students, an accomplished mathematics teacher at a private school, lives in fear every year that she might not keep her job because the failure to get 100% math passes in matric (matriculation examination, Grade 12, the last year of school) means, at worst, that she would not have her contract renewed and, at best, that she finds herself demoted to teach pre-matric classes and live through this humiliation among her peers.

Sadly, we have come to believe that the matriculation results measure achievement. We accept without hesitation that these results represent fairness—despite the so obvious fact that the inputs into a child’s twelve years of schooling are so clearly differentiated by race and class. And we make devastating decisions about children’s futures by reading-off school examination results the potential of a learner for success in life.

Yet most university students I know—those kids with six distinctions in *matric*—have very little self-knowledge, hold very little respect for women, feel deeply uncomfortable in the presence of black people, display incompetence in African languages, lack basic knowledge of their continent, and fail miserably at (re-)solving complex social problems.

The demise of the inspection system under apartheid, when many black schools rejected the surveillance functions of these government officials, means that to this day schools are not accountable for what they teach....except through that indirect measure of performance, the Grade 12 examination. One of my students found that a school in Soweto and a school in Pretoria, using the same curriculum in the same subject (History) taught to the same grade level, had teachers who were teaching completely different things—the black teacher in Soweto taught about black concerns, the white teacher in Pretoria taught about Europeans. But they both taught for the examinations.

Given what we teach, it is no wonder that high school graduates are queuing up in record numbers to enter fields such as actuarial science, accounting and economics. They might not know what an actuary is, but they heard about the cut-throat competition for places and the huge amounts of money that can be made in these disciplines.

When I recruit school kids in Grades 10-12 in South African high schools, one of the most common reasons for not becoming a teacher is the salary. Somehow our schools—with not a little help from the parents—have conveyed to young people an understanding that to be successful is to make loads of money, to be educated is to maximize your number of subject distinctions, to be qualified is to be certificated.

Again, the parents have bought into this crass commercialization of higher training. It is also not uncommon for me to find young people who wish to become teachers complain bitterly that their parents want them to study law or medicine or engineering...”why waste your time becoming a teacher?” Yet it is these same parents that would want highly qualified teachers teaching their children—provided it is not their precious ones doing the instruction. How selfish, if nothing else.

In the meantime, the world faces unprecedented levels of organized terror by both democratic Christian states as well as ruthless Islamic killers, all acting in the name of God. There is the real possibility, by the way, of an unprecedented clash of idiocies that could tear our planet apart. At the same time as aggregate global wealth increases, inequalities between rich and poor nations have deepened, at pace. And climates change and environments collapse under the sheer weight of human greed.

Closer to home, while white schools celebrate “a 100% pass in matric”, their graduates run around Pretoria East beating up homeless and anonymous black citizens. Young black youth who should be in school, run rampant through our society killing and maiming at random. Babies are rendered homeless as HIV/AIDS sweeps through poor communities. Growing numbers of school-age children begin to over-populate the prison system.

But you would not know this from the school curriculum, or by examining what schools teach.

As it turns out, the 21st century workplace does not require automatons. It calls for persons who can work in teams, who can solve complex problems, who can reserve judgment, who are comfortable with difference, who can cross cultural and geographic boundaries, and who understand people. Of course mechanical skills matter and technical competence helps. But it is not enough in the modern workplace, and it is certainly dangerous in a complex and divided world. And there is no better place than South Africa in which to live these values and apply these skills.

I was invited recently to speak to the graduating matric class at a prestigious private school on the subject “South Africa Needs You.” My dislike of the assigned topic could not be disguised. My political antenna, seldom wrong, interpreted the assignment as follows: kindly appeal to a group of upper middle class, mainly white, kids to please not leave black South Africa and employ their special skills to uplift this desperate developing country.

I of course did the opposite, by reminding these young people in this astoundingly well-draped school that South Africa did *not* need them. In fact, they need South Africa. They need South Africa to teach them humility, in the face of the arrogance of apartheid from which most of their parents were willing beneficiaries; to teach them service, in the face of overwhelming poverty made worse only by its visible existence alongside obvious wealth; to teach them community, in the face of deep racial divisions which simmer below the surface of this fragile democracy in which black men get thrown to lions and black workers get stuffed in washing machines.

My point, in sum, is this—every parent and citizen must realise three things. One, that many of our schools are doing little more than producing technical mastery on a narrow range of skills for a small minority of our population. Two, that such a narrow schooling fails to prepare students for complex and demanding national and global work contexts. And three, that skilled automatons operating in a dangerous and unequal world place us all at risk.

Vignette 3. Muslims and Christians

I happened to be in the United Kingdom between, so to speak, the two bombing episodes that rocked London. You would not know from the thriving commerce, the thousands of tourists (many with South African accents) and the packed public transport that this cosmopolitan city was in the grip of a terrorist onslaught. Until you read the papers or watched television, and you become aware of a deep anxiety on the part of the British not about what happened, but about how it could happen. How, asks the media, could nice middle class British boys want to blow up their own people? And the way they answer this question is immediately disappointing and potentially destructive. These young men, claim the press, are Al Qaeda operatives brainwashed in radical mosques and whose sole aim is “to destroy our way of life.” I tried to imagine a group of young radicals huddled in a secret venue planning to bomb London with the mission: “hey guys, let’s destroy the British way of life.”

In some ways these terrorists are the product of a good education. They refuse to see the world in the bits-and-pieces curriculum of the West where one facet of knowledge is unrelated or disjointed from another; where classroom knowledge is unrelated to social life; and where one's living conditions are neatly detached from an understanding of global economics. These thugs connect the dots from Kosovo to Palestine to Baghdad and to Guantanamo Bay and they see a systematic onslaught against a group of people called Muslims. They heard about George Bush's self-proclaimed "Crusade" against Muslim nations, and they bear witness to Franklin Graham's depiction of Islam as a wicked and violent religion—a despicable remark that his father, the famed evangelist Billy Graham, refuses to repudiate. They see the hypocrisy of moral outrage at less than 60 persons killed in the first London bombings but no equivalent moral outrage at the more than 150,000 Iraqi's killed—many women and children—at the hands of both the Eastern and Western insurgents. Sadly, their response to this relational understanding of the world is one of hatred and violence.

It is with this context in mind that I was deeply dismayed by a despicable act of violence against Muslims on the campus of the University of Pretoria. Recently, a right wing evangelical visited the campus and published a pamphlet titled, *The End of Islam*. This caused major outrage among the Muslim students on campus and from isolated voices in the broader Muslim community. What was even more disconcerting was the supporting voices from the so-called Christian community who insisted that Christians should stand their ground. An Afrikaans editorial gleefully played the neutral academic game, suggesting that this was a matter of free speech.

Think for a moment. Imagine a radical Muslim cleric from another country visited the UP campus and put out a pamphlet, *The End of Christianity*. These same fake voices of reasonableness would cry foul, there would be a massive outcry from the conservative churches about threats to the Christian ethos of the university, and there would be all sorts of xenophobic comments about foreigners coming to South Africa to disturb the peace.

The so-called Christians supporting the anti-Muslim sentiment sparked by this mindless American evangelical raise serious questions for me about the meaning of faith among South African Christians.

In fact, mainstream South African Christians scare me. At the drop of a hat, they can be mean-spirited, foul-mouthed and aggressive towards anyone different from them—such as Muslims. The people who defended the American evangelical are drawn from the same crowd who for many decades found ample theological justification in the Scriptures for apartheid. In other words, this is a group of right-wing religious bigots for whom faith has very little to do with the God of the Bible, except as they twist His image and contort His message. I sat in an all-white Dutch Reformed Church in Centurion recently, on the occasion of the funeral of a dear friend of mind, and at the height of a very moving sermon, the white Dominee casually slipped in a racially paternalistic joke about people he called 'Die Kleurlinge' (The Coloureds). Nobody blinked an eyelid.

What the Iraqi war hopefully teaches George Bush is that people cannot be bombed into submission. What the London bombings hopefully teaches Tony Blair is that there are people who refuse to believe a lie. And what the UP incident hopefully teaches South Africans is that evangelicals who peddle Christianity with such hostility towards other faiths, like Islam, do nothing more than sow the seeds of hatred and division in a very fragile democracy. As a Christian, I am offended by the actions of these bigots. My faith as a Christian is strengthened

when it is generous and accommodating; it is demeaned and diminished when it is selfish and exclusive.

Vignette 4. What hard boiled eggs tell us about our education system

One of the few restaurants in Pretoria that opens early enough for a business breakfast is *Cappucino's* in a plush area called Brooklyn Square. I ordered one item on the menu and then ordered something that was not: a hard-boiled egg. The waitress was adamant: it cannot be done. In half-playful didactic pose, I instructed her that only two things were needed: hot water and an egg. "It cannot be done," she insisted, and called the Manager. The Manager returned with a slightly different message: "it will disturb the kitchen," he made clear. I asked how throwing an egg into boiling water could disturb anything, except the water. He shifted gears: "okay...I will make you a hardboiled egg because we are not busy...but the next time you come, just know that we will not be able to make you the hardboiled egg." I made it clear to him that this was likely to be my last visit, given the fuss over a hardboiled egg, and that I was therefore only concerned about the present—a hardboiled egg, now. About 30 minutes later my plate showed up with two slices of toast and an egg—*sunny-side up!* I returned it to the kitchen, refusing to respond to the provocation.

I have had so many similar experiences in South Africa that such incidents no longer upset me. What they offer, however, is insight into an education system that trains our youth to follow rules no matter how illogical they might be, to join long lines at the electricity department without ever questioning why it had not moved for 40 minutes, to accept the restaurant menu not as a social construct but as something fixed and immutable. Small wonder we never win the Nobel Prize in physics, chemistry or biology—because I have never known anyone to win these prizes for following the published experimental handbook or mimicking an established algorithm. The creative impulse requires a willingness to break the rules, to ask fresh questions, to imagine disallowed thoughts, to follow unfamiliar pathways.

One of the things that always stun me about my university students who come from South African schools is how incredibly neat their work is. My students colour within the lines. Their handwriting is impeccable. The external form and presentation of the assignment is without error: bright and beautiful, neat and tidy—until you read the content.

This is dangerous for our democracy—not the neat presentation of material, but the fact that this comes at the cost of ideas. Our students confuse form with substance, what you look like with who you are, rules with right living, doing things right with doing the right things. No wonder my students are more likely to ask their lecturers "how many pages should I write for the assignment?"—rather than "what kind of ideas are you looking for?"

The public behaviour of citizens tells us much about their education system. The only way to explain how American citizens could act so recklessly in the world is by understanding their education system as one that is completely ethnocentric, one which assumes that the world *is* America. How else could you explain a national competition—like baseball—being called the World Series? Or a once popular American song beating out the words "We are the world..."? Their education is insular and self-centred--which is why wiping out one of the world's oldest civilizations—the Biblical lands of the Tigris and Euphrates—hardly causes a stir inside this newest Empire.

Closer to home, I have never understood outcomes based education. One of the distinguishing features of OBE is that it encourages learners to be critical thinkers. But why would a government bent on stifling original and critical thinking want to produce citizens who are critical thinkers? The response of President Mbeki to Archbishop Tutu's criticism of his

government, is only the most visible example of what happens to people who act as critical citizens—even those with the credibility and status of the Archbishop. This happens all the time—intellectuals who are castigated or excluded from making contributions in their fields because they dared to question a governmental action; party activists who are demoted or passed over because their loyalty was called into question; trade unionists who are vilified for taking an independent stand on our policy on Zimbabwe, where the state has declared war on its opponents. We have a curriculum that preaches one thing (critical thinking) and a government that undermines it.

I am really not concerned about whether Mbeki or Tutu is correct; what I am concerned about is what our children learn from adult behaviour about what is appropriate to say, do or even think as citizens of a new democracy. What bothers me is what kind of community we create when we demean those who ask questions or raise objections. What troubles me is what kind of society my grandchildren will inherit—when the one we have was won at such a great price.

You see, it is not at all about the hardboiled egg. It is about hardboiled people, and the education system that turns out such automatons. By the way, omelettes taste much better—just make sure it's on the menu before you “order.”

Vignette 5. A tale of two schools

I arrived two minutes late at Kempton Park high school where I was to speak to the staff and then later the entire school at assembly. The principal was already addressing his teachers who were packed into the common room. As I entered the staff room, he welcomed me with the words: ‘*Professor Jansen, jy is laat vir my klas*’ (you are late for my class). You have to understand something about Afrikaans school culture to realise that this was only partly meant to humour me; he was also deadly serious. The fact that one of his staff gave me a hand-drawn map that led me on an involuntary tour of the nearby airport was irrelevant; it was simply not acceptable to be late. What I then witnessed was something I will never forget as long as I live. The principal asked the teachers whether they had any announcements. One teacher leaped up and announced proudly that one of the hockey teams had beaten a team from Pretoria East high school—the entire body of teachers rose in applause to acknowledge this energetic teacher. Another teacher leaped up, and announced that one of the senior boys had won a national competition in one of the science subjects; again, warm and sustained applause for the announcing teacher. And this went on and on. I was convinced that I had taken a wrong turn and ended up in another country. Discipline, enthusiasm, leadership, acknowledgment, team effort, celebration. When last did I see something like this in a South African school?

On time, this meeting ended and we left for the assembly where hundreds of neatly-clad young people were seated on the cold playground in bright yellow uniforms as airplanes flew overhead with an almighty noise.

The assembly was run by the students. The entire event was dedicated to celebrating the lives and the work of the teachers of the school. This recognition came in the form of the Oscars. One teacher after another was called to the Symposium as each student read a beautiful citation that spoke of professionalism, commitment and excellence. The students and teachers hugged, and there were tears. By now I was convinced that I had taken a wrong turn into another country. By the time I was called to address the student body, I was overwhelmed with emotion, with joy. If every South African school had just 50% of what I witnessed, I thought, this would be a winning country.

After a wonderful tea, I left for my second school visit—to a township school in Pretoria East. It *was* a different country. About half the teachers did not show-up for work that day. I arrived in the school interval, which lasted 20 minutes. After 90 minutes, the students were still enjoying the unplanned, extended interval. The principal did not seem unduly perturbed by this loss of instructional time. When classes resumed, only one of the teachers I observed was actually teaching. As I sat through this Physics class, I observed so much error with respect to the subject matter, I was tempted to intervene. By this time, much of the students had left during the interval and not returned to school. My hart sank, and for the first time in my life I think I experienced what people call ‘depression.’

In 2006 South Africa commemorated the 30th Anniversary of the June 16th Uprising of students that radiated from Soweto throughout the country. That event was a turning point in the struggle against apartheid, and we owe the youth of the time a tremendous gratitude for the sacrifices they made towards the freedom of all South Africans. But that sacrifice came at a great price, for our schools never recovered from the breakdown in the culture of teaching and learning.

I am a child of 1976. It was the year in which I failed my first-year at university in part because I did not understand a word of Afrikaans (the dominant language of my undergraduate university at the time) and in part because my classes were constantly closed or disrupted as the student leadership declared “solidarity with the comrades in Soweto.” I did not even know where Soweto was, but I knew that this stirring was something much more important than a BSc degree. I remain deeply grateful to the activists of the time for teaching me words like justice, equality, and solidarity.

Thirty years later, we owe it to the youth of South Africa to restore the culture of teaching and learning in all our schools. We need to make every school burn with enthusiasm for people and energy for learning, like Kempton Park high school. If only they can lose those ugly yellow uniforms!

Vignette 6. Access to what?

I was not going to make an appearance at the public hearings on education of the South African Human Rights Commission. One, I did not believe that these hearings offered much beyond symbolic value, and that there exists neither the capacity nor the humility in the national education system to concede and deliver on the deep inequalities in the provision of basic education in our country. Two, because everything I might have to say on the subject of access to education I have consistently placed in the public domain not only through formal academic publication but, more importantly perhaps, through countless media pieces delivered in print, radio, television. Some of my colleagues convinced me that such a ‘public accountability forum’ enables critical and committed writings to enjoy a more elevated visibility and recognition and that I should therefore show up. I am still not persuaded however that government will revisit policy direction, re-imagine planning and re-energize implementation based on what happens in these public hearings.

What ultimately persuaded me to make an appearance was an early morning meditation on the writings of the Harvard theologian Reinhold Niebuhr who famously posed that ‘our capacity for justice makes democracy possible; but our inclination towards injustice makes democracy necessary.’ And it is the democratic spirit that charges these hearings that makes such a forum so necessary since we are on record as a country on our capacity for justice.

I do not want my comments however to be misconstrued as a comment on Ministerial personality; the challenges facing us lie much deeper and yet the responsibility for inequalities in the provisioning of basic education lies squarely and primarily at the door of government.

The politicians will rightly claim that South Africa has near full enrolments in primary schooling and even over-enrolment if the question of learner age by grade was taken into account. In this sense South Africa forms one of only a handful of countries in SSA that has enjoyed such high levels of enrolment and that already meets the compelling UNESCO vision of *Education for All*.

But this formal accomplishment has very little to do with national policy after 1994 since South Africa has always enjoyed *relatively* high enrolment rates primarily because of the absence of a destabilizing internal war (on the scale of countries like Zimbabwe and Mozambique) and because of the extensive, if unequal, infrastructure that exists for schooling in most parts of the country.

The inequalities with respect to basic education lie not, however, in formal statistics on enrolment; it lies in what exactly learners have access to, under what conditions, for how long, for whom, and at what costs.

It is a shameful blight on our proud democracy that there are still thousands of children who are forced to learn in the harsh, open environment, under trees and without the basic facilities necessary for dignity and for learning (show selection of recent photographs from rural northern provinces). I simply cannot understand how it is possible that a country with our levels of resources—material and intellectual—cannot resolve this basic injustice in the provision of basic education.

The problem of access starts in the early years where white and middle class children enjoy the privilege of high quality preschool education while the majority of children do not. The head-start provided by ECE (early childhood education) exposure cannot be overstated. The child who enters grade one with basic competences of reading, writing, drawing, imagining and counting already established stretches far ahead of those whose first structured instruction only begins in the formal public system. While the department of education would claim to have all kinds of smart programmes combined under an ‘integrated’ logic, this is a smokescreen for incompetence. Such programmes simply do not translate into action for the children described in this section. A serious examination of government spending on ECE compared to spending on almost any other sector (primary schooling, for example), and a cursory glance at the organizational status of ECE in the department compared to, say, higher education, will demonstrate that this voiceless group of learners—young children—do not enjoy priority in educational planning and allocation.

But when rural and poor children show up for schooling, the index of inequality in the standard of instruction is extremely high. One research report after another—from the long established TIMSS (Third International Mathematics and Science Studies) report to the more recent longitudinal studies of mathematics achievement-- has demonstrated that for such children, staying in school carries few benefits in terms of concrete knowledge gains. It is partly a question of the lack of mother-tongue instruction, though this problem is often overstated; it is also a problem of the lack of teacher knowledge; it is a problem of basic resources for teaching not being available such a quality learning materials or textbooks; and it is about the lack of ventilated facilities in often crowded classroom spaces.

It is no wonder then that the drop-out rates in the school system are staggering. Only a small percentage of children who enter grade one appears for the matriculation examination in grade 12, a serious problem of efficiency in the school system. Initial access does not guarantee continued access.

The problem of dropout rates is most severe for South African boys. It is misleading to claim that gender equity has been achieved in secondary school enrolments because this simply means that boys have dropped out. While there are marginally more boys than girls in primary school, there are markedly fewer boys than girls in secondary schools. In the transition from primary to secondary school, boys drop out of school but they also drop into anti-social activities and groupings spurring on the high levels of criminality. There is a direct connection between the failure of the school system to retain young boys and our ability to break the cycles of crime in South African society.

It is not fair, though, to ask young people, and young boys in particular, to stay in school when what they find in school is so unattractive in terms of accommodation, facilities and pedagogy. If we insist that children enjoy compulsory basic education, it is crucial to make that experience positive and engaging by attending to the conditions under which children learn and the capacity of those (teachers) who are required to inspire learning.

The constant disruption of instructional time is one of the most serious charges with respect to the rights of children to quality basic education. What happened in the Eastern Cape recently, led by the country's largest teachers union, approaches levels of criminality. It is simply inexcusable in a young and fragile democracy, that a union can take it upon itself to disrupt the learning of children for weeks on end at the very moment that our young people are about to sit for their final examinations. That this could happen in one of the economically poorest and routinely underperforming provinces smacks of arrogance and irresponsibility on the part of those who claim to be defending the rights of the marginalized.

South Africa has a penchant for the symbolic. The language of miracles and rainbows light up the political landscape. Our capacity to buy into the exhortatory claims of policy is staggering. It masks the fact that in the poorest communities of our nation, we could collectively be accused of denying the rights of the most vulnerable children to a quality basic education, or to any education at all.

Vignette 7. Crossing emotional times zones on the same day

Sometimes I feel just feel tired being black in the new South Africa. Nobody warned me in 1994 about the emotional rollercoaster that would for a long time define everyday life for ordinary black and white people in the streets, at work, in school, in the shops, in the church—everywhere -- as we struggle to find each other.

One of my third year students died in his sleep the other day. This was easily the saddest day in my life as Dean at the University of Pretoria. A bright young man, Jeandre Diedrichs was respected by his professors and loved by his fellow students. He was the only child of two wonderful, doting parents. I traveled the long road to the funeral service at the Dutch Reformed Church Wonderpark with hundreds of other mourners. Even though I was one of only a handful of black mourners in the packed church, I felt completely at home among my fellow South Africans. His tearful parents came to greet me with the words: "he was truly happy with and among you." It was one of those rare moments where you could just be yourself, lost among your community in your common humanity. Though I was sad at the loss of this wonderful young Afrikaner, my heart was lifted by the warmth of the church community and by the compassion of the friends and parents of my student.

I rushed back to the Office, and had about 30 minutes before the meetings started again. There is a lovely new bread shop near the University, and I stopped to buy fresh sandwiches which take about 10 minutes to prepare. With this time on my hands, I stepped into the hairdresser next door and asked them to quickly take-off my hair. Still warm and lifted from the church experience, my guard was down. Big mistake. The white woman, fixing a plug without another client in sight, shrieked a familiar refrain: “I don’t do ethnic hair!!!” I lost it, explaining to her that she too was ‘ethnic’ and inquiring how she dealt with my white friends who had my hair texture when they stopped by for a haircut. A shouting match ensued, and I left the shop, reckoning that now and again this barbaric behaviour was bound to express itself in the still newish South Africa. As I moved next door, deflated and feeling that I now had my racist quota for the month, a white woman comes out of the kitchen holding my sandwiches aloft and in a loud voice announced: “you speak good English for a black man!” In less than 2 minutes, my hopeful, lifted spirit was crushed by two white compatriots, one a white English woman and one a white Afrikaans woman; it did not matter.

That was a rough day, but then I thought about how often I travel in one day or weekend through different emotional time zones, and how unconscious I am of the effects this must have on the mind and the heart. Like the other day I found myself training teachers in the middle of a huge squatter camp on the outskirts of Johannesburg, and wondered why these energetic young teachers would even care to show-up for work in these miserable conditions that clearly did not improve since the dawn of our post-apartheid democracy. The next evening I found myself speaking at a huge and impressive white, Afrikaans Dutch Reformed Church, light-years away from the squatter camp in terms of resources, culture, language and colour. The next evening I opened a book launch in the heart of the outrageously rich Sandton Square where people spoke with exaggerated English accents. This kind of traveling is not normal, and in each place I had to make tricky emotional and political readjustments in terms of how I spoke, what language I spoke, and what I spoke about.

Shortly after I told a white colleague about the hair and sandwich incidents, she left my office distraught and sent an email message apologising for the bad behaviour of what she called ‘my mense’ (my people). I wrote her a terse email back, suggesting that that was precisely the problem. Those people, I told her, *are* my people.

13 South Africa's new education system: great intentions – harsh realities

By Linda Chisholm

Few things were more important to South Africa's transition to a non-racial democracy than education. Education featured both as a system to be changed and as a source of resistance and oppositional ideas. Nineteenth and twentieth century mission education, available to a handful of people, had created a literate elite that played a substantial role in leading opposition to increasing segregation at the beginning of the twentieth century. The introduction of Bantu Education in 1954 extended poor quality state education in the second half of the century to larger numbers of students; as an instrument of state control, it stifled and stultified the creative and intellectual life of the majority of black South Africans. Christian National Education provided the foundations for higher levels of education amongst whites, and separate systems were also created for people classified as coloured and Indian. A set of values about the superiority of whites and the West and the inferiority of Africans and Africa justified and was embedded in the practices of this racially divided system.

Secondary and higher education black students emerging from the bowels of apartheid schools from the late 1960s through the 1970s and 1980s provided the fuel for much of the rising resistance to apartheid in the latter quarter of the century. Teachers added their voices from the 1980s. In the 1980s, transformation through people's education and worker education was the rallying cry of popular and union movements. Unlike similar movements in Eastern Europe, the radicalising language was socialist, Africanist and non-racial. Expectations in the early 1990s, when the political conditions for change were set in place first by the unbanning of the exiled liberation movements in 1990, and then by democratic elections in 1994, were great. The context of change, globally, however, had a dramatic effect on the approach to educational change at the national level in South Africa. The ending of the Cold War and unleashing of a global ideology of unfettered market fundamentalism left its mark on the way in which the goals and visions of the early 1990s were translated into practice. New elites rapidly emerged, cementing alliances with old elites around an amalgam of approaches that combined older humanist visions and goals with newer approaches more in tune with global discourses. The outcomes have been uneven and uncertain for the majority, who remain mired in poverty.

This chapter assesses education in the new South Africa through examining outcomes in 2006 as against the expectations and intentions articulated in the transition years of 1990-1994. Key indicators of such an adequate assessment must be based not on unrealistic expectations of what it is possible to achieve within a decade, but on a careful examination of what was initiated, in what context and with what results and implications. An understanding of the changing context over time is vital, as it poses simultaneously both different constraints and challenges at different times. The chapter argues that for the ANC before the election, the goal was an integrated system of education and training to be achieved through a national qualifications' framework, reform of all sectors and aspects of education to improve access, equity and quality of education for the majority, and a major initiative to skill and integrate unemployed and marginalised youth into the economy and society. In the first few years after 1994, legislative and policy reform did achieve an overhaul of the system at this level. This did not have an immediate effect on the system at the level where it mattered. Exclusion continued on the basis of race, gender and poverty and learning infrastructure and the outcomes of education continued to reflect the broader social inequalities of the society. Ten

years later, some improvements could be noted, but major challenges remained, specifically in the sphere of the quality, outcomes and relevance of education to a life after school.

Expectations and intentions 1990 – 1994

A critical dimension of the emergence of new policies and visions was the fact that they were produced in the context of conflict between old and new social forces, and amongst new social forces, over the direction that the new society and its education policy should take (see Chisholm, Motala and Vally, 2003, for an overview). The new legislative and policy context that was created was very much the result of compromise and negotiation between these different and conflicting social forces.

The most important social actors in producing visions and policies were on the one hand those emerging from the old state and its associated National Party and on the other those cohering around internal social movements and the formerly outlawed and exiled African National Congress. The latter two took shape separately, but quickly converged in the run-up to the elections. The ideas of the internal social movement, the National Education Coordinating Council (NECC) - a popular movement of students, parents and teachers in education – were expressed first in the call to ‘peoples education’ in 1986 and then in policy form through the National Education Policy Investigation (NEPI) that reported in 1992. Contesting its vision was that produced by the still-existent apartheid Department of Education. The NECC’s National Education Policy Investigation (NEPI) sought a comprehensive and systemic overhaul of the system in a way that prioritised redress, redistribution and affirmative action and gave a central role to the state in effecting necessary changes in system and structure, financing, governance, curriculum, adult education, education for learners with special needs, technical and vocational education (human resource development), higher education, early childhood education, teacher education, language, support services and post-secondary education. Its goal was a single, non-racial and non-sexist educational system geared to meeting the needs and aspirations of all in society.

As NEPI was producing its reports, the Congress of South African Trade Unions developed a strong, proactive policy that focused on *integration* of the systems of technical and formal education through a set of articulation and accreditation processes and procedures. The South African Democratic Teachers’ Union engaged in a debate about compulsory and free education, and placed the goal of 13 years of education, including pre-school education, on the agenda.

Both the NEPI reports and the COSATU policy, as well as other influences, made their way into what became the ANC’s policy statement on education created on the eve of the election, *A Policy Framework for Education and Training* (January 1994) and the *Reconstruction and Development Programme* (February 1994). The vision expressed here sought to create an education and training system that would undo the damage wrought by ‘the fragmented, unequal and undemocratic’ system in place up until that time. It saw education and training as ‘basic human rights’ that would be enshrined in a Bill of Rights, and something to which all individuals would have access irrespective of race, class, gender, creed or age, in which human potential of all would be developed, through which participation in democratic life would be guaranteed by education, and freedom of choice would be exercised ‘within a social and national context of equality of opportunity and the redress of imbalances’ and the institutions of society would be reconstructed, developed and transformed. It developed a specific set of values, principals and policy proposals in each of the sectors of education to give effect to this vision.

The specific policy proposals envisaged a radical change in the structure of the system reframed in terms of a new national qualifications framework that would achieve the integration of education and training. Education would be supported and financed from contributions not only by the state, but also parents and business. Teacher training, preparation and development would be reoriented to meet the needs of lifelong learning and a culture of active learning, while language policy would be informed by the principle of multilingualism and the curriculum would be informed by values of non-racialism and non-sexism in a national core curriculum that would integrate academic and vocational skills.

The Reconstruction and Development Programme emphasised the role of education in achieving economic growth and social equity, and the achievement of an 'integrated system of education and training that provides opportunities to all, young and old, men and women, rural and urban'. It focuses specifically on girls and women in education and training, adult basic education and literacy programmes and training and qualification structures. As the Quarterly Review for March 1994 pointed out, directing attention *to* these issues, however, meant also directing attention *away* from other issues of no less concern. These included the content of schooling, the changes to be introduced in the curriculum and other aspects of knowledge and skills that had little to do with economic growth (Chisholm, Motala and Vally, 2003: 75).

This integrating vision saw the light of day as the new Interim Constitution was being hammered out through multiparty negotiations. The Constitution included a number of provisions that had a bearing on how education would unfold. First, it enshrined the right to basic education. Second, its language clauses mandated a policy of multilingualism in schools. And third, powers granted to national, regional and local levels accorded rights, powers and functions to school governing bodies within an overarching framework in which central government would be responsible for norms and standards and regional government for implementation of policy. The constitution also allowed for national funds to be supplemented by local funds. Most importantly, the constitution, as product of a negotiated process aimed at national reconciliation, provided for a Government of National Unity into which many bureaucrats of the old order would be integrated.

New hope dawned on a morning in April 1994 that saw long, snaking queues of peaceful voters waiting to make their mark and reap the rewards of victory. These rewards were not immediately forthcoming however. Already, the economic writing was on the wall. Fiscal discipline and belt-tightening would characterise the first few years of democracy, as the new government found its feet. In education, this meant that the view that the education budget should not be expanded but rather reorganised and redistributed within existing parameters held sway over the more Keynesian approach advocating expansion of the education budget. Both the interim constitution and the fiscal policy, that came to be encapsulated in the soon-to-be-infamous Growth, Employment and Redistribution Policy (GEAR) of 1996, shaped the terrain of change in the first few years of freedom.

The broad approach adopted in education in South Africa shared much with emerging international trends. In the developing world, the Jomtien World Conference on Education for All in 1990 articulated a set of common goals and strategies that bound educational discourse across diverse contexts and boundaries for a decade, until it was re-specified as six major goals in Dakar in 2000, two of which were adopted as Millennium Development Goals. The initial goals included commitments to decentralisation and cost-sharing as a means of achieving universal primary education as a right for all. How to improve access, equity, quality and relevance of basic education within constrained resources was as much a priority for South Africa, not subjected to Structural Adjustment Facilities, as for all those countries in

the developing world that were. In 2000, these priorities, and the discourse, changed, as did South Africa's overall approach.

Terrain of change 1994-1999

In its first two years in office, the new Government of National Unity led by the African National Congress moved with extraordinary speed to re-organise 18 departments of education into one national and nine new provincial departments, re-populate the upper echelons of government and bureaucracy, staff parliament and initiate processes to bring vision to reality through new policy.

The repeal of apartheid legislation and introduction of legislation for a National Qualifications Framework and National Education Policy were prepared in the first year. A review of financing of education was initiated even as spending that had previously been allocated on a racial basis, was now reoriented in terms of provincial housing, health, welfare and educational needs and aimed at equity between black and white. A special fund was established (the RDP fund) to provide for primary school nutrition and school renovation programmes and the establishment of democratic governance structures in schools. A National Student Financial Aid Scheme was mooted to assist needy students in higher education. And an ill-fated plan for the redeployment of teachers to achieve pupil:teacher ratios of 1:35 in secondary and 1:40 in primary schools was set in motion as a cost-containment effort. Moves were also afoot to redesign school curricula, teacher education and industry skills training programmes. Higher education was the subject of a review. By the end of 1996 a National Education Policy Act and a South African Schools Act had been legislated, and a new curriculum was due for implementation in 1997/8. Each was the result of extensive processes of consultation and negotiation.

The nature, pace and form of change at the top was not matched by change at the bottom, where it mattered, in South Africa's 27,864 schools, of which 70% were primary, 20% secondary, 9% combined and 1% serving learners with special needs. Even though less than a quarter of these schools, the formerly white, Indian and coloured schools, had slowly started to desegregate, the pace was slow, and the right of school governing bodies to set fees and determine the medium of instruction of a school enabled particularly white schools to exclude black learners on these grounds. This meant that the relatively better quality education available here was still denied to black children. The experience of many black learners within desegregating schools in these early days was often that of racial discrimination, abuse and violence. A case cited in the University of the Witwatersrand's Education Policy Unit's *Quarterly Reviews* was that of a school in the Northern Province where black pupils were singled out for a lecture on personal hygiene while their white counterparts continued with normal schooling. Protests from parents highlighted other forms of racism occurring at the school, such as name-calling, racial separation in classrooms and the restriction of sporting activities to the popular 'white' sport, rugby (Chisholm, Motala, Vally, 2003: 345).

These schools were numerically a minority within the overall context, where African schools formed by far the majority of schools. Approximately 7 out of South Africa's then 12 million learners were African-only and being schooled in the predominantly rural provinces of KwaZulu-Natal, Eastern Cape and Northern Province (now Limpopo). These provinces incorporated the previous bantustans or homelands to which land policy of the previous century had relegated the majority of African people to eke out a living. Several million more were being educated in township schools. Urban township schools were increasingly affected not only by the context of poverty but also of family migration from rural to urban areas as well as within urban areas in a search for better conditions. Violence, vandalism and what was known as a disrupted culture of learning and teaching, manifested in high levels of teacher

and learner absenteeism, continued to characterise the everyday reality in many township and rural schools. The silent pandemic of HIV/AIDS was beginning to claim more and more victims.

In order to address these issues, schools were encouraged to develop their own Mission Statements, Codes of Conduct and school policies on how to combat crime and violence and promote the culture of teaching and learning. As a School Register of Needs in 1997 revealed, conditions of teaching and learning here remained parlous. Equity had not been achieved: this was manifested in the absence of basic conditions such as school buildings, classrooms, running water, toilets and sporting facilities in many schools where class sizes and pupil:teacher ratios also remained high, learners dropped out of school early and abuse of especially girls was at unacceptable levels. Up to 50% of schools had inadequate supplies of stationery, textbooks and other learning support materials.

Little dent seemed to have been made to the high illiteracy rates amongst adults and school-goers, and there was as yet little evidence that access to education, and its quality and relevance, had improved. A 1994 study had showed that while 80% of black South Africans were unable to read passages written at a Standard 5 (Grade 7) level, about 40% of all white South Africans failed to read and compute at this level. Indians were on average more literate than whites, with 'coloured' literacy between that of whites and blacks. While black females on average stayed in school on half-year longer than males, female literacy was lower. The study drew attention to deep and continuing inter-racial inequalities and to the fact that black children suffer from the lowest quality schools. It argued that although enrolments had expanded in the 1980s, this was not matched by improvements in literacy levels, pointing to a contradiction between expanding schooling and educational quality (see Fuller, Pillay and Sirur; *Business Day*, 1/6/95, *Weekly Mail*, 2/6/95; *Sowetan*, 2/6/95). End-of-final-year matriculation examination results between 1994 and 1999 embarrassingly continued to show white students achieving high marks, and black students achieving very low marks - further indicators that the new vision and policy were not being felt at the school level.

One of the main aims of the new curriculum implemented from 1998 was to improve educational outcomes. The curriculum had been 'cleansed' of its racist and sexist elements in the immediate aftermath of the election. This involved checking existing syllabi for their language-use and in particular sensitivity to race and gender. Teacher unions had played a critical role in this process. The curriculum was considered as needing root and branch change, however, and so in 1998 South Africa adopted outcomes-based education as its official curriculum approach. In 1997, the Department of Education spent R25m to provide emergency training and materials for the implementation of Curriculum 2005 (Chisholm, Motala and Vally, 2003: 450). The focus of Curriculum 2005 was to be on learner-centredness, on outcomes determining the process of learning and on continuous rather than summative assessment. The objectives were to move away from rote learning and promote critical thinking and problem-solving skills.

Outcomes or competency-based education was integral to the conceptualisation of the National Qualifications Framework as an overarching framework for integrating education and training. South Africa borrowed the idea of a National Qualifications Framework and outcomes-based education in the mid-1990s from Australia, New Zealand and Scotland, imbuing it with its own brand of revolutionary idealism. The idea encapsulated all sectors and institutions of education within an imaginary framework that was represented by a ladder of opportunity, in which it would be possible to accumulate credits and move with ease either up the ladder, or sideways, depending on choice and will. These approaches, it was hoped, would

enable the skills-formation that South Africa needed to develop across all sectors to enter competitively into the global economy.

Competency-based education was also central to the conception of skills training embodied in the new Skills Development Act of 1998. The Skills Development Act and later National Skills Development Strategy grew out of co-determinationist, negotiated efforts between organised labour, business and the state. The aims were partly to ensure skills training for school-leavers, upskilling of the existing workforce, and enterprise training for South Africa's exceptionally large numbers of unemployed young men and women, concentrated in rural areas. South Africa's system of technical colleges had provided ineffectively for pre-employment training; its apprenticeship system for the currently-employed was 'in decline', and the enterprise training provided to the unemployed by state departments was of 'low quality' and reaching insignificant numbers' (Kraak, 2004: 120). The Act intended to address these problems in the system. It provided for the establishment of a National Skills Authority (NSA) in April 1999 and for a new funding framework for skills training. This is a compulsory national levy-grant system based on 1% of payroll introduced from 2001. Another one of the Act's main outcomes was the launch of 25 Sector Education and Training Authorities (SETAs) on 20 March 2000. The levy is collected centrally and then redistributed on the one hand to SETAs who administer the grant for training, and on the other to the National Skills Fund which uses it for targeted training. SETAs receive 80% of the levy, while the NSF receives 20% of it. Like Curriculum 2005, this dimension of the new vision was a broad and ambitious one, aimed at overcoming multiple damages and deprivations of the past.

Outcomes ten years down the line 1994-2006

There are different perspectives on whether the goals and intentions set in 1994 have been achieved or not.

There seems to be a broad consensus amongst analysts of education that ten years after 1994, South Africa has not achieved the goals it set itself. The National Qualifications Framework has not succeeded in integrating education and training, or in providing better educational opportunities. Unemployment generally and amongst young school-leavers and those under the age of 35 remains exceptionally high at 72% in 2002 (Altman, 2003). SETAs have become wracked by allegations of corruption. The numbers of adult learners trained and becoming literate have fallen. And the schooling and higher education sectors have sought to distance themselves from competency-based approaches to education. In 2000, the new curriculum was reviewed in the light of strong criticism of its impracticability and in 2002, a new National Curriculum was brought into being for implementation in 2005. The National Qualifications Framework was reviewed in 2002, and several recommendations made, but divisions between the Departments of Labour and Education have resulted in a deadlock over what is to be done.

To date integration in schools has focused on integration of black children into white schools. Although formerly white, Indian and coloured schools have assimilated African children, it is clear that Indian and coloured schools have done so more than former white and especially Afrikaans-speaking schools (Soudien and Sayed, 2003; Soudien, 2004; Sujee, 2004; Chisholm and Sujee, 2007). Violence, as well as racist and sexist abuse is still evident. Attention to national processes of integration and citizenship have often distracted from the experiences of non-nationals. Increasingly attention is also being focused on the experiences of refugee children (Clacherty, 2006).

The Minister of Education herself has acknowledged the persistence of these challenges. She acknowledges that despite reconciliation at national level and integration at school level, both racism and sexism persist (Pandor, 2006: n.p.) but argues that there are more girls than boys in South African schools, that girls are doing better than boys and that ‘the problem of underachievement among boys requires carefully thought-out interventions’ (*Ibid*). This increasingly common view, also documented in the findings of the Southern African Consortium for Monitoring Educational Quality, is however contested. Recent research on matriculation examination results, for example, seems to suggest that gender achievement increasingly follows the fracture of class, and that whereas white and Indian girls in former white schools (therefore more affluent) are achieving above average, African girls in poor, rural and township schools are doing worse than their male counterparts (Kahn, 2006). These findings chime with Mitchell’s argument that whether one maps girlhood in contemporary Southern Africa through visual images, statistics or the voices of girls, gender inequality, poverty and HIV/AIDS all feature prominently in young women’s educational experiences (Mitchell, 2005).

A study on rural education reported in 2005 that rights to, within and through education were not being met for the majority of children living in South Africa’s rural areas. (NMF/HSRC/EPC: 2005). In 2006, the Report of the Human Rights Commission of South Africa’s Investigation into the Right to Basic Education in South Africa also concluded that ‘the lived daily reality at school for many children in South Africa, particularly those children in rural and township schools, is incongruous with the legislation and the policies of the Department of education’ (SAHRC, 2006: 3). It suggested that the right to education was not being met. It cited poverty, HIV/Aids, violence and abuse, lack of inclusivity of the system, lack of infrastructure, role of teachers, language of learning, governance and community participation, as well as service delivery and monitoring as important in ensuring that this right was not being met.

One of the major issues inhibiting access to schooling over the last ten years has been the question of school fees. Although schooling was made compulsory for ten years, it was not free. This was despite free education being high on the agenda of school student movements such as the Congress of South African Students (COSAS) in the 1980s. Over the decade there was a growing campaign against school fees. There was also increasing evidence that fees were institutionalising class rather than racial inequality by enabling former privileged schools to maintain their competitive edge by using the high fees they charged to buy additional teachers and maintain infrastructure (Fiske and Ladd, 2005). In poorer schools, by contrast, fees charged were minimal and principals often used the inability to pay them to shame and humiliate families (NMF/EPC/HSRC, 2005). They often also failed to apprise parents of the exemption policy in place for those unable to afford school fees. Mounting pressure has resulted in the Department of Education proposing to abolish school fees in the poorest schools from 2007. Preliminary information provided by provincial departments indicated that 7,687 schools with 2,556,550 learners, about a quarter of the total number, wanted to be declared no-fee schools (www.education.gov.za; National Assembly; For Written Reply; Question 704).

A debate about South Africa’s ‘disappearing children’ - those who drop out of school - exploded in the press following a review conducted for the Centre for Educational Policy Development and Management (*Mail and Guardian*, 25 Nov 2005; 20 January 2006). It was reported that between 1995 and 2001, a startling 40% of primary school children dropped out of school. This led to a specially commissioned analysis of dropout statistics and questions in Parliament (see www.education.gov.za, Written reply, Question 691), all of which cumulatively resulted in a great improvement in the information available on the topic (see for example Crouch 2005). The Department of Education maintained that what passes for

dropouts in the compulsory phase is often a problem of repeaters. There have been suggestions in South Africa, as elsewhere, that dropouts are mainly boys. But work by Jennifer Schindler (2005), cited by the Department, suggests that boys are not dropping out of the system more readily than girls; they are flowing through the system at a slower rate. Her work shows that boys are repeating grades and dropping in and out of school more often than girls. 'By the age of 18,' she argues, 'far more boys than girls had failed to complete 12 years of schooling, although they were both still participating in school.' Underlying these raw statistics and debates, it must be remembered, are often the harrowing stories of AIDS orphans. They are amongst those children who are disproportionately represented amongst the poor in South Africa, constituting a particularly vulnerable grouping. More than 40% of those aged 14 or younger fall below the international poverty line of \$1 per day in 1995 (Roberts, 2003: 490).

Learning outcomes remain one of the most significant challenges the country has to face. In 2006, the Third International Maths and Science Survey of achievement in South Africa reported that 'South Africa had the lowest performance in mathematics and science of the 50 TIMSS participants' (Reddy, 2003: xi). Data from the Southern African Consortium for Monitoring Educational Quality analysing regional reading and math achievements in Grade 6 was showing similar results. South Africa and Namibia, both with higher Gross National Products than their neighbours, perform significantly worse than many of them. The reasons for these results are complex, relating to historical legacies and their continuing impact on schools. Writing for the Commonwealth Ministers, Minister Pandor remarks that 'much remains to be done in the realm of redress.' She suggests that although the curriculum and language policy for schools was rewritten – 'perhaps one of our most demanding challenges' – many schools do not have access to subjects like physical, mathematical and computer sciences, arts and culture, as well as technical subjects and that 'this process will take a few years to implement in South Africa' (Pandor, 2006, n.p.).

The complexities of implementing the policy of additive bilingualism (mother tongue followed by the gradual addition of second and third languages) in contexts where parents often opt for a medium of instruction that teachers have not mastered and that children do not understand has recently commanded significant research attention. As curriculum and language policy have become settled, though, attention has shifted to the time that teachers spend in class, their subject knowledge and teaching methodologies, and adequacy of teacher education and school textbooks. New accountability regimes have been implemented with the agreement of teacher unions, while new plans have been mooted for the regular licensing of teachers.

Chances for those making it through matric to further education are complicated by the major changes that the system has undergone in the last decade. Although the technical and higher education institutional complex has been significantly overhauled, old and new challenges continue to constitute barriers to educational participation at this level. Pandor says that reform in the higher education sector has been 'most visible and rapid. Just over 50 percent of the students in higher education are now women and close on 75 percent are black students. Ten years ago those percentages were reversed and whites were in the majority' (Op cit). She refers optimistically to the Department's 'redesign' of the 'geopolitical footprint of apartheid education with an ambitious programme of mergers and transformation' and its 'equally ambitious programme' of recapitalising the technical college system to address the skills deficit crisis. Critics like Jonathan Jansen have been less persuaded of the extent of the transformation of higher education, drawing attention not only to the racial continuities in institutional cultures but also the relationship of shifts such as the spread of managerialism to the global context of higher education developments. Higher education both globally and

locally, he argues, has been transformed by its realignment to the market. 'Left to the market,' he argues, 'strong institutions will remain strong, and the weak will remain marginalised' (Jansen, 2004). Despite the National Students' Financial Aid Scheme and reorganisation of the sector, it is clear that unemployment and poor further and higher educational prospects remain the fate of many school-leavers.

One of the unforeseen outcomes of disappointed expectations and frustration with the lack of real educational and employment opportunities, combined with South Africa's history of violence and inequality, seems to have been a rise in violent crime (Leggett, 2005). Prison reform and mechanisms for dealing with juvenile offenders have not resulted in a reduction of crime. Indeed, prisons are notoriously overcrowded. Incarceration provides the basis for integration of youthful offenders into gangs and, as Jonny Steinberg has shown in his book on gangs inside and outside prisons in the Western Cape, gang networks and activities have spread from inside to outside prisons (Steinberg, 2005). These are the harsh realities of post-apartheid South Africa.

Harsh realities

There can be little doubt that the political change in 1994 ushered in a new vision and major improvements in social spending aimed at equalising educational services and outcomes in South Africa. The reasons for the continuities and inequalities in education in South Africa need to be sought both in the long shadow cast by history as well as in the contemporary social dynamics of the society. New policies aimed at transformation have been domesticated by the overriding social reality of inequality and poverty in South Africa. Thus, although many educational institutions have improved, they have not improved equally. Despite significant changes, class and race inequality, inflected by gender, continue to give shape to the contours of educational institutions, experiences and life-chances in South Africa.

Poverty, unemployment, meaningful civic participation and education remain the most important challenges for the society. Government programmes to provide education and skills have had mixed successes. Children and youth from poorer households, and especially female-headed households, have had more difficulty accessing education, and educational provision and teaching quality is more wanting in poor than in affluent, urban communities. Higher education opportunities exist, but the exigencies of poverty and poor schooling often leave such possibilities out of reach. That the route to and possibility of meaningful employment and further education exist for a small minority only means that South Africa's high proportion of unemployed youth becomes a 'disproportionately large offender pool' (Leggett, 2005: 148).

Conclusion

Despite these harsh realities, there is powerful testimony that communities, men, women, young people and children place an extremely high value on education; the history of struggle for a new society is not one easily left behind. These aspirations continue to be expressed in organised formations in civil society and educational endeavours that represent a vital combination of past legacies and new contemporary social configurations.

References

- M. Altman (2003) The State of Employment and Unemployment in South Africa in J. Daniel, A. Habib and R. Southall (Eds) *State of the Nation: South Africa 2003-4* (Cape Town: HSRC Press).
- L. Chisholm, S. Motala and S. Vally (2003) (Eds). *South African Education Policy Review* (Johannesburg: Heinemann).
- L. Chisholm and M. Sujee (2007 forthcoming) Tracking racial desegregation in South African Schools, *Journal of Education*
- L. Crouch (2005) Disappearing schoolchildren or data misunderstandings: Dropout phenomena in South Africa (Mimeo, Pretoria: Department of Education).
- E.B. Fiske and H. Ladd (2005) *Elusive Equity: Education Reform in post-apartheid South Africa* (Washington: Brookings Institution Press and Cape Town: HSRC press).
- B. Fuller, P. Pillay and N. Sirur (1995) Literacy Trends in South Africa: Expanding Education While Reinforcing Unequal Achievement? (Mimeo, Harvard University)
- J. Jansen (2004) Changes and continuities in South Africa's higher education system, 1994-2004, in: L. Chisholm (Ed) *Changing Class: Education and Social Change in Post-Apartheid South Africa* (London: Zed Press and Cape Town: HSRC Press).
- A. Kraak (2003) The National Skills Development Strategy: A new Institutional Regime for Skills Formation in post-apartheid South Africa. In: S. McGrath, A. Badroodien, A. Kraak and L. Unwin (Eds.) *Shifting Understandings of Skills in South Africa: Overcoming the Historical Imprint of a Low Skills Regime* (Cape Town: HSRC Press).
- T. Leggett (2005) The State of Crime and Policing in J. Daniel, R. Southall and J. Lutchman (Eds) *State of the Nation. South Africa 2004-5* (Cape Town: HSRC Press).
- M. Kahn (2006) Matric Matters in V. Reddy (Ed) *Marking Matric: Proceedings of a Colloquium* (Cape Town: HSRC Press).
- G. Clacherty (2006) The Suitcase Stories: Refugee Children reclaim their Identities (Cape Town: Double Storey Books).
- C. Mitchell (2005) Mapping a Southern African Girlhood in the Age of Aids in: L. Chisholm and J. September (Eds) *Gender Equity in South African Education 1994-2004* (Cape Town: HSRC Press)
- NMF/HSRC/EPC (2005) Emerging Voices: A Report on Education in South Africa's Rural Communities (Cape Town: HSRC press).
- N. Pandor (2006) South Africa: A Laboratory for Education Reform, in *The Commonwealth Ministers Reference Book*.
- V. Reddy, A. Kanjee, G. Diedericks and L. Winnaar (2003) *Mathematics and Science Achievement at South African Schools in TIMSS 2003* (Cape Town: HSRC Press, 2006)
- B. Roberts (2005) Empty Stomachs, Empty Pockets: Poverty and Inequality in Post-Apartheid South Africa in J. Daniel, R. Southall and J. Lutchman (Eds) *State of the Nation: South Africa 2004-2005* (Cape Town: HSRC Press)
- J. Schindler (2005) Access to education in South Africa 2001, *Edusource Data News* 49, October 2005.
- C. Soudien, 'Constituting the Class': An Analysis of the Process of 'Integration' in South African Schools, in *Changing Class: Education and Social Change in post-apartheid South Africa*, ed. Linda Chisholm (Cape Town: HSRC Press, 2004)
- Crain Soudien & Yusuf Sayed (2003) Integrating South African schools: Some preliminary findings, *IDS Bulletin*, 34, 1 : 29-42.
- South African Human Rights Commission (SAHRC) (2006) *Report on the Right to Basic Education* (Johannesburg: SAHRC)
- J. Steinberg (2005) *The Number* (Cape Town & Johannesburg: Jonathan Ball Publishers)
- Mohammad Sujee (2004) Deracialisation of Gauteng Schools – A Quantitative Analysis in (eds) *Reflections on School Integration: Colloquium Proceedings*, eds. M. Nkomo, C. McKinney & L. Chisholm (Cape Town: HSRC Press) : 19-43.

14 The media picture. Mapping the contemporary media scene in South Africa

By Sean Jacobs

Introduction

The post-1994 or contemporary scenario for media in South Africa is qualitatively different from what transpired under colonialism (the first newspapers were published in the region in the late nineteenth century) or later since 1948 when the system of Apartheid was introduced. The changes for media of the last decade or so (beginning with media reforms soon after Nelson Mandela's release from prison in 1990) are certainly momentous and quite remarkable. However, a closer look suggests that the changes to the media environment while far-reaching -- as suggested by some academic observers (cf. Berger 1999) or from observers within the state (GCIS 2002) -- have not led to nearly as sustained an increase in representation and the expected positive effects on democratic participation (cf. Barnett 2003) as the magnitude of the changes might had us to expect. In effect, the state-sponsored or market-led media reforms introduced much-needed and long-overdue changes to the media environment. However, the public sphere more broadly remains in many ways the same: reflecting many of the old inequalities of access and power, as well as new information ones. In short, the nature of the public sphere in South Africa reflects the narrow political and economic transition that is continues to unfold inside South Africa.

Back history

The historical roots of the present media configuration are: (1) the hegemony of a nineteenth century British colonial liberalism, (2) the rise of mining capital which developed its own press to rationalize its dominance and deflect criticism or scrutiny of its business and labor practices, (3) Afrikaner nationalism and its tradition of an explicit, party-political press linked to an ethnic economic and political project, (4) the rise and "fall" of state broadcasting, and (5) the vagaries of the political transition of the late 1980s and the early 1990s and its impact on the nature of press and broadcast restructuring and reform.

Under colonialism and Apartheid the media landscape was characterized by racial exclusion, with a predominantly white presence and a structured black absence (cf. Tomaselli 1987; Tomaselli and Louw 1989). Media for and by black people as well as that by the political left, operated on the borders of an essentially white, conservative public sphere.

The state exercised an effective monopoly over the broadcast sector (both radio and -- once it was introduced in 1976 -- television) that predictably served as the exclusive domain of the apartheid state, the ruling party and their supporters. Print media, in turn, was controlled by a duopoly that controlled the two key markets: respectively the English and Afrikaans language markets -- the languages spoken by most whites -- that were the most attractive to advertisers. These two sets of presses also coincided roughly with the main political fissures in the white community: English 'liberalism,' tied to mining capital, and Afrikaner political interests tied to the Apartheid state.

While Afrikaans-language media was more straightforward in its support of apartheid and Afrikaner nationalism, the English press often presented some opposition to apartheid (but from within the limited legal context of that system), though it only *very* infrequently expressed support for black liberation movements. (English South African) liberalism, both as an ideology and a political movement, that these papers exemplified, can perhaps best be described as a racialized variant of nineteenth century British liberalism, exported via colonialism. Historically it has found expression within mainly white political parties in South

Africa, such as the Democratic Party and its ideological ancestors like the Progressive Party and the Progressive Federal Party, dominated by white English speakers. Apartheid was characterized by outright bans, intimidation and imprisonment of media workers as well as the closure and discouragement of media deemed hostile to the state. More than one hundred press laws were passed during this period. Some observers suggest a correlation between the increase in repressive laws against the left wing and black press and the mainstream press' ability to flourish and build monopolies without any real competition (TRC 1998; Horwitz 2001).

This media order was somewhat altered in the late Apartheid period with the emergence in the 1980s of a vocal "alternative" press, largely foreign-funded and white-run, and closely tied (sometimes explicitly) to black resistance. Yet, despite its courage and its reporting, which frequently upstaged the mainstream media (Switzer and Adhikari 2000), the alternative press were not as successful in significantly altering the structures of what passed for the Apartheid "public sphere." They nevertheless presented a major threat to the state as the government's harassment of these papers proved: it was only from these publications that print runs were seized; the majority of emergency media regulations were aimed at them.

The reform of the political system in the early 1990s was central in setting the fundamental rules of the game after Apartheid insofar as the media regime was concerned. The reform period roughly began with the release of Nelson Mandela and the lifting of the bans on liberation movements and lasting until the April 1994 elections.

It would be useful to highlight a number of characteristics of this period that would prove to have lasting effects after 1994. The first is that media reform in this period was linked to the main political division between the National Party and its allies on the one hand and the ANC and its allies on the other. Business and corporate vacillated between the two. Second is that the liberal democratic tone that dominated the political-constitutional and macro-economic negotiations permeated deliberation and struggles over media's shape and place in the political sphere. Thirdly, this set of media, especially broadcast media, emerged very quickly as crucial to the coming election fortunes of the two main parties and organizations. The heightened interest in reforming the broadcasting sector, especially in determining the future role and place of the public broadcaster (the South African Broadcasting Corporation of SABC), meant that reforms hardly dealt with the print media. This leads me to my final point, which is that a wide difference emerged between the kinds of reforms pursued in the broadcast sector and print respectively. Broadcasting was subjected to extensive legislative reform that resulted in the SABC's monopoly being broken, while the structural underpinnings of print (ownership and control and its links to production, distribution and advertising) continued to be exclusively governed by market principles. This would have important implications -- in terms of old and new class and racial inequalities and cleavages -- for the kind of public sphere that would develop over the long term.

The post-1994 period

On the surface the contemporary South African media environment appears very democratic. The media are protected by the country's Constitution and have freedoms to criticize government. According to the Bill of Rights contained in the second chapter of the South African Constitution (signed into law in 1996) all citizens have the right to freedom of expression, which includes "freedom of the press and other media" and "freedom to receive and impart information and ideas" (GCIS 2002:121). A new law passed in 2000 (the Promotion of Access to Information Act), provide unprecedented access to state-held information to individual citizens or organizations. The end of the state's monopoly over broadcasting as well as diversification of commercial print media also characterizes the media sector. The latter was achieved with the introduction of new titles and changes in the until-now exclusive racial ownership patterns.

The most significant structural changes to broadcasting since 1994 are the gradual privatization of the SABC's broadcasting services, the introduction of the first free-to-air terrestrial television station, and the emergence of community radio on the scene. The second set of developments initiated after 1994 was the continued (and accelerated) ownership and control shifts within the press.

The first black press conglomerate emerged immediately after the 1994 elections, taking the place of one of the existing white conglomerates. Foreign ownership was also introduced when the Irish newspaper group, Independent PLC, bought a majority stake in a set of newspapers owned by the mining corporation Anglo-American in 1994. The period also saw the introduction of tabloid newspapers that -- for better or worse -- will transform the nature of the newspaper market in South Africa. However, despite the changes the overwhelming majority of mainstream newspapers in South Africa are still controlled by the five conglomerates and are still largely aimed at a middle-class (and therefore overwhelmingly white) audience favored by advertisers. Such a regime still dominates the media both in terms setting daily and weekly news agendas, and in the determination of the power relations within the press.

The broadcasting scene

Radio and television services have undergone significant changes since the democratic elections in 1994, emerging as the only real *mass* media in South Africa. Most South Africans have access to broadcast media and surveys affirm it as their main source of news. Ninety per cent of South Africans get their news from radio, sixty per cent from TV and even less from print (Davidson 2002).

Post-1994, the radio sector can be divided into three levels or tiers. Firstly, there is the public sphere, dominated by the SABC which is a national public broadcaster funded through TV license fees (less and less), advertising and sponsorship revenue, and, finally, other business services (the SABC rents production facilities to outside producers, for example). The second tier consists of private, commercial broadcasting, and the third, community radio (cf. Barnett 1999).

The reforms to broadcasting legislation means the SABC is now under control of a Board that is selected through public hearings (organized through Parliament) and appointed by the country's president. Under the Broadcasting Act of 1999, the SABC became a limited liability company with the state as one hundred percent shareholder, and was restructured into two arms: commercial and public services. Until 1995, the SABC monopolized the country's airwaves, with the exception of a handful of small, independent stations that started out in the so-called homelands (Radio 702 and Capitol Radio, previously discussed) but have since relocated to the metropolis of Johannesburg and Durban, respectively. The broadcast sector was restructured (through legislation) following the 1994 elections, and the Independent Broadcasting Authority (IBA) directed the SABC to sell its six radio regional stations to separate private investors.

In 2002 the SABC operated nineteen radio stations, attracting some twenty million listeners daily (GCIS 2002: 122). The SABC operates 6 commercial music-based channels, the biggest being the national station 5FM that, in keeping with the racial segmentation of the market, explicitly targets a young, urban, white, middle-class audience, and Metro FM that targets a young, urban, black audience in turn. In addition to these stations, the SABC operates a range of public-service radio stations, catering to various communities and languages. For example, the station SAfm broadcasts in English. Radio Sonder Grense or "Radio Without Borders" broadcasts in Afrikaans while in Thobela FM broadcasts in Sepedi. Some services also broadcasts to "ethnic" communities. For example, Lotus FM broadcasts in English to serve the Indian community. The stations with the largest known audience are Ukhozi FM (in Zulu), Lesedi FM (Sesotho), and Umhlobo Wenene (Xhosa). Together these three stations have an average daily audience of over 9.5 million people. The SABC's public service or 'full

spectrum' stations offer a mix of music, current affairs, drama and call-in programming. Music makes up fifty per cent of the schedule of these stations; twenty per cent of the time is allocated to news bulletins, talk shows, magazines and documentaries; and twelve per cent to news and news-related programs. The rest of the time is allocated to formal educational programs, sport, and religious programming (SABC 2002). The SABC produces the bulk of news radio: its radio news staff generates some two hundred news programs per week with a combined airtime of almost 300 hours (GCIS 2002: 122). Radio news has editorial offices in all major cities of South Africa, a wide network of local and international correspondents, as well as access to the news wire services Reuters, Agence France Presse (AFP), and the local South African Press Association (SAPA). However by 2003, cost-cutting has had major effects on this network; instead the SABC was increasingly relying on freelancers, and in some cases, the same correspondents who supplied the SABC under Apartheid with biased reports. In other cases, as in the large United States and British markets, the SABC in 1995 "outsourced" its foreign coverage (where it wanted a more South African angle) to a British company Feature Stories.

Increasingly, the SABC is encouraged to privatize as the government decreases its subsidies to the public broadcaster. The privatization of the SABC has had major implications for its news and current affairs programming. For example, the main news bulletins are now "sponsored" by commercial firms. In the run-up to the 2002 UN World Conference on Social Development, the mining firm Anglo-American's sponsored a slot on environmental issues on the important SAfm news and current affairs program, AM Live.

The private commercial radio sector is made up of a range of regional and local stations; the majority of these offer a music format for niche audiences, much along the lines of the US model, broadcasting on the FM frequency. Exceptions are Radio 702 and Cape Talk, both AM-frequency stations, which have a talk-format. Yfm in Gauteng caters for a youth audience and is mostly a music station but does include talk and discussion programs.

Besides the public and commercial tiers, there is also the community radio sector. At present there are some 65 on-air licensed community stations in South Africa (from a high-point of more than eighty community radio stations when they were first licensed in 1995). According to legislation, a board that is democratically elected must control a community radio station. A community radio station's programming must also reflect the cultural, religious, language and demographic needs of the community and must highlight grassroots community issues, such as development, health care, general education, and local culture. In general, community radio "must promote the development of a sense of common purpose with democracy and improve quality of life" (Broadcasting Act 1999). Most community radio stations play a good deal of music, broadcast educational programming on health, agriculture and democracy, and host "talk-back" (basically call-in) shows on issues of community concern (often featuring guests such a district nurses, local government officials or community policing offers). There tends to be little local or alternative content to the mainstream in news bulletins of community radio stations, as stations often subscribe to national radio news services that operate like press wire services. Community radio stations also rely heavily on state and donor funding for their income as they struggle to attract advertisers. The low pay and unfavorable working conditions force the stations to rely on volunteers, who in many cases use the community radio stations as training grounds to DJ posts at private stations, robbing the community stations of institutional stability and the capacity to develop their staffs. In a number of cases these volunteers are foreign students who do not stay for long periods. A station like Bush Radio in Cape Town has relied heavily on foreign student interns.

From a one-channel television introduced in January 1976, the SABC today offers six television channels broadcasting in eleven languages. Four are free-to-air, namely SABC1, SABC2, SABC3 and Bop-TV, while Africa2Africa and SABC Africa are pay-television channels, broadcasting into the rest of Africa by satellite. Most South Africans have access to the first three stations through terrestrial television.

The Government Census counts more than four million households with licensed television sets in South Africa (GCIS 2002: 123). About fourteen million adults watch SABC television daily, making South Africa the country with the largest television audience in Africa (GCIS 2002: 123). Eight percent of all broadcast time on all services is allocated to advertising. About fifty per cent of all programs transmitted are produced in South Africa; the remainder consists of mainly popular American and European television productions. News production is thoroughly modern and technically on par with most Western European countries. SABC news teams reporting from all parts of the country, using modern portable electronic cameras and line-feed equipment via more than 220 television transmitters feed television news. Some 98 news bulletins are broadcast in all eleven languages weekly.

M-Net, the country's only private subscription television launched in 1986, had by 2002 grown to 1.23 million subscribers in forty-one African countries (GCIS 2002: 124). M-Net, now a listed company on the Johannesburg Stock Exchange, operates two terrestrial channels. In November 1999, M-Net's debut on the Nigerian Stock Exchange, made it the first South African company to list in that country. M-Net's programming schedulers have persisted with a menu of sports and entertainment. M-Net still does not broadcast any news programs.

The second M-Net channel, Community Services Network, offers sports programming and specialized batches of programming to "niche minorities" like the large community of South Africans of Indian descent, immigrants from Portugal and Italy, or Jewish, Islamic and Christian religious communities.

M-Net still enjoys a daily 2-hour "open window" (marketed locally by M-Net as "Open Time") on terrestrial television in terms of an agreement with the government and the public broadcaster on which it screens non-encoded programs (available to viewers without decoders). M-Net, not surprisingly, used the open window programming to aggressively market its subscription services as well as sell advertising space to a larger audience than its subscription base, giving it a head start over the public broadcaster. Neither the new democratic government nor its regulatory arm – first the IBA and now ICASA – has made any attempt thus far to revoke M-Net's "Open Time" privileges.

In June 1998, the government released a policy that allowed an extension of terrestrial, private "free-to-air" national and provincial or regional television services. Following a public bidding process, the IBA awarded the first privately owned, free-to-air television license on March 30, 1998, to Midi Television, a consortium of trade investment, "black empowerment" groups (which held the majority of shares), and Warner Brothers, a subsidiary of the international conglomerate, Time-Warner. The station that came into existence goes by the name E.TV.

The E.TV channel started broadcasting on 1 October 1998. News broadcasts and a 24-hour service were introduced early in 1999. While E.TV still trail behind the SABC stations and M-Net in terms of viewership, recent AMPS (All Media and Product Survey) indicates that it has grown that figure by 31 per cent over a six month period between August and December 2000 to 6.7 million viewers. Since its inception, E.TV provided the only serious competition to the SABC's monopoly of local news broadcasts. The station's financial difficulties and managerial problems meant, however, that it could not maintain a consistent challenge. The local media is perennially full of reports of E.TV's imminent closure or takeover by new owners. For example, many of E.TV's senior journalists left the station to join the SABC and its advertising revenue dropped considerably in 2002. Satellite television developed rapidly after 1995, when the first commercial satellite television broadcasts were made. M-Net, through its sister company MultiChoice Africa, quickly moved to monopolize that market. In line with the expansionism of South African capital into the rest of the African continent (see *Africa Confidential*, October 11, 2002). MultiChoice now dominates satellite broadcasting in Africa. It has a presence in over 50 countries, with a subscriber base of nearly 1,4 million (GCIS 2002: 124). The South African DStv (digital satellite television) service offered by MultiChoice provides viewers of the internationally dominant news channels BBC, CNN,

CNBC as well as the locally produced “Parliamentary Channel” (akin to the US C-Span Channel). Despite the decreasing prices of satellite decoders in the last few years, the demand for the service grows and the service still remains largely off-limits outside of a small elite in South Africa.

In liberal terms, it appears as if the picture in broadcast media is relatively open and diverse. However, in a racially and class segmented market like South Africa’s, market pressures tend to replicate the state-created exclusions and physical demarcations that characterized Apartheid. As is the case in broadcasting elsewhere, South Africa’s government has reduced direct state support in the form of subsidies to the public broadcaster, instead encouraging it to become self-sufficient. In effect, the state now encourages the public broadcaster to fund its programming mainly through advertising. In television, the results have been major cuts in programming, and its replacement with (United States-originated) infomercials, re-broadcasts of low-brow, imported programs, and, most importantly a re-racializing of television and radio audiences into “market” segments. This segmentation coincides with the black/white racial divide and the emerging class divisions within the majority black population.

The print media

At the time of writing at least 25 daily and weekly newspapers in South Africa could be considered as key to political debates and with significant national or regional impact or readerships. However, since 1994 public debate as well as circulation wars have been dominated by ten or so English-language newspapers, most of which are the same set of titles owned basically by the same set of conglomerates who ruled the press under Apartheid. Yet, as I argue above, major changes occurred in terms of ownership, control and editorial management structures.

In 1995 Independent Newspapers increased its stake in the Argus Group to 58 per cent. Independent newspapers inaugurated “Business Report”, a business supplement included in its dailies countrywide, it revamped the *Cape Times* and *Natal Mercury*, and promptly launched a new title, the *Sunday Independent*. Independent also appointed a number of black editors to its titles, including *Daily News*, *Cape Times* (although a white editor was appointed again after circulation dropped), *Cape Argus*, *Pretoria News*, and later the *Sunday Independent*. Independent’s Johannesburg daily newspaper, *The Star*, remains under white editorship till today. Editorially, the newspaper group Independent’s news copy is shaped by circulation biases. It still largely writes for a white, middle-class audience, favored by advertisers despite the appointments of black editors and black journalists in key positions. In general content is shaped largely by economic imperatives. As journalist Chris McGreal noted in 1999 regarding the coverage of crime:

The overwhelming victims of rape, murder and car hijacking in South Africa are black. You wouldn’t know that from reading Johannesburg’s two main dailies, *The Star* and the *Citizen*. The daily diet of crime stories is heavily weighted in favor of coverage of whites.

In 1998, Independent Newspaper’s parent company increased its stake in its South African operations to 75,7% and shortly after the country’s second democratic elections in June 1999 took full control of the group.

Outside the developments at Independent Newspapers the restructuring of the South African newspaper business, was “a bit more complicated” (Horwitz 2001: 312). As pointed out earlier, under Apartheid Anglo-American owned TML through its subsidiary Johannesburg Consolidated Investments (JCI). In 1995, Anglo-American decided to sell JCI: the word in South Africa for these sales is “unbundle”. One of these units that were sold was Johnnies Industrial Corporation (popularly known as Johnnic), a US\$2 billion diversified company with a controlling interest in TML. Anglo-American sold Johnnic to a consortium of black investing groups called the National Empowerment Consortium (NEC). The consortium consisted of an association of trade union retirement funds (mainly of the ANC-ally Congress

of South African Trade Unions), and major investment groups dominated by black business people, which included NAIL (the owners of *Sowetan*).

One of the businessmen who played a key role in the deal was Cyril Ramaphosa, the leading ANC negotiator during the constitutional talks with the Apartheid government from 1990 to 1994. The Johnnic deal was clinched in April 1996. Ramaphosa, who has since become chairman of Johnnic, was named chairman of TML one year later. His appointment and his obvious links to the ANC, given the party's vocal protestations about the press and its own desires to own one, were not missed in the media. TML owned the two premier business publications, *Financial Mail* (a weekly) and *Business Day* as well as the largest circulation Sunday paper, *Sunday Times*. At the time of the sale, some of the senior (mostly white) journalists within the company, bolstered by white liberal politicians, attempted to pre-empt any changes to TML. They suggested that the new owners would slavishly demand editorial allegiance to the ANC (as if the publications in question had up to that time not toed the line of English capital or Apartheid). Some observers insist the relationship was more explicit (Tomaselli et al 1987). McGreal (1999), for example, called the English press, "soft on Apartheid". The "threat" of ANC interference in editorial content of TML papers quickly died down as Ramaphosa made few major changes to these papers. The editorial line still favored free market capital and the mainly white editors of the key business publications were largely retained, although, the owners did appoint the first black editor of the *Sunday Times* in late 2002. By 1999, the Human Rights Commission would report that about 76 percent of the country's top media managers were white compared with 88 percent in 1994 (HRC 1999).

In the past, media owners in South Africa had considerable influence over the editorial tone of newspapers. However, post-apartheid that was no longer the case (Steenveld 1998: 7). For example, in the 1999 national and provincial elections the editors of the *Financial Mail*, now under black ownership (which included leading ANC politicians and business sympathizers), decided to endorse the United Democratic Movement (UDM), a small opposition party led by ANC and National Party dissenters. Cyril Ramaphosa, as chairperson of Johnnic, wrote an open letter to the editor of the *Financial Mail* demanding he withdraw the endorsement (Jacobs 1999). But that was probably where the new owners' influence ended, as they did not succeed in major making changes to the readership profile and general editorial line. One reason was that TML, before the Johnnic sale, had gone into partnership with British media company, Pearsons Plc., for ownership of *Business Day* and *Financial Mail*. BDFM and Pearsons also own the Summit TV channel on DSTV (subscription direct satellite television), which apes American and European economic news channels like CNBC. For a while in the late 1990s, BDFM was subcontracted by the SABC to produce and present a late-night economics news bulletin (shown on SABC3). Pearsons is well established in the UK where it owns the influential *Financial Times*. Johnnic did not want to jeopardize the impending deal with threats to impose political control over the papers. However, the most important reason the new black owners of TML have been unable to aggressively change the editorial line of the papers in its control, is related to the fact that "black economic empowerment" in its early manifestation, was underwritten by a cynical investment system: Loans from large South African mining and finance corporations backed Johnnic as was the case for the bulk of the other "black empowerment" ventures. As a result, the new media "owners" are subject the dictates of those who supply them with the loan capital.

The new partners of black empowerment ventures are mainly Afrikaans institutions. For example, Sanlam, the giant Afrikaner-owned insurance firm, held at least 17 per cent of NAIL in 1997. Horwitz (2001: 315) points out that, for example, that in the media area the list of black-Afrikaner joint ventures is surprisingly extensive and underscores the transformation of that sector in particular. The motivations for such joint ventures are both political- and profit-based. One of the new government's policies is to award state contracts to companies with significant black investors. Politically, it is possible that the Afrikaans companies worried the ANC-government might use the state as Afrikaners did, and, hence were laboring to attract

black shareholders before Afrikaans institutions are frozen out the post-apartheid economy. NasPers and Perskor for example, both had big stakes in the school textbook printing business under Apartheid. It was therefore not surprising when NasPers signed a deal with the new ANC's investment arm, Thebe Investments, in late 1996 to publish and distribute school textbooks, and to operate private and distance-education through printing and distribution subsidiaries. Similarly, Perskor sold a significant stake to the Kagiso Trust, a former liberation-oriented non-governmental organization. Kagiso, with the assistance of two Afrikaner groups, subsequently became the majority shareholder of the new company. The irony of the Perskor-Kagiso deal was that a black corporation with progressive roots became the publisher of the editorially conservative *Citizen* daily newspaper, and *Rapport*, the Afrikaans Sunday newspaper known for its conservative right-wing politics.

Likewise NasPers signed a R110 million "joint venture" deal to set up City Press Media with a black business consortium. The deal earmarked 51 per cent of the black-targeted *City Press* (with a circulation of 115,000 in 2000) for black investment groups, (one of them led by Oscar Dhlomo, a former secretary-general of Buthelezi's Inkatha movement who as a businessman became very close to the ANC). That deal would later revert back to NasPers when the black investment groups could not come up with the capital.

Analyses of the pattern of press ownership indicate that even though there has been a diversification or de-racialization of ownership from five major groups in the past to six groups currently, it has had limited effects on democratizing the public sphere (Krabill and Boloka 2000). The structure of the print media – circulation, distribution networks, the price structure and advertising – is, some minor changes aside, all aimed at retaining the racialized (white) readership. This suggests that the question of de-racialization of the print media - while key to democratizing the media in SA- does not solely lie with ownership, but equally with the nature of the structure: that is, publishing and printing and other factors raised above. Some critics have noted that what essentially changed in the media is the color of the monopolies with no major transformation in the ways the media houses operate. The mass media are still driven largely by profit motives and a liberal ethic. The print media industry, unlike the broadcast media, has not been subjected to any debate about a significant change in the way it operates (Horwitz 2000: 310). Politically influential print media owners viewed (and still view) any regulation as equal to state interference and the government has been aware of the impact of any state regulation talk on the health of the economy (Republic of SA 2000). In terms of employment practices, a UNESCO-funded study of affirmative action in the media, that was made public in 2000, showed that both black males and female South Africans are still underrepresented, particularly in the top levels of the media (Goga 2000).

Finally, a significant but underrated development has been the introduction of tabloid newspapers aimed specifically at the growing black market. The earliest example of this was *Sowetan Sunday World*. This paper had ironically started out as a broadsheet, *Sunday World*, which the new owners of *Sowetan* launched in March 1999. The owners had grand plans for the new paper, aiming to develop a newspaper that would reflect the life-experiences of the new and growing black "middle class" – or as one report suggested: a "wealthy, top-end black readership" (*Mail and Guardian*, March 5, 1999). Distributed in the northern parts of the country – in the Gauteng, Mpumalanga, North-West, and Limpopo provinces – *Sunday World* avowed to promote the new political order in which black people would thrive as well as be openly supportive of the ruling ANC. It hired some of the best journalists and managers from the established mainstream press. The newspaper was first brought out as a broadsheet, but following massive circulation drops and minimal increase in advertising revenue (which hit the pockets of its owners), soon reverted to a tabloid, the *Sowetan Sunday World*, in 2000. The new, renamed *Sowetan Sunday World* under a new editor quickly made up for the circulation losses, increasing its readership by more than 100 percent within months. Reminiscent of earlier developments in the black press market, NasPers (its media interests now renamed as Media24) shortly afterwards launched its own tabloid aimed at the black

market, *Sunday Sun* in 2001 as a rival for *Sowetan Sunday World*. Media24 also later published South Africa's first daily tabloid newspaper, *Daily Sun*, in 2002.

These tabloids, while claiming as their mission to create a serious black "reader class", have thus far done nothing significant of the sort. Instead these papers peddle sex, sports and crime in the style of the British tabloids. At its inception, the *Daily Sun* owners were explicit they would not cover politics "explicitly." *Daily Sun* publisher Deon du Plessis is on record as saying the paper has a "strictly non-political outlook" (Bulger 2003). The paper does not employ a political editor or have opinion-editorials. The *Daily Sun* and *Sunday Sun* have developed a socially conservative editorial stance. The papers collectively celebrate free-market solutions to economic development in South Africa, and rightwing views on topics as diverse as immigration and abortion.

Apart from the introduction of tabloids, observers have also taken note of what is loosely referred to as "tabloidization", to capture the dramatic impact of cutbacks in newsrooms and editorial resources since 1994. Financial pressures on the newspaper industry arising out of the proliferation of other new media, depressed advertising markets, rising costs of paper and distribution, and related factors, have led newspaper owners to massively to reduce their staff numbers, their resources and skill levels of remaining journalists (the latter development is often referred to as the "juniorization" of newsrooms).

Former *Mail and Guardian* editor Anton Harber has argued that Independent Newspapers has been particularly hard-hit. To meet the expectations of an owner [Tony O'Reilly] counting it [profits] in Irish pounds. Every time the Rand dips, the only way to give the investor the return he expects is to cut costs (Harber 2002: online).

Harber cites the example of "one of our serious quality newspapers" not even having "a full-time editor. It has a reporting staff of two-and-a-half. Another major Saturday newspaper has one-and-a-half reporters" (Harber 2002: online). Harber was most probably referring respectively to the *Sunday Independent* and the *Saturday Star*, both papers based in Johannesburg. And he wrote an apparent reference to the *Sowetan*:

At one of the biggest newspaper newsrooms in this country, the management was upset with staff surfing the internet. So they put in place only one online terminal, ... depriving journalists of their primary research base, particularly since this newspaper no longer has an active library (Idem).

Nevertheless, the mainstream English-language papers play a crucial agenda-setting role for public opinion as well as serve as the definitive public space(s) for major policy debates. The Afrikaans- and African-language also shape public opinion, but to a lesser extent. The English-language newspapers dominate the print media in South Africa and millions of South Africans read English language newspapers on a daily basis. The *Sowetan* alone, with a predominantly black readership, has over 1.5 million daily readers, but does not have the same impact politically as newspapers like the *Business Day* and *Star* with much smaller circulation. The English-language press is also read by the most important decision-makers and policy advisors in the country on a regular basis and no doubt influences coverage in non-English newspapers as well as television and radio. With the advent of on-line newspapers on the Internet, the sphere of the English language press (including news sites owned by the Afrikaans press that is translated) is only likely to grow in future (Danso and McDonald 2001; Wasserman 2001).

Conclusion

Mainstream South African media has a long history of replicating narrow ideological and material debates among whites, whether elites or the mass of that section of the population. Under apartheid the English language newspapers subscribed heavily to the idea of a "liberal" press. The reality was that they operated as profit-oriented enterprises, mainly aimed at the white population and reflecting the general-political stance of the large English mining capital, which owned them. Because English big business was not directly represented in the

state after the 1948 nationalist victory, the English language press, along with the Chamber of Mines and Chamber of Industry, became the key sites for the political expression of autonomous capitalist interests. The Afrikaans language newspapers tended to be more the agents of the main factions of Afrikaner nationalist politics that controlled the state for much of the twentieth century in South Africa. Indeed, like many other language-based nationalist newspapers, the Afrikaans newspapers functioned as institutions for the articulation of ideology and constituted key sites for the development of nationalist leaders. The marginal black press, when repressed by government, tended to reflect either the modernist, petitionary protest stance of the small African middle-class intelligentsia, or later the revolutionary visions of political organizations that dominated among the black majority. Throughout the 1980s, as resistance to apartheid as well as to economic exploitation reached fever pitch, an “alternative press” emerged that directly sought to challenge apartheid through its journalism. One final, characteristic of apartheid was that under Apartheid broadcasting – with minor exceptions that were tolerated – was the exclusive domain of the state. For most of the period of NP rule, censorship was conducted in powerful yet indirect fashion. The government passed laws against representation of entire areas of public life. It banned “undesirable” people and groups and passed legislation prohibiting the dissemination of their ideas.

I highlighted the major reforms of the early 1990s that accompanied political liberation. These included the beginnings of a debate around restructuring the SABC from a “state broadcaster” to a “public broadcaster,” and some attempts to restructure newsrooms. However, I suggest that the full potential of these processes were undermined by narrow political aims (with an eye on an advantage in the 1994 democratic election in the case of broadcasting, for example), and that existing media elites succeeded in ensuring that the structural underpinnings of print media remained largely intact. Nevertheless, this period also solidified the growing importance of media, and especially journalists, to political processes. This will have important implications for the kind of public sphere that would develop over the immediate term and for the impacts of the media of communication on South African political battles.

References

- Berger, G. 1999. Towards an Analysis of the South African Media and Transformation, 1994-1999. *Transformation*, 38. 84-115.
- Government Communication and Information Systems. 2002. 2002. *South African Yearbook 2001/2002*. Pretoria: Government Printer.
- Goga, F. 2000. *Toward Affirmative Action: Issues of Race and Gender in Media Organizations*. March 2000. Durban: UNESCO and Cultural and Media Studies, University of Natal.
- Harber, A. 2002. The Power of Words: Journalism in the Age of the Market. *Indicator SA*, 19 (3). 13-19.
- Horwitz, R. 2001. 2000. *Communication and Democratic Reform in South Africa*. Cambridge: Cambridge University Press.
- Human Rights Commission. 1999. *Public Inquiry into Racism in the Media*. Johannesburg: HRC.
- Jacobs, S. 1999. The News Media. In Reynolds, A. *Elections '99: South Africa. The Campaigns, Results and future prospects*. Cape Town: David Philip and James Currey.
- Jacobs, S. 1999b. Tensions of a Free Press: South Africa After Apartheid. Research Paper. Joan Shorenstein Center for the Press, Politics and Public Policy. Cambridge, MA: Harvard University. June 1999.
- Jacobs, S. and R. Krabill. 2005. Mediating Manenberg in the post-Apartheid Public Sphere: Media, Democracy and Citizenship in South Africa in S. L. Robins (ed.), *Limits to Liberation after Apartheid*. Cape Town: David Philip and Ohio University Press.

- McDonald, D. and S. Jacobs. 2005. (Re)writing Xenophobia: Understanding Press Coverage of Cross-Border Migration in Southern Africa, *Journal of Contemporary African Studies*, 23 (3): 295-325
- McGreal, C. 1999. Nelson's Columnists, *The Guardian*, May 24.
- Switzer, L. and M. Adhikari (eds.). 2000. *South Africa's Resistance Press: Alternative Voices in the Last Generation under Apartheid*. Athens: Ohio University Press.
- Tomaselli, K. Teer-Tomaselli, R. and Muller, J. 1987. *Narrating the Crisis. Hegemony and the South African Press*. Johannesburg: Richard Lyon & Co.
- Tomaselli, K. and Louw, E. 1989. "Militarization, Hegemony and the South African Media, 1976-1986," in *Con-text: a Journal for Contemporary Social and Cultural Theory and Practice in the South African Context*, 2, 27-48.
- Truth and Reconciliation Commission (TRC). 1998. *Final Report of the TRC*, Volume 4, Chapter 6, (Institutional Hearing: The Media). URL: <http://www.polity.org.za/govdocs/commissions/1998/trc/4chap6.htm>.

15 The language question. The struggle between English and the other official and unofficial languages

By Kwesi Kwaa Prah

Introduction

It is often forgotten that historically the tensions between language groups in South Africa have prominently featured the struggles between Afrikaans and English. This was culturally a significant strand in the conflict, which led to the war between Boer and Brit, the Anglo-Boer War (1899-1902). Indeed, this is what the white Afrikaners have called the *taal-stryd*. The struggle to assert the usage of Afrikaans in the face of English hegemony continued in the years following the Anglo-Boer War. In 1906, the English Cape Town newspaper *The Cape Times* could condescendingly write that; “Afrikaans is the confused utterance of half-articulated patois.” Afrikaans was often denigratingly described as a *kombuis taal* (a kitchen language), referring to the fact that it was a language used in the kitchen by servants and slaves. Sensitivities against the social power of English was strikingly registered in 1913 when the Boer leader Steyn cabled the *Kaapsch Taalfeest* the following words; “... the language of the conqueror in the mouth of the conquered is the language of the slaves.” Afrikaans was accepted as a school subject in 1914, recognized by the church in 1916-19, at university level in 1918, and completely by both chambers of parliament at a joint sitting in 1925. Possibly, no single personality in the early 20th century served the object of elevating Afrikaans to equality with English as C.J. Langenhoven.

Thus when the Afrikaner elite came into power in 1948, they brought with them a historical baggage and a collective memory of cultural rivalry against the English. They proceeded rapidly in all areas of social life to catch up with the social, economic and cultural gap between English-speaking white South Africa and Afrikaans-speaking white South Africa. This process was carried out on the backs of the non-white population. The process of achieving cultural and linguistic supremacy, more or less, continued uninterrupted until 1976, when African school children in Soweto decisively rejected and revolted against the use of Afrikaans as a medium of instruction in schools. This protest against Afrikaans as Language of Instruction (LOI) under Apartheid marked a watershed in the history of Apartheid fascism in South Africa. It announced to the world the coming termination of Apartheid.

Forced removals and “grand apartheid” from the beginning of the 1960s made the non-white population to various degrees “invisible”. They were geographically and physically kept away from specified areas during certain hours of the day. However, this policy of enforced physical invisibility was matched by an equally pernicious policy of selective cultural invisibility. Cultural visibility was only tolerated in the Bantustans/Homelands. It was on the basis of these Homelands, as territorial units in which specific African languages were spoken that the concept of quasi-independence was developed. By the late 1970s and the beginning of the 1980s the Homelands and the picture of the languages spoken in them was as follows:

- Transkei (Xhosa) – declared independent on 26 October 1976
- Ciskei (also Xhosa) – declared independent on 4 December 1981
- Bophuthatswana (Tswana) – declared independent on 6 December 1977
- Venda (Venda) – declared independent 13 September 1979
- KwaZulu (Zulu)
- KwaNdebele (Ndebele)

- KaNgwane (Swazi)
- Gazankulu (Tsonga/Shangaan)
- QwaQwa (Southern Sotho)
- Lebowa (Northern Sotho/Pedi)

The idea was to treat each Bantustan as a separate “nation” so that practically the principle of an African majority was obviated. In effect, although, African language speaking citizens form three-quarters of the South African population their languages and cultures were practically treated as those of insignificant minorities.

The Soweto uprising and after

English was in South African society too powerful to be superseded by Afrikaans. The sociology of language in South Africa after 1976 offers important lessons for the observer. English after the Soweto uprising received a boost. Whereas African schoolchildren had rejected Afrikaans as LOI, this rejection had not been made on the grounds that they preferred the use of their languages as LOI. Indeed, part of the strategy of apartheid had been to foist on Africans the use of their languages but without resources and encouragement to develop these languages into languages of science and technology. Africans had therefore internalized the attitude that working in African languages was part of the apartheid strategy of keeping Africans as “hewers of wood and drawers of water.” African schoolchildren and their parents had developed the impression that English was the language of advancement and therefore whereas they rejected Afrikaans this was done in favour of English and not the indigenous languages. Afrikaans had by the mid-seventies developed into a fully-fledged language of science and technology. One can say that from the time in the mid-sixties when the Afrikaans-speaking and Afrikaans-educated Dr. Chris Barnard accomplished his epoch-making heart transplants the significance of Afrikaans as a language of science and technology equal to any other in the world was established for all to see.

Thus under apartheid, the two languages of the white minority, namely, Afrikaans and English, held sway over and above the indigenous African languages. While English retained the preeminence it had historically acquired in the public domain through service as the language of British colonial power, Afrikaans was systematically developed with enormous state resources and blessing into a second official language. Its social role covered the entire range of functions, which any official language in a developed first world society would have. Afrikaans had in fifty years become a language of modernity.

Partial public usages of the indigenous African languages in formal and informal capacities were restricted to usage in the “Bantustans”. African languages were thus officially tolerated in the, more or less, 13 percent of the country where after being denied their citizenship within the Republic, black South Africans were supposedly allowed to exercise their political rights. However, even in these Bantustans, English, and frequently Afrikaans, functioned as official languages alongside the local African language. Africans in the rest of the country, the so-called white South Africa, where Africans formed a clear majority were treated as foreigners. In the parlance of the Apartheid state they were “resident aliens”, who were in addition to their own languages required to learn and be educated through the medium of both English and Afrikaans.

The Apartheid state thus created nine languages located in the Bantustans. With time the Bantustan elites developed interests in the cultural and linguistic representations of the Bantustans. This linguistic differentiation, nomenclature and dispensation were largely carried into the post-Apartheid era.

The post-apartheid years have seen the limited but principled dismantling of the administrative structure of apartheid-based education and the adoption of a new education system, which reflects better, at least on paper, the cultural and linguistic interests of African language-speakers. The dramatic development of Afrikaans in fifty years and the prosperity and enlightenment it has brought Afrikaners should bring to our understanding the relevance of language to social transformation in South Africa. It also implicitly points to the fact that continuing and future transformation in the country will have to pay full attention to the language question. A democratically based language policy is crucial for the development of a democratic culture. Without a policy, which culturally empowers mass society, development in South Africa will in the long run stagnate.

Languages and the new constitution

In South Africa's new 1994 *Bill of Rights*, it is stated that; "Everyone has the right to use the language and to participate in the cultural life of their choice, but no one exercising these rights may do so in a manner inconsistent with any provision of the Bill of Rights." In addition the point is made that; "Persons belonging to a cultural, religious or linguistic community may not be denied the right, with other members of that community (a) to enjoy their culture, practice their religion and use their language; and (b) to form, join and maintain cultural, religious and linguistic associations and other organs of civil society". It is further stated that these rights "may not be exercised in a manner inconsistent with any provision of the Bill of Rights". These definitions of rights had practically been in force from the late 1920s for the white minority (both Afrikaans and English speaking), but until 1994 been denied Africans.

In the new constitution, which came into force in 1994, the nine African languages that had previously enjoyed official status in the Bantustans were granted formal equality with Afrikaans and English at the national level. The language of Section 6 of the *Founding Provisions* reads as follows: "The official languages of the Republic are Sepedi, Sesotho, Setswana, siSwati, Tshivenda, Xitsonga, Afrikaans, English, isiNdebele, isiXhosa and isiZulu. Recognizing the historically diminished use and status of the indigenous languages of our people, the state must take practical and positive measures to elevate the status and advance the use of these languages." The letter and spirit of these words is that all are equal as inherited from the old regime. Furthermore, the state is enjoined to correctively take the necessary steps to elevate to equality the formerly depressed languages. It is with this latter view in mind that other provisions were made that; "A *Pan South African Language Board (PANSALB)* established by national legislation must promote, and create conditions for, the development and use of, all official languages; the Khoe Khoe and San languages; and South African Sign language; and promote and ensure respect for all languages commonly used by communities in South Africa, including German, Greek, Gujarati, Hindi, Portuguese, Tamil, Telegu and Urdu; and Arabic, Hebrew, Sanskrit and other languages used for religious purposes in South Africa". This body was effectively established but its track record has in many respects fallen far short of expectations. In practice the African languages for which it was primarily meant to cater have not made much developmental headway. The constitution missed no chance to register the swift desirability of linguistic equality in the country. Exhortatively, it demanded that; "The national government and provincial governments, by legislative and other measures, must regulate and monitor their use of official languages. all official languages must enjoy parity of esteem and must be treated equitably".

All in all, these constitutional provisions were a compromise between the conflicting positions and demands of the various parties involved in the transitional negotiations. The African National Congress (ANC), representing the majority of black South Africans, favoured a

laissez faire approach, which many suggested would result over time in the emergence of a national language, probably English. The Democratic Party (DP), which largely represented the majority of English-speaking whites, favoured English as the sole official language. In contrast, the National Party (NP), representing the white Afrikaans-speaking community, was particularly concerned that Afrikaans should retain its official status alongside English. Inkhata, based in KwaZulu Natal, in theory supported the more widespread usage of African languages, but in practice was diffident. Other parties, like the Pan Africanist Congress (PAC) and the Azanian People's Organization (AZAPO) were strongly in favour of the enhanced usage and development of the African languages.

The eleven-language policy was an attempt to satisfy this wide range of clashing interests, and to avoid possible future conflicts around this potentially explosive issue. This is why the constitution made a cautionary provision that; "The national government and provincial governments may use any particular official languages for the purposes of government, taking into account usage, practicality, expense, regional circumstances and the balance of the needs and preferences of the population as a whole or in the province concerned; but the national government and each provincial government must use at least two official languages. Municipalities must take into account the language usage and preferences of their residents." Basically, it was decided that any language, which had previously enjoyed official status in any part of the country would be recognized nationally. But in pursuit of this objective, extenuating, discretionary and mitigating circumstances were thus clearly spelt out. It may be argued that in attempting to satisfy all constituencies, the government failed to chart a truly new route forward, which fundamentally met the needs of the teeming African language-speaking majorities.

In December 1995, Minister Ngubane, the then Minister for Arts, Culture, Science and Technology announced the establishment of a Language Plan Task Group, to be known as LANGTAG. It was appointed to advise the Minister who was responsible for language matters on how to urgently devise a coherent National Language Plan for South Africa. The Minister pointed out that Langtag was to be a policy advisory group to his Ministry and should in no way be confused with the Pan South African Language Board (Pansalb). Pansalb would remain to be an independent statutory body appointed by the Senate in the new year (1996) in terms of the Pan South African Language Board Act (Act No. 59 of 1995) and will be expected to monitor the observance of the Constitutional provisions and principles relating to the use of languages, as well as the content and observance of any existing and new legislation, practice and policy dealing with language matters. The immediate rationale for this body was that during the preceding months following the end of Apartheid, it had become clear that although multilingualism was indeed a sociolinguistic reality of South Africa there was a clear tendency towards unilingualism in the country. Multilingualism was invisible in the public service, in most public discourse and in the major mass media. Emerging wisdom was that the Government had failed to secure a significant position for language matters within the national development plan. Consequently, despite the fact that the Constitution provided for the cultivation of multilingualism, there was still an urgent need for the Department of Arts, Culture, Science and Technology to devise a coherent National Language Plan which not only directly addressed these issues, but also drew on the framework of the Reconstruction and Development Programme (RDP) and maximized the utilization of the country's multilingual human resources. Furthermore, it was the view of the ministry that, the need for such a Task Group was essential in the light of (a) the lack of tolerance of language diversity and the resultant "multilingualism is a costly problem" ideology evident in some sectors of South African society weighed against the fundamental importance of language empowerment in a democratic society; and (b) the growing criticism from language stakeholders of the tendency to unilingualism in South Africa.

Minister Ngubane emphasized that a National Language Plan would have to be a statement of South Africa's language-related needs and priorities and that it should therefore set out to achieve at least the following objectives: Firstly, all South Africans should have access to all spheres of South African society by developing and maintaining a level of spoken and written language which is appropriate for a range of contexts in the official language(s) of their choice. Secondly, all citizens of the country should have access to the learning of languages other than their mother-tongue. Thirdly, the African languages, which were marginalized by the hegemonic policies of the past should be maintained and developed. Fourthly, equitable and widespread language facilitation services should be established. With the benefit of hindsight we can today not say that the establishment of this body has made much positive difference to the situation, which was so clearly diagnosed within a few months of the ushering in of post-Apartheid South Africa. The desirability of all South Africans learning an African language has been frequently aired but implementationally little progress has been made in this direction.

Post-apartheid South Africa had inherited a lop-sided linguistic scenario and proceeded volubly through these constitutional provisions and other government initiatives to dismantle the structure of the racist and unsavoury inheritance. African languages were officially elevated to the status of national languages, but a decade and more after the end of the apartheid regime, the equality of the nine African languages with English and Afrikaans remains more on paper than in reality. As Professor Sizwe Satyo of the University of Cape Town made the point “one plus one equals eleven”.

It is worth pointing out that, across the continent, African language policies, which have emerged in the post-colonial era, bear uncanny formal and substantial resemblances. Everywhere, African post-colonial regimes have on paper elevated the status of the indigenous African languages but nothing beyond this has invariably been achieved. They have from one country to the next, by evidence of the record, been particularly ineffectual in serving as a viable basis for the expansion of democratic and popular cultures or societal development. Most observers who have looked at the issue of language policy in Africa are agreed about the fact that there is a big gap between intended policy (planned or espoused policy) and action or implementation. One important reason for the vacillation is that elite interests have become very entrenched in the *status quo* and the use of colonial languages. Indeed, in a cultural sense it is arguable that African elites owe their positions of privilege and influence to the use of the colonial languages. They are languages of power. Therefore, whereas frequently many can see the logic in the argument for the unstinted use of African languages, the ruling groups and elites are unable to, as it were, cut off the branch on which they are sitting.

It is estimated that 76 percent of the population of South Africa speak at least one language from one of the following two groups, namely, Nguni, Sotho as home language. 63 percent of first-language speakers within the Nguni and Sotho groups also know a language in the other group as a second or even third language. Afrikaans language-speakers form about 12 percent and English mother-tongue speakers about 8 percent of the population. The smaller and non-cognate languages are spoken by about 4 percent of the population. South Africa also recognizes other non-official languages, these being; Fanagalo, Lobedu, Northern Ndebele, Phuthi, South African Sign Language, Khoekhoe and San. These non-official languages may be used in certain official circumstances in limited areas where it has been determined that these languages are prevalent.

In the decade after Apartheid, what has in fact happened is that the public dominance of English, one of the smallest languages in the country, spoken as a home language by only about 8% of the population, has been strengthened at the expense of all the other languages. Afrikaans, spoken by about 12% of the population, has compared to English lost its stature. The African languages, including languages like isiZulu and isiXhosa, the two largest languages in the country, and which are almost fully mutually intelligible, continue to be almost completely neglected. In fact, the nine African languages are probably in a weaker position today than they were before the 1990s. More than three-quarters of the population speaks these languages. Serious English proficiency among African language mother-tongue speakers does not count more than 12 percent. In this respect, the language scene in South Africa is not much different from the rest of sub-Saharan Africa, where less than 10% of Africans are proficient in the official languages of their country, usually a colonial language like English, French or Portuguese. What has been happening is that the supremacy of English, above all else, is becoming patently clear.

The state of affairs described above has evoked considerable resistance from some quarters. The white Afrikaans-speaking community has been particularly vehement and often vociferous in their protest. The “coloured” population who constitute the majority of Afrikaans-speakers does not show much public concern for the diminishment of the social power of Afrikaans. Indeed, many of the “coloured” population, particularly at the younger age levels in urban areas are drifting into the camp of English speakers. Another remarkable fact worth noting is that in the post-Apartheid period some Afrikaner public intellectuals and linguists have started openly associating the defense of Afrikaans with the general defense of African languages against the hegemonic position of English.

Debates about the positions of English, Afrikaans and African languages in South African society appear regularly in the newspapers. In a letter which appeared in April 2002 in *The Star* (Johannesburg), the author, Bob Broom, in reaction to Dan Roodt’s earlier letter (*Government suppresses Afrikaans in favour of English*, April 8th, 2002) suggested that: “Far from oppressing Afrikaans in favour of English, our government has realized that English is a universal language, spoken and understood by the majority of our trading partners and is the chosen language of instruction of most faculties of learning. This government that is “hell-bent” on promoting English above all others, does so despite the inconvenience to many of its own people, as English is not their first language. Yet they also see the indisputable sense of it. Pity the Afrikaners could not/would not acknowledge the same”. The battle between Afrikaans and English in South Africa continues, above the interests of the majorities, who speak African languages. In a sharp reaction to Roodt, Ettiene van Zyl in another letter; (*Don’t perpetuate Afrikaner imperialism*), pointed out that: “Apart from the gross misrepresentation involved, Roodt presents us with the aggravating spectacle of someone claiming his right to self-assertion while bemoaning the use of that same right by the majority of South Africans. What Roodt fails to see is that the use of the right to self-assertion in the language of their choice by the majority of South Africans will of necessity involve a rather drastic scaling down of the use of Afrikaans in the public domain”. Some may argue that no language should be down scaled, rather all languages should be elevated to the same level by providing the necessary resources to enable and permit this.

One hardly notices much reaction from the African language-speakers in South Africa against the increasing predominance of English, but occasionally we hear and read strident African language-speaking voices. They are however, generally few and far between. In a sharply worded *cri de coeur* written by an African language-speaking reader, which appeared in *The Star* (K.C. Motshabi. *Africans opt for English as the Language of ‘Brainy People’* 9.6.2006), the writer trenchantly observed that: “It is disheartening to see people actively shunning their

languages. African languages are relegated to second best, compared to English, despite the fact that the constitution advocates for equality with respect to languages. What is more disturbing is that Africans are assisting in the marginalization of their mother-tongues. The country is currently busy producing African youth who can hardly read, let alone write a text in their mother-tongue. These youths fail to even pronounce African names correctly, let alone spell them. In some extreme cases, some African children can hardly construct a sentence in their parents' mother-tongue. The poor kid's identity is lost because they are supposed, for example, to be Tswana and yet they know nothing about the Tswana culture and language. These children look down upon African culture just like most Caucasians do. They look down upon African religious practices as backward superstition. They are alienating themselves, with the help of their parents, from their own cultures. It is unfortunate that most parents still believe that speaking eloquent English necessarily means you are intelligent. The fallacy of this observation is the suggestion that the English in England are all intelligent because they speak English. The interesting thing is that when parents enroll their children in township schools they insist that their children attend schools that offer their mother-tongue. When these kids move to schools in town, mother-tongue preference is shelved for English and Afrikaans. Granted, the school may not be offering any African language at that stage even though it has African pupils in the majority. African parents resign themselves to the status quo more often than not. Our children should learn other languages in addition to their mother-tongue. Imagine if White, Coloured and Indian children were to learn African languages as their second language at school that would add some impetus to nation-building."

The writer's perceptions of the issues around the LOI debates in South Africa were equally perceptive and forthright. Going to the heart of the excuses, which are often made to justify the hegemony of English and to a lesser extent Afrikaans he reiterated that; "Some argue that as English is an international language, it must receive priority and that African languages are restricted to Africa and therefore there are no opportunities arising from mother-tongue proficiency. Others argue that African languages have limited vocabularies, hence there are no sufficient academic textbooks written in African languages. As a start we need to vigorously promote the teaching of African languages while simultaneously developing academic books in African languages. The Christian bible, for instance, has been translated into all African languages so that the less Anglicized can access the teachings of Christianity. It is important that we decolonize our minds and avoid giving in to the *status quo*. By the way, one does not need to be conversant in English for one to be an electrician or mechanic, for example. This can be achieved if we could develop material in African languages for our children to study. The Afrikaans, French and Russians, to mention but a few, are all living examples of excellence through mother-tongue teaching." In one letter, this writer summarized the issues as seen from the viewpoint of a sensitive and socially conscious African language-speaker.

Language policy for transformation in South Africa

The point that must be forcefully made is that multilingualism not bilingualism or unilingualism needs to be cultivated if all voices in South African languages are to be heard. If and when this new spirit and policy based on multilingualism becomes operative, a new impetus to a more democratic and majoritarian approach to languages use in South Africa could move into gear. As things currently stand, the overwhelming majorities of South African society are culturally relatively-deprived and linguistically silenced. Another way of making this point is to say that they are culturally dominated. So that "apartheid may be dead, but long live apartheid".

Obviously, given its rich cultural mix, which should be a source of economic social and cultural strength, South Africa, like all the other former colonial countries of the continent is still yoked with the burden of language and cultural colonialism. Sagacious multiculturalism will permit the celebration of all South Africa's languages and cultures and should allow cross-fertilization and inter-penetration of individuals and groups across cultural and linguistic boundaries. But even then, democracy requires the pre-eminence of the cultures and languages of the majorities. Development in South Africa cannot be sustained in conditions where the majorities are by purpose or omission culturally and linguistically disempowered.

When this has been said, the point also needs to be made that; empowerment through eleven languages is neither economically feasible nor technically justifiable. Of the nine African languages currently officially acknowledged in law, all except two can be grouped under either Nguni or Sotho-Tswana. Venda stands a bit out of this clustering. Tsonga/Shangaan also stands on its own. Zulu, Xhosa, Ndebele, enjoy a degree of mutual intelligibility to allow written forms accessible to them all. Sotho-Tswana, likewise, will include a mutually intelligible cluster of Pedi, Sotho, and Tswana. As Washington Kwetana has passionately and with cynicism made the case; "History has unwisely created isiXhosa, isiZulu, siSwati and isiNdebele into separate languages, which divided the biological grand-grand-children of the Nguni House, and, in later generations, history again mischievously gave the impression that the speakers of these languages are different nations, not even tribes. The same goes for the Sesotho groups, who are biologically linked amongst themselves, first, and to the Nguni, too".

In each instance, varieties of these two clusters are spoken in seven countries in the Southern African region. There is certainly more sense in producing a book for 10 million people instead of 1 million people. For this the development of new orthographic and spelling forms need to be undertaken, with an eye on the economies of scale. It is important and necessary that the relevant departments in the South African state co-operate with neighbouring countries, which have mutually intelligible languages. This can be done in the framework of the Southern Africa Development Conference (SADC). All of this will require firstly, systematic planning and secondly, adequate resources, especially at the initially stages of implementation.

Language and the national question in South Africa

For reasons of the history of centuries-long white dominance of South African society, which is the most thorough and intense of such cases on the African continent, it is often forgotten that South Africa is indeed, an African country like all others on the African continent. At least three-quarters of its population are made up of African language-speaking people whose histories and cultures are coterminous with those of all the neighbouring countries. White dominance and repression has submerged this African character of the society, and through the operation of an economic system which involves all, but in which again Africans are kept at the bottom of the heap. Thus, the cultural and linguistic oppression of Africans in South Africa, which affects Africans more profoundly than any other group in the country, is paralleled by an economic structure of subordination. The national question in South Africa refers to the anomalies arising out of this situation and how these can be corrected as processes for the emancipation of the structurally suppressed majorities of South African society. Another way of making the point is that, how do we ensure that the African character of South Africa is fully and democratically represented in the economic, cultural, linguistic, political and social life of the people? How do we ensure that the culture of the majority, the African languages-speaking three-quarters of the population, is given primacy and centre-stage in the development and future of the country? A judicious policy of Africa-centeredness is necessary.

For those to whom an Africa-centred approach is like a red flag to a bull, the prospect of the above raises the ire and frightens others. But this does not need to be so. The elevation of African languages and cultures in South Africa to equality and the demographic centrality they deserve is only an exercise in democracy. The situation in South Africa is such that African language-speakers are the overwhelming majorities with cultures languages and histories, which have been ruthlessly suppressed under colonialism, and the legacy of this inherited into the neo-colonial or post-colonial era. Here, Africans must as of necessity, if the emancipation process of mass society is to continue, reclaim centre-stage. This is no different from what obtains in all free societies.

All European countries have minorities from the four corners of the world. If we take Britain as an example, there are Turks, Kosovars, Chinese, Indians, Pakistanis, and Africans etc. Indeed, these minorities in any European country are almost as sizeable as non-African minorities in South Africa. But the existence of these minorities does not obliterate the cultural and national character of these countries. They are all European countries in which above all else European culture is celebrated.

In South Africa, the idea of the “rainbow nation” has rightfully been extolled as a desirable end; a South African world in which all it’s distinct cultures and people find accommodative cultural space and acknowledgement. But, sometimes the “rainbow nation” idea has also tended to be interpreted as meaning that South Africa has no pre-eminent national character; that its national character is amorphous and nondescript; that the present situation is the ideal manifestation of “rainbowism”. This argument implicitly denies the fact that in the present situation, the cultures and languages of the majorities are suppressed and silenced in favour of a dominant Eurocentric high culture, which everybody is willy nilly obliged by force of circumstance to emulate. Democratic pluralism is thus usurped in favour of undemocratic pluralism.

I have elsewhere argued that, the technological culture of South Africa is constructed on the cultures of its white minority. Knowledge, its production and reproduction, is negotiated and built in the languages and cultures of this culturally European minority. An Africa-centred approach in South Africa implies that if development is to take place which provides the masses of South African society cultural and linguistic access into the process, this will have to be done in the cultures and languages of the masses, unless we want to suggest that the African languages and cultures of the masses are inherently inferior and can provide no basis for social and cultural advancement.

In education, knowledge production and reproduction is carried out exclusively in either English or Afrikaans. The African languages do not feature in this area. By and large, we can say that the process of transformation in South Africa at the cultural and linguistic levels point to a steady integration of the emergent African elites into the cultures of the white minorities, principally the English. For as long as this trend continues it is difficult to see how the cultures of mass society, the African language-speaking majorities can move into modernity with their linguistic and cultural belongings. The dominant trend is to integrate the majorities into the languages and cultures of the minorities.

Thus while an Africa-centred approach would be misplaced if it was suggested as a developmental paradigm for contemporary Britain, Ireland, Germany, France, or Sweden, where Africans are minorities, in Africa it is only natural that the African cultural and historical belongings of the people should be provided relevant space. When this is resisted, the development of South Africa is restricted.

The balance sheet

As earlier indicated, the growing supremacy of English above all South African languages is not peculiar to South Africa. A similar situation prevails in the whole of post-colonial Africa. Right across the continent the languages of colonial dominance have managed to maintain the hegemony and indeed increased in their power and influence as African elites continue to wholeheartedly embrace the usage of these languages.

In the South African media the dominance of English remains unchallenged. Today, Afrikaans newspapers manage to hold their own. In this latter instance capital and other resources help to maintain the solidity of the Afrikaans presence in the media. In the media, both print and electronic, the subordination of the interests of African language-speakers continues to be very marked. At the national level all daily and weekly newspapers are either Afrikaans or English. The implicit presumption is that only those citizens who are either literate in English or Afrikaans need to know what is going on in the country. The silent majorities who speak African languages are thus kept in the dark. Except in the cases of isiZulu, where in KwaZulu-Natal there are two regional papers published in the language and one isiXhosa paper.

When in South Africa, as is currently the case, one comes frequently across the view, mainly among African language-speakers, that most of the newspapers, including relatively prestigious ones like, *The Argus*, *The Independent*, *The Mail and Guardian* or *Business Day* pandy to the white minority, its interests, and politico-philosophical liberalism, it is often forgotten that the narrowness of the social base of the audiences of these papers is not exclusively defined or dictated solely on account of the views articulated in these papers. Even more importantly, what is at stake here is that, the language of discussion is the language of a small minority. By the very fact of the use of English, the nature and character of the audience is defined. Is this shocking? No, indeed, this is to be expected. The simple truth is that the language defines the audience.

Radio requires a low resource threshold for effective usage in any language. However, even in this area, in South Africa, the approach to the usage of the medium is weak and unsystematic. In television and cinema African languages are hardly featured. In the case of television, over the past few years some scope has been provided for African language broadcasts on the public broadcaster.

The South African parliamentarian, Duma Nkosi who in the past consistently chose to address parliament in South Africa in isiZulu, in an interview, informed me that he is convinced that many politicians are unsuccessful and unable to express their views properly and correctly to the masses they address because they speak in English, a language in which their proficiency is limited. This compounds further the problem that, they invariably address also audiences for whom the use of the English language is totally foreign. Indeed, Nkosi remarked that a few years ago, at the height of the conflict and bloodshed in the Gauteng area of South Africa, in the months preceding the 1994 elections, some of the conflicts between different parties in his view were exacerbated by poor communication in English and misunderstandings arising thereof.

Conclusion

In South Africa as indeed the rest of Africa, language policies need to move from being pious articles of faith enshrined in constitutions and policy documents by inconsequent ruling elites. If Africa and Africans are to make progress in social, economic, political and cultural development they will need to pursue these policies at the level of active practice.

Arguably, the continued social and political inferiority of African languages in South Africa is a component and reflection of the general status of Africans in contemporary South Africa. For how long can these conditions of African language and cultural inferiority continue? One cannot tell. What one can say with certainty however is that; it cannot go on forever. Ultimately, the power, strength and voices of the democratic majorities must and will prevail.

16 The impact of the AIDS epidemic in South Africa

By Hein Marais

History has not been kind to South Africa.³⁰ After centuries of colonialism came one of the most ferocious systems of institutionalized racism the world has known. For almost 50 years, apartheid wreaked havoc in the lives of black South Africans while securing for whites possibly the highest standard of living in the developing world. By the early 1990s, after a long liberation struggle, the country was beginning to extricate itself from its ignominious past. The future seemed to be there for the making—except that the country now found itself in the path of a swiftly-growing AIDS epidemic which, in a few years, would become the worst such epidemic in the world.

As South Africans voted in their first democratic election in April 1994, few were thinking about AIDS, and even fewer had an inkling of what the epidemic held in store for them and their country. A mere four years earlier, it had been estimated that less than 1% of adult South Africans were infected with HIV, the virus that causes AIDS. An enduring sense of exceptionalism encouraged the notion that South Africa, somehow, would evade the serious epidemics underway in other parts of East and Southern Africa. The Communist Party leader Chris Hani was one of the rare public figures to have recognized the threat. In 1990, he had told conference-goers in Maputo that:

Those of us in exile are especially in the unfortunate situation of being in the areas where the incidence of this disease is high. We cannot afford to allow the AIDS epidemic to ruin the realization of our dreams. Existing statistics indicate that we are still at the beginning of the AIDS epidemic in our country. Unattended, however, this will result in untold damage and suffering by the end of the century.³¹

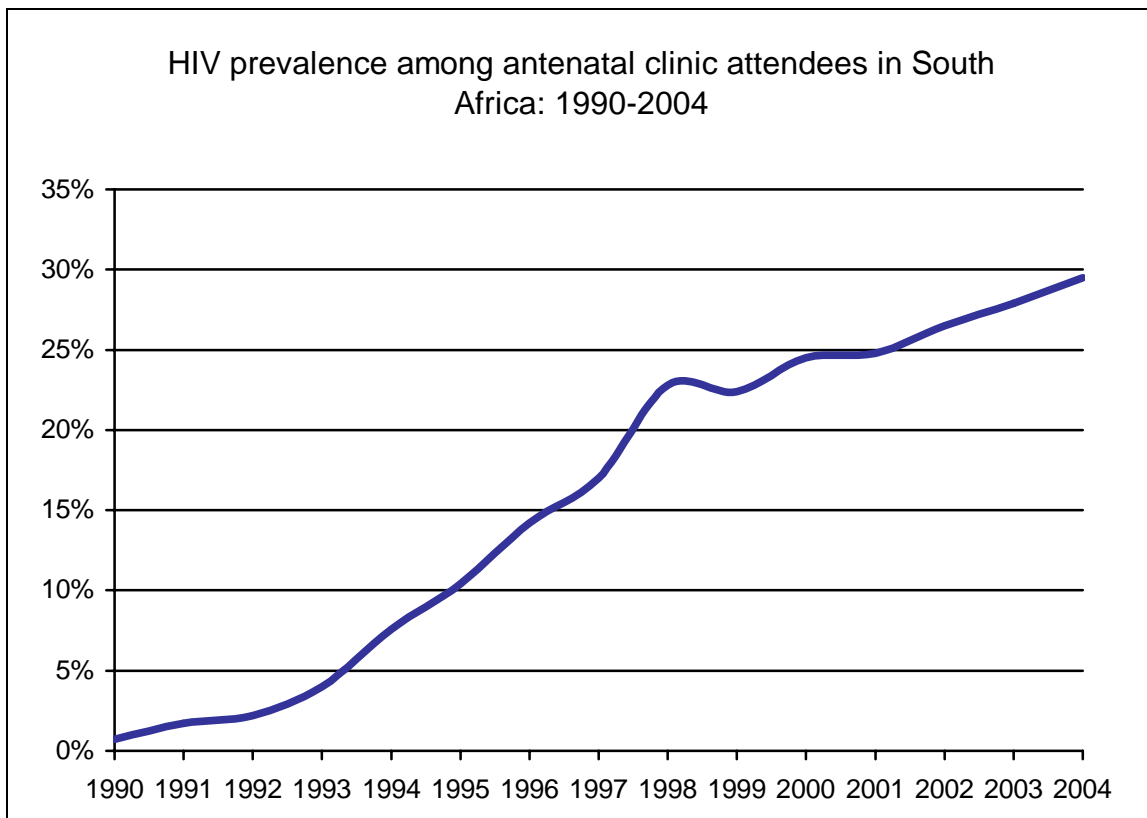
HIV data highlight two prime features of South Africa's epidemic: the astonishing speed with which it evolved (national adult HIV prevalence of less than 1% in 1990 rocketed to almost 25% within 10 years), and its extraordinary intensity. When voters went to the polls for the country's second-ever democratic election in 1999, at least 3 million and possibly as many as 4 million South Africans were living with HIV, the virus that causes AIDS.³² By 2006, that number had surpassed 5 million (ASSA, 2005).³³

³⁰ This article is based on Hein Marais's book *Buckling: The impact of AIDS in South Africa*, published by the Centre for the Study of AIDS at Pretoria University. An electronic version is available at <http://www.sarpn.org.za/documents/d0001789/index.php>

³¹ Chris Hani, speaking at an AIDS conference in Maputo, Mozambique, 1990, cited in Marais H (2000). *To the edge: AIDS Review 2000*. Pretoria, Centre for the Study of AIDS.

³² The Actuarial Society of South Africa's (ASSA) AIDS models are among the most sophisticated of their kind. The 1999 figure is derived from the ASSA 2002 model, which retrospectively estimated that 3.2 million South Africans were living with HIV in that year. Using less nuanced assumptions and data, UNAIDS/WHO (2000) estimated there were 4.2 million South Africans with HIV at the end of 1999.

³³ ASSA (2005). *ASSA 2003 AIDS and demographic model*. Cape Town, ASSA. For a summary, see http://www.assa.org.za/scripts/file_build.asp?id=100000538&pageid=1000000022. The latest estimates of the Actuarial Society of South Africa are that 5.2 million South Africans were living with HIV in 2005, compared with the Joint United Nations Programme on AIDS (UNAIDS) estimate of 5.5 million.



Source: Department of Health of South Africa

There is no firm evidence yet that the epidemic is receding, although its advance does appear to be slowing. According to modeling done by the Actuarial Society of South Africa (ASSA), there were more than 520 000 new HIV infections in 2005 (over 1,400 people became infected each day), compared with over 300 000 AIDS deaths—in other words, the total number of people living with HIV was still rising. The number of South Africans living with HIV is expected to reach 5.8 million by 2010 (ASSA, 2005).

HIV infection levels in South Africa tend to be higher among the poor, who are mainly black Africans, with HIV prevalence highest among people living in urban ‘informal’ areas. In such areas, average adult HIV prevalence was 17.6%, but well over 20% in some areas). HIV prevalence was considerably lower in tribal areas (12%) and on farms (10%). A recent national household HIV survey has shown that women are significantly more likely to be HIV-infected than men: 20% of adult women (15-49 years) were living with HIV in 2005, compared with 12% of men. Among young people (15-24 years), women were four times more likely to be HIV-infected than men. One in four women between the ages of 20 and 39 years is living with HIV (HSRC et al., 2005).³⁴

The epidemic shows marked regional variance. HIV prevalence ranges as high as 15-16% in KwaZulu-Natal and Mpumalanga provinces (in the east of the country) to as low as 5% and 2% in Northern Cape and Western Cape provinces, respectively. In five of South Africa’s nine provinces, at least one in ten adults were HIV-positive in 2005 (HSRC et al., 2005).

³⁴ Human Sciences Research Council (HSRC), Medical Research Council, Centre for AIDS Development, Research and Evaluation (2005). *HIV prevalence, incidence, behaviour and communication survey 2005*. Pretoria, HSRC.

The best-laid plans

It's often forgotten that, as South Africans celebrated the arrival of democracy in 1994, a National AIDS Plan was ready for action. It had been drafted in a remarkable, 18-month process of consultation that bears comparison to that of the Reconstruction and Development Programme (the RDP, which was meant to guide the country's socio-economic recovery). The newly-elected, democratic government endorsed the AIDS plan almost immediately.

But implementing the plan was not easy. Numerous difficulties were encountered as government policies and state structures were overhauled, often in a climate of disorientation and resentment. The Plan became entangled in competing priorities and was gradually submerged by institutional confusion and a hush of AIDS denial or ignorance that extended to the highest levels of government. The private sector was even slower out of the starting blocks; so, too, the trade union movement.

Worse, from 1995 onward, even these lumbering efforts to limit the epidemic's surge were regularly being eclipsed by controversy—some of it spurious, some of it distressing. AIDS was in the headlines, but the attention was focused less on the epidemic than on a series of debacles that ranged from a minor funding scandal surrounding an AIDS theatre production to the government's 1998 decision not to fund AZT treatment for pregnant, HIV-positive women.³⁵ Even as the epidemic gathered momentum, a fog of incredulity seemed to gather inside the ruling African National Congress (ANC). AIDS service organizations toiled to pick up the pieces, but they too were drawn into the controversies, and relations between them and the government soured ominously.³⁶

A nightmare begins

AIDS epidemic arrive furtively, in phases. First, there is a rising number of new HIV infections. In South Africa's case, these probably only peaked in the early 2000s. As more people become infected, the total number of people living with HIV (or 'HIV prevalence') keeps rising—the second phase. Even without antiretroviral treatment, a person infected with HIV can survive for 8-11 years (depending on genetic factors, nutrition levels etc.). So, while a growing number of South Africans were being infected with HIV, that fact remained 'invisible' to the untrained eye until large numbers of people became sick with AIDS-related illnesses. In this third phase, AIDS-related deaths increase dramatically. That process is now well-underway in South Africa and will likely continue until deep into the next decade. The final phase is marked by a rising number of children who have lost parents to AIDS. That toll is unlikely to peak before 2020.

By 2000, South Africa, had entered the nightmarish phase of its AIDS epidemic, as large numbers of people infected in the mid-1990s began succumbing to AIDS-related illnesses. Early in that year, President Thabo Mbeki sparked outrage across the world when he seemed to side with a small grouping of so-called AIDS 'denialists' who reject the prevailing scientific consensus that HIV causes AIDS. Amid claims that life-prolonging antiretroviral (ARV) drugs were even more dangerous than AIDS itself, the government refused to introduce an ARV programme in the public health system, and resisted demands that it implement a countrywide programme to prevent the transmission of HIV from mothers to their newborns.

³⁵ AZT was a drug that reduced the odds of an HIV-positive mother transmitting the virus to her newborn.

³⁶ For a detailed survey and analysis of this period, see Marais H (2000). *To the edge: AIDS Review 2000*. Centre for the Study of AIDS. Pretoria University. Available at <http://www.csa.za.org/filemanager/fileview/8/>

The government also vigorously disputed research findings about the epidemic's death toll. When word came that the Medical Research Council (MRC) estimated that 25% of all deaths (and 40% of deaths among adults) during 1999/2000 had been due to AIDS, the release of the research document was unexpectedly delayed, possibly due to pressure from within government. Eventually leaked to the media, the MRC report concluded that AIDS had become the leading cause of death in South Africa (Dorrington et al., 2001).³⁷ Government spokespeople declared the findings 'alarmist' and 'inaccurate', and the Cabinet commissioned Statistics South Africa (a state agency) to examine mortality trends.

Meanwhile, a pamphlet circulated in top ANC structures in early 2002, had poured more oil on the water by recycling AIDS 'denialist' claims, dismissing findings that AIDS was the biggest killer in the country and declaring the provision of antiretroviral treatment to be in conflict with the need to address 'the real health concerns of the millions of our people' (Anon, 2002).³⁸ The pamphlet sparked worldwide outrage. Possibly as a consequence, the President's Office all but withdrew from the so-called public AIDS debate.

When asked whether he knew anyone with HIV, President Mbeki told the *Washington Post* in September 2003: 'I really honestly don't'.³⁹ A national household HIV survey conducted the previous year by the country's premier social science research institution (the Human Sciences Research Council, HSRC) had found that one in six South Africans was HIV-positive (HSRC, 2002).⁴⁰ Quizzed about the AIDS death toll, President Mbeki said: 'Personally, I don't know anybody who has died of Aids.' A few months later, in February 2004, President Mbeki was still insisting that 'We do not know what [kills] South Africans'.⁴¹

A year later, the long-awaited *Mortality and causes of death in South Africa, 1997-2003* report, commissioned by the government from Statistics SA, put to rest any lingering doubts about the AIDS death toll. Based on information from nearly 2.9 million death notification

³⁷ The leak so incensed government that it reportedly demanded that the MRC institute a forensic enquiry to identify its source. Dorrington R et al. (2001). *The impact of HIV/AIDS on adult mortality in South Africa*. September. Medical Research Council. Available at <http://www.mrc.ac.za/bod/>

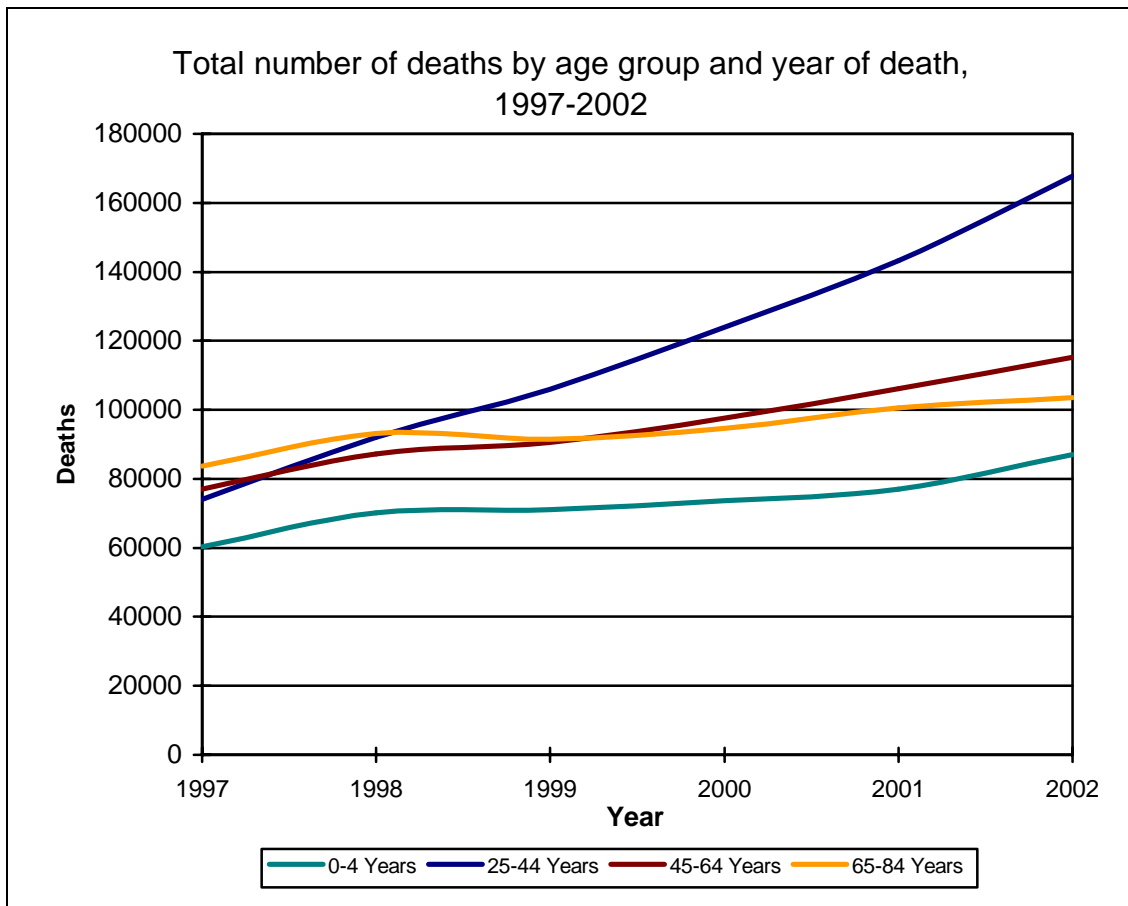
³⁸ Anon (2002). Castro Hlongwane, caravans, cats, geese, foot & mouth and statistics: HIV/AIDS and the struggle for the humanisation of the African. Monograph. March. Available at <http://www.virusmyth.net/aids/data/ancdoc.htm>. For more detailed discussion of the paper and AIDS 'denialism' in and around the ruling African National Congress, see Marais H (2005). Buckling: The impact of AIDS in South Africa. Pretoria, Centre for the Study of AIDS. Available at <http://www.sarpn.org.za/documents/d0001789/index.php>, and Heywood M (2004). The price of denial. *Development Update*, 5(3). December. Johannesburg. Available at <http://www.sarpn.org.za/documents/d0001195/4-The Price of Denial-Mark Heywood.pdf>. For a detailed rebuttal of some of the technical claims made by 'AIDS denialists', see Coons M (2000). HIV, AIDS, and the Distortion of Science. Paper. August (a version is available at http://www.aegis.org/topics/hiv_exist.html), and Gallo R et al. (2006). 'Errors in Celia Farber's March 2006 article in Harper's Magazine', available at www.tac.org.za/Documents/ErrorsInFarberArticle.pdf.

³⁹ The quote appeared in the 24 September, 2003, edition of the *Washington Post*. The Government Communication and Information System (GCIS) later 'clarified' President Mbeki's remarks, saying they were in reply to a question whether 'he knew of anyone in his family or amongst his close associates who had died of AIDS or was infected by HIV'. See Govt clarifies Mbeki's statement on HIV/AIDS, *IRIN*, 30 September 2003; available at <http://www.aegis.com/news/irin/2003/IR030935.html>.

⁴⁰ HSRC (2002). Nelson Mandela HSRC Study of HIV/AIDS: South African national HIV prevalence, behavioural risks and mass media. Household survey 2002. Pretoria, HSRC. Available at <http://www.hsrbpress.ac.za/index.asp?id=2009>.

⁴¹ The interview was screened on SABC2 television on 8 February 2004. The full text is available at <http://www.info.gov.za/speeches/2004/04021809461003.htm>.

certificates, the report presented harrowing data showing a 58% increase in deaths had occurred in just five years, between 1997 and 2002. Among people 15 years of age and older, deaths had increased by 62%. Among people aged 25-44 years, the number of deaths had more than doubled. South Africans, the study showed, were dying in unprecedented numbers, at exceptional rates and at unusually young ages (Statistics SA, 2005).⁴²

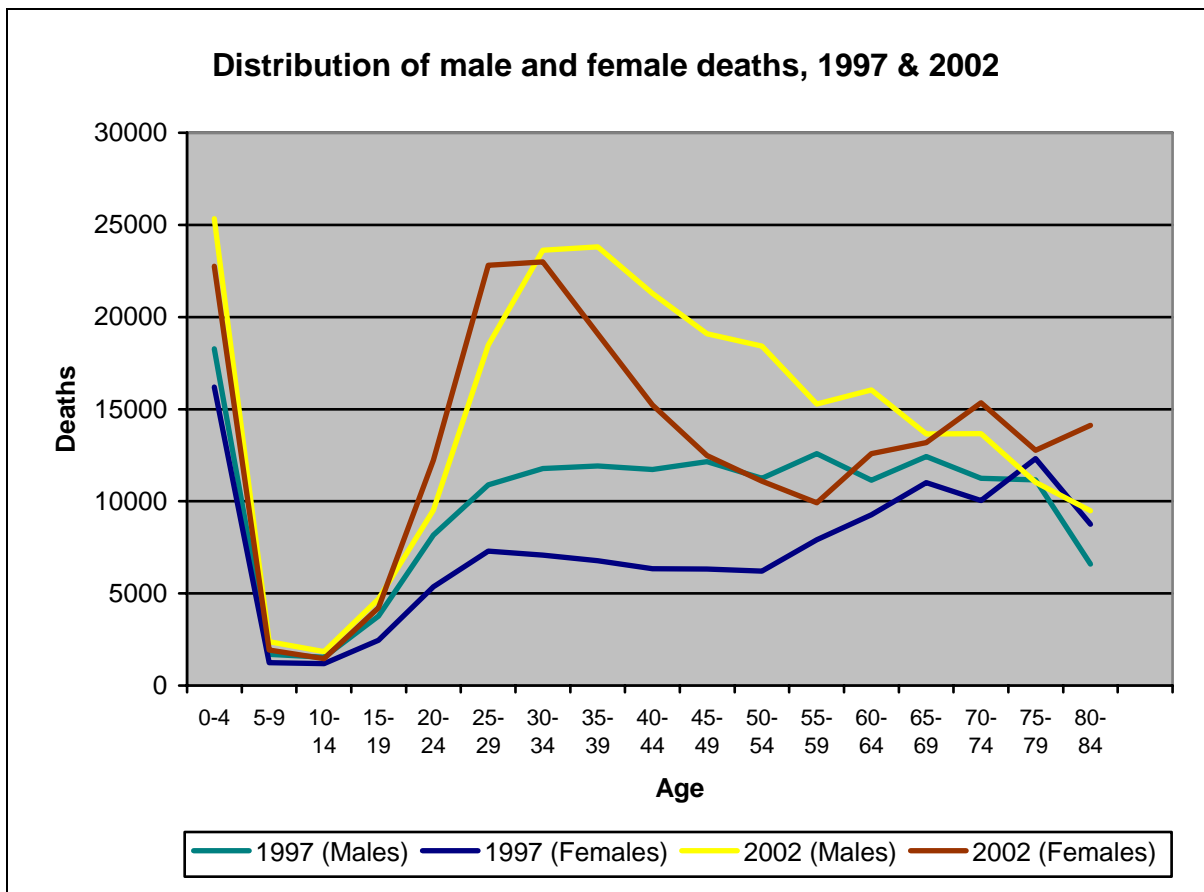


Source: Adapted from Statistics SA (2005).

Could an increase in ‘non-natural’ deaths explain the observed trends? No. ‘Non-natural’ deaths declined in absolute number in 1997-2002, and formed an ever-smaller share of total deaths (down from 17% in 1997 to 11% in 2001) (Statistics SA, 2005). Improvements in the death registration system probably accounted for a small part of the initial trend. But by 1999 most of the improvements in the system had been introduced and death registration was 90% complete—yet the upward trend in annual deaths continued subsequently. Finally, population growth (which has been running at about 12% per annum) also accounted for a part of the trend (Bradshaw et al., 2004).⁴³ However, population growth nor improved data capture and reporting can explain the shifts in the *distribution* of deaths between various age groups being seen in South Africa (see graph below).

⁴² Statistics South Africa (2005). *Mortality and causes of death in South Africa, 1997–2003: Findings from death notification*. Pretoria. Available at: <http://www.statssa.gov.za/publications/P03093/P03093.pdf>

⁴³ Bradshaw D et al. (2004). Unabated rise in number of adult deaths in South Africa. *South African Medical Journal*. April.



Source: Adapted from Statistics SA (2005)

In 1997, a similar number of males—between 10 900 and 12 600—died in each age cohort from 25-29 years all the way to 70-74 years. By 2002, that pattern had disappeared. Deaths were now peaking sharply among males aged 30-44 years, men who should be in the prime of their lives. In 1997, roughly similar numbers of women were dying from 25-29 years up to 55-59 years, with deaths then increasing among older women. By 2002, that pattern had tilted dramatically. Most women were now dying between the ages of 25 and 39 years—three times as many as five years earlier (Stats SA, 2005). South Africans are dying in patterns that matched those predicted by AIDS models. Yet, eighteen months after the release of the Statistics SA report, neither President Mbeki nor his government had offered substantive comment on its findings.

Activism, much of it spearheaded by the Treatment Action Campaign (TAC), did force the government in 2003 to relent and develop a national antiretroviral treatment programme. By end-2005, almost 200 000 people were receiving such life-prolonging drugs, more than half of them via the public health sector (WHO/UNAIDS, 2006). As well, funding for the Health Department’s AIDS programme has increased substantially in recent years. A massively expanded antiretroviral programme could force this trend onto a slightly lower path, but the toll will still be horribly severe. The latest ASSA 2003 model, which factors in the government antiretroviral programme, estimates that the epidemic will claim the lives of more than 350 000 South Africans in 2006, and that the death toll could keep rising at least until 2015.

AIDS as an index of inequality

Average life expectancy in South Africa has now fallen to 51 years (ASSA, 2005). How did it get to this?

Many of the factors that drive South Africa's AIDS epidemic are entangled in the social engineering and economic accumulation strategies that have moulded the society over the past 120 years. Systematic dispossession and dislocation, the fragmentation and polarization of society, and the entrenching of highly unequal social relations helped create a social and ideological terrain that would hugely favour the sexual transmission of a virus like HIV. The AIDS epidemic is intertwined, in other words, with the circuits and terms on which power, opportunity and entitlements are distributed and desires and needs are pursued. In the case of South Africa, these are highly unequal.

Especially evident in South Africa is the powerful role of circular migration (Walker et al., 2004),⁴⁴ an engineered pattern of labour mobility which was design to service capital accumulation strategies that centered largely on mining, before extending to urban manufacturing and service economies. Circular migration split (mainly male) workers from their families and communities for long periods of time. As one researcher has noted (Lurie, 2000):⁴⁵

If one were to design a social experiment in an attempt to create the conditions conducive to the spread of HIV and other sexually transmitted diseases, you would remove several hundred thousand rural men from their families, house them in single-sex hostels, provide them with cheap alcohol and easy access to commercial sex workers and allow them to return home periodically. These conditions roughly describe the situation for more than eight hundred thousand gold miners and countless other migrant labourers working throughout South Africa today.

Even during the apartheid era these patterns were transnational (with the South African economy, for example, using migrant labour from Lesotho, Malawi, Mozambique, Swaziland and Zimbabwe). The arrival of HIV in southern Africa coincided with dramatic changes that affected population mobility and systems of migrant labour. The gradual demise of apartheid since the mid-1980s saw migration increase, both within and across South Africa's borders. By the mid-1990s, some 60% of adult men and one third of adult women deemed resident in KwaZulu-Natal were migrating elsewhere, according to one survey (Walker et al., 2004). Throughout the southern Africa, women in particular became more mobile, their migratory quests for work often stemming from increasingly insecure livelihoods in rural areas (Crush, 2001).

But this is not simply a matter of history and its echoes. Since 1994, South Africa has recorded many impressive achievements. But its unequal social structure continues to be reproduced along an economic growth path that conforms, in the main, to neoliberal strictures. According to the UNDP, income distribution remains highly unequal and has deteriorated in recent years—as reflected in South Africa's Gini co-efficient, which rose from

⁴⁴ Walker L, Reid G & Cornell M (2004). *Waiting to happen: HIV/AIDS in South Africa*. Double Storey. Cape Town.

⁴⁵ See Lurie M (2000). Migration and AIDS in southern Africa: A review. *South African Journal of Science*, 96. In the late 1940s, the social epidemiologist Sidney Kark's analysis of the syphilis epidemic in South Africa arrived a very similar conclusion when he concluded that the epidemic could neither be understood nor effectively controlled without taking note of the development pattern of the country. See Kark SL (1949). The social pathology of syphilis in Africans. *South African Medical Journal*, 23:77-84. Reprinted in *International Journal of Epidemiology* (2003), 32(2):181-186.

0.596 in 1995 to 0.635 in 2001 (UNDP, 2003).⁴⁶ Poverty and inequality, the UNDP has reminded, continue to express strong spatial and racial patterns.

Very high unemployment, a shift from permanent to casual employment, and stagnant real wages in many sectors have characterized the lives of millions of workers over the past 10-15 years. The shedding and informalization of labour has hit black African women especially hard, many of whom have only sporadic access to poorly paid and insecure jobs but who bear much of the responsibility for social reproduction.. The official (narrow) unemployment rate was 31.6% among black Africans in 2005 (compared with 5.1% among whites) and 37.6% of African women were jobless, according to the *Labour Force Survey*.⁴⁷ Indeed, the overlap of gender and socio-economic inequalities is especially harsh in South Africa (though it is hardly unique to it—some 70% of the world's poorest people, those living on less than US\$ 1 a day, are women).

HIV prevalence is highest among South Africans living on the margins

Even if HIV infections were evenly distributed among all income quintiles, at least half the South Africans living with HIV would be poor. A growing body of evidence, though, indicates that HIV prevalence is highest among poor South Africans, particularly black Africans and especially among black African women.

A growing body of research shows HIV prevalence is higher among people with lower skills and incomes. Among health workers in private and public health facilities in four provinces, for example, HIV prevalence was just under 14% among professionals but exceeded 20% among non-professional staff (Shisana et al., 2003).⁴⁸ A national study among educators found HIV prevalence was highest among those with low socio-economic status: among those earning R132 000 (US\$ 19,000) or more a year, HIV prevalence was 5.4%, while among those earning less than R60 000 (US\$ 8,000) a year, prevalence was 17.5% (Shisana et al., 2005). An HIV prevalence study among employees of the Buffalo City Municipality in 2004 found higher prevalence among temporary than permanent staff, with infection levels highest in the lowest skills levels (Thomas et al., 2005).⁴⁹ Among South African workers participating in a three-country seroprevalence survey of 34 major companies in 2000-2001, HIV prevalence was 15% for unskilled workers, 18% for their semi-skilled counterparts and 20% for contract employees—but much lower, at 7%, for skilled workers and, at 4%, for management staff (Evian et al., 2004).

⁴⁶ UNDP (2003). South Africa: Human Development Report 2003. The Challenge of Sustainable Development in South Africa: Unlocking People's Creativity. Pretoria, UNDP. Summary available at www.undp.org.za/NHDR2003/NHDRSumFull.pdf

⁴⁷ The *official* (narrow) definition unemployment refers only to those economically active persons who sought employment in the four weeks prior to the survey. The *expanded* definition includes economically active persons who are deemed to have been discouraged from seeking work. When workers who have given up on looking for jobs are tallied, the unemployment rate exceeds 40%. See Statistics South Africa (2005a). *Labour force survey*. March. Pretoria. For most of the employed, not having a job is not a temporary circumstance: almost three quarters of the unemployed had never had a job, according to the 1999 *October Household Survey*. See Statistics SA (2000). *October Household Survey 1999*. Statistics SA. Pretoria, cited in Aliber (2003). Chronic poverty in South Africa: Incidence, causes and policies. *World Development*, 31(3).

⁴⁸ Shisana O et al. (2003). The impact of HIV/AIDS on the health sector: National survey of health personnel, ambulatory and hospitalised patients and health facilities 2002. HSRC, MEDUNSA & MRC. HSRC Press. Cape Town. Available at <http://www.hsrcpress.ac.za/index.asp?areaid=4>.

⁴⁹ Thomas EP et al. (2005). HIV prevalence study and costing analysis undertaken for the development of an HIV/AIDS workplace strategy for Buffalo City Municipality. Medical Research Council & South African Cities Network. Available at <http://www.sacities.net>.

A recent analysis of the epidemiology of HIV in 22 public and private sector organizations in all 9 provinces of South Africa, found that HIV prevalence among labourers on average was more than twice as high as among managers (12.4% compared with 5.3%)(Colvin, Connolly, Madurai, 2006).⁵⁰ Such findings fit with those of successive national household HIV surveys which found HIV infection levels were highest among residents of informal urban settlements, who generally are un- or under-employed (HSRC et al., 2002 & 2005). In the most recent survey, prevalence among residents of urban informal areas was almost twice as high, compared with their counterparts in formal urban areas—17.6% compared with 9.1% (HSRC et al., 2005).

Women, who on average are poorer than men in South Africa, are also more likely to be HIV-infected than men. The same national survey found HIV prevalence among adult women (15-49 years) was 20%, compared with 12% in men, in 2005 (HSRC et al., 2005). Among young people (15-24 years), women were four times more likely to be HIV-infected than men. One in four women between the ages of 20 and 39 years is living with HIV (HSRC et al., 2005).

Two, powerful dynamics therefore interlace: on one hand, the deeply-embedded social and economic inequalities that define South African society and, on the other hand, an AIDS epidemic that is disproportionately severe among the more vulnerable and historically disadvantaged sections of society. Typically, it is the poor—those sections of society who are forced to build their lives in the path of peril—that are worst-affected with disaster strikes. The AIDS epidemic fits this trend.

Worse, the epidemic's impoverishing repercussions tend also to be most severe for people who were poor to start with. Because AIDS mainly strikes adults in their productive years, it affects household labour supply. Illness decreases and, eventually, death removes the labour a person is able to contribute to the household. In the final stages of illness, care duties can become so time-consuming that other household members have to neglect or abandon their work. The overall effect is to (further) impoverish the household.

Baseline realities

Although South Africa is classified as a middle-income country, the harshly skewed allocation of income and resources means that just under half the South African population--48.5% or almost 22 million people—live below the national poverty line (of R420 or US\$ 60 per month), according to the UNDP (Frye, 2006; UNDP, 2003).⁵¹ Other estimates put that percentage as high as 55%. As many as one quarter of households are trapped in chronic poverty (Aliber, 2003). In a recent countrywide Afrobarometer survey, four in ten respondents said they had gone without food or were unable to buy medicine they needed, three in ten couldn't afford to pay for water, and six in ten went without an income at some stage in the previous year (Afrobarometer, 2005).⁵²

⁵⁰ Colvin M, Connolly C, Madurai L (2006). 'The epidemiology of HIV in South African workplaces'. (Submitted for publication). Interestingly, when this data set was combined with those of HSRC household HIV surveys and the HSRC educators study, HIV prevalence was slightly higher for unemployed men than for employed men (14.3% compared with 11.1%) but considerably higher for unemployed women than for employed women (17.1% compared with 11.1%). See Colvin M & Connolly C (2006). The epidemiology of HIV in South African workplaces. Presentation to UCLA Business & AIDS in South Africa seminar. June 21-23. Zimbali, South Africa.

⁵¹ Frye I (2006). The 'second economy': Short hand, underhand or sleight of hand? Paper. Johannesburg. Available at www.sarpn.org.za/documents/d0001973/Frye_second-economy.pdf

⁵² Afrobarometer (2005). Lived poverty in South Africa. *Afrobarometer Briefing*. 10 March. Available at <http://www.afrobarometer.org/SA%20Briefing-Poverty.pdf>.

Against a backdrop of modest but consistent economic growth, infrastructure development and service delivery has improved markedly on several fronts since 1994.⁵³ Generally, though, these efforts have not matched mushrooming needs, and with provision increasingly occurring under aegis of the market, affordability is a central issue. Meanwhile, high unemployment and an ongoing shift toward poorly paid and insecure casual labour continues to squeeze the incomes of the poor (UNDP, 2003).

Access to paid employment is among the most important factors affecting the poverty status of households; joblessness accounts to a large degree for the extent of impoverishment in South Africa. The official (narrow) unemployment rate exceeded 26% in 2005, though when workers who have given up on looking for jobs are counted, the unemployment rate reaches over 40%, equivalent to 8.1 million people (Statistics SA, 2005a).⁵⁴ For most of the employed, not having a job is not a temporary circumstance: almost three quarters of the unemployed had never had a job, and among those who had been employed previously, 41% had been jobless for three or more years, according to the 1999 *October Household Survey*.⁵⁵

In rural areas, where about 70% of poor households live (Aliber, 2003), land-based livelihood strategies generally do not provide viable escape routes from poverty. Wage incomes are vitally important, but are exceedingly scarce and poorly paid (De Swardt, 2003; Sender, 2000). Poverty is not confined to rural South Africa. Growing numbers of urban residents, most of them jobless, live in informal settlements on the perimeters of South Africa's cities.⁵⁶ Local work opportunities are scarce, transport costs are high, infrastructure poor, access to basic services uneven and services are generally unaffordable. As noted, it's here, on the margins of urban South Africa, that HIV infection levels are highest (HSRC et al., 2005).⁵⁷

Safety nets

When disaster strikes, safety nets tend to be threadbare for low-income households. Savings levels are very low, often non-existent, while debt-levels are high and access to medical aid and other forms of insurance comparatively rare. More than 90% of poor households are paying off debt each month, according to one recent study, and one quarter of them are regarded to be 'highly indebted' (Saldrú, 2005).⁵⁸ Whether affected by AIDS or not, households in a Free State study were spending most of the money they borrowed on food—a reminder of how close to the edge many households live. As for savings, from 3/4 to 9/10 of households in some studies have said they had no savings whatsoever (De Swardt, 2003).

⁵³ For a detailed review of service delivery see Hemson D & Owusu-Ampomah (2004). 'A better life for all? Service delivery and poverty alleviation' in Daniel, Southall & Lutchman (eds.). *State of the nation: South Africa 2004-2005*. HSRC Press. Cape Town, pp 511-537.

⁵⁴ Statistics South Africa (2005a). *Labour force survey*. March. Pretoria.

⁵⁵ Statistics SA (2000). *October Household Survey 1999*. Statistics SA. Pretoria.

⁵⁶ Average annual household income in South Africa's largest cities rose by almost 50% between 1996 and 2001—but the proportion of households earning less than R10 000 annually also grew significantly (SA Cities Network, 2004). In other words, income disparities have widened.

⁵⁷ Burdens of illness in South Africa's largest cities are shockingly high. Tuberculosis incidence rates, for example, range from 251 per 100 000 population to as high as 1 470 per 100 000 (SA Cities Network, 2004)—much higher than the 2002 notification rate of 93 per 100 000 in the Russian Federation, a country commonly associated with exceptionally high TB rates; see EuroTB (2005). Russian Federation country profile. Fact Sheet, available at http://www.eurotb.org/country_profiles/russia.pdf.

⁵⁸ Saldrú (2005). *The financial diaries: Investigating the financial lives of the poor (Findings in brief)*. Centre for Social Science Research, University of Cape Town. Available at <http://www.financialdiaries.com/files/Findings%20in%20brief.pdf>. 'Highly indebted' means that debt payments on average absorb at least 20% of total monthly income.

Only 15% of South Africans have any form of medical aid, according to Statistics SA (2005b).⁵⁹ Among low-income earners (individuals in households earning less than R6,000 or US\$ 850 a month) only 7% have some form of medical scheme coverage (Broomberg, 2006).⁶⁰ The racial disparities are shocking: three out of four whites belong to medical schemes, compared with one out of fourteen black Africans (Statistics SA, 2005b). (Steps are underway to create a new class of medical scheme aimed at persons with an income of R2,000-R6,000 or US\$ 280-850.) Community-based burial insurance and ‘stokvels’ are widespread: as many as 4 in 5 households in parts of the country belong to such schemes. But they provide meagre protection. When serious illness or death occurs, beneficiaries typically have to turn to relatives, or take on further debt to cover costs (De Swardt et al., 2003).

How do poor households commonly respond once the costs of AIDS accumulate? Income levels appear to drop significantly after an AIDS death—due mainly, it seems, to high funeral expenses (Booyesen & Bachmann, 2002).⁶¹ AIDS care-related expenses on average absorb one third of monthly household income (Steinberg et al., 2002).⁶² With scant access to institutionalized forms of (subsidized) social welfare, poor households bear most of the additional burden themselves, and by relying on networks of reciprocity. Studies indicate that poor, affected households do their best to protect food provision by cutting other expenditures (especially clothing, education and durables). Frequently, though, the tactic fails. Thus, a longitudinal study in urban and rural parts of Free State province has found that AIDS-affected households’ spent 20-30% less on food than did unaffected households (Booyesen and Bachmann, 2002).

Three features, therefore, stand out. First, the severity of the epidemic in South Africa. Second, its inordinate intensity among the poorer sections of a society which, third, is already marked by deep social and economic inequalities.

Home- and community-based care

Much of the burden of the epidemic funnels toward the poorer sections of society. In an epidemic as severe as South Africa’s, with several hundred thousand people becoming seriously ill and dying of AIDS each year, the sheer volume of care needs would swamp the formal health system. Some form of home- and community-based care is vital.

A general shift toward home- and community-based care has been an important element of the post-1994 overhaul of the health system. In theory, such an approach marshalls the respective strengths of households, the communities they constitute and the organizations they spawn, and the state—and creates ‘continuum of care’ that would boost the quality, scale and sustainability of care.

Supported in various ways by the public sector and NGOs, care-givers at the home and community levels would, to the extent possible, tend to the daily needs of patients, provide

⁵⁹ Statistics South Africa (2005b). *General Household Survey, July 2004*. Pretoria. Available at <http://www.statssa.gov.za/publications/P0318/P0318July2004.pdf>.

⁶⁰ Broomberg J (2006). Consultative Investigation into Low Income Medical Schemes (LIMS). Draft final report (2006). Johannesburg. Available at www.medicalschemes.com/.../LIMS%20Final%20Report%20Draft%2028-2-06.doc

⁶¹ Booyesen F & Bachmann MO (2002). HIV/AIDS, poverty and growth: Evidence from a household impact study conducted in the Free State province, South Africa. Paper presented at the Annual Conference of the Centre for the Study of African Economies. 18-19 March. St Catherine’s College. Oxford.

⁶² Steinberg M, Johnson S, Schierhout S & Ndegwa D (2002). *Hitting home: how households cope with the impact of the HIV/AIDS epidemic*. Henry J Kaiser Foundation & Health Systems Trust. October. Cape Town.

emotional support and help patients draw on 'formal' health-care and other services (for example, accessing grants, etc.). This would occur against a backdrop of 'integrated services' that addressed the basic needs of people infected with or affected by AIDS to food, shelter, education, health care and more.

The current reality is less alluring. Patients and their caregivers are having to subsidise many aspects of care provision themselves while, in turn, paying the costs of not receiving the levels of care and support they require. Essential needs—such as food and money for basic necessities—often go unmet (Mills, 2004; Campbell et al., 2005).⁶³ As a result, many home-based care projects are having to incorporate food relief into their work, sometimes at the expense of other tasks if staff and resources are limited.

Assessments of self-initiated care projects report that care-givers often lack the basic resources they need to safely and efficiently perform their tasks. Home-based care kits are essential, and increasingly are being made available by government departments or funded by donors. But needed also is better training and equipment for performing care tasks, as well as psychological support and counselling. Often caregivers themselves lack knowledge about AIDS, or are unaware that the person being cared for is HIV positive (Campbell et al., 2005). In such cases, basic precautions are neglected, and the care-giver risks becoming infected herself. When surveyed, care-givers routinely cite as major problems the mental and emotional strain their work entails. They are thrust into the roles of mediators, counselors, saviours. Yet they may not even be able to provide something as basic as a painkiller. Most rely on support from friends, colleagues and/or family but, when quizzed, they typically admit to feeling overwhelmed and alone (Giese et al., 2003; Ogden et al., 2004).⁶⁴

The paucity and inconsistency and poorly coordinated nature of institutional support is one of the single biggest weakness in home- and community-based care currently. In such an erratic context, the 'continuum of care' relies heavily on the services of non-governmental organizations (NGOs) and community-based organizations (CBOs), and on the toil and resources of individuals. Most of the 'formalized' care projects in South Africa rely on neighbourhood volunteers who perform basic nursing and other care-giving tasks in patients' homes. These tend to emerge haphazardly, separately struggling along similar learning curves. By no means do they constitute a cogent response yet. Rather, the overall tenor is one of crisis management (Akintola, 2004; Akintola & Quinlan, 2003).⁶⁵

While the well-being of the poor becomes ever more precarious, therefore, additional burdens are being shifted onto them. Warping the process further is stigma, which some caregivers say

⁶³ Mills EA (2004). *HIV/AIDS and the 'continuum of care': An ethnographic study of home-based care in KTC, Cape Town*. Honours thesis. Department of Social Anthropology, University of Cape Town; Campbell C, Nair Y, Maimane S & HIVAN (2005). Home-based carers: A vital resource for effective ARV roll-out in rural communities? *AIDS Bulletin*, 14(1). March. Medical Research Council. Cape Town. Available at: <http://www.mrc.ac.za/aids/march2005/homebased.htm>

⁶⁴ Giese S, Meintjies J, Croke R & Chamberlain R (2003). *Health and social services to address the needs of orphans and other vulnerable children in the context of HIV/AIDS*. Report submitted to the National HIV/AIDS Directorate, Department of Health. January. Cape Town; Ogden J, Esim S & Grown C (2004). Expanding the care continuum for HIV/AIDS: Bringing carers into focus. *Horizons Report*. June. Population Council and International Center for Research on Women. Washington, DC. Available at <http://www.popcouncil.org/pdfs/horizons/xpndngcrgcintnm.pdf>.

⁶⁵ Akintola O (2004). *The gendered burden of home-based care-giving*. Policy Brief. August. Health Economics and HIV/AIDS Research Division, University of KwaZulu-Natal; Akintola O & Quinlan T (2003). Report of the scientific meeting on empirical evidence for the demographic and socioeconomic impact of HIV/AIDS. 26-28 March. Durban.

can be as debilitating and draining as the care-giving process itself.⁶⁶ Much of the AIDS burden is being displaced into the ‘invisible’ zones of the home—and onto the shoulders of women, most of them poor, many desperately so. As currently practiced, home- and community-based care codifies and intensifies the exploitation of women’s labour, financial and emotional reserves—a form of value extraction that subsidises the economy at every level from the household outward, yet remains invisible in political and economic discourse.

Thus, much of the costs of home- and community-based care are hidden, deflected back into the domestic zones of the poor. In doing so, it adheres to the same polarising logic that defines South African society at large. Not only is this unjust, it undermines the sustainability of care provision in the face of this drawn-out crisis of AIDS.⁶⁷

Against a backdrop of rampant impoverishment, the skewed distribution of care duties, and a burgeoning need for care, it is vital that the state enlists the assets of other sectors of society and provides stronger and more reliable support to community-level responses (Giese et al., 2003).

The institutional impact of AIDS

At the institutional level, AIDS will leave its mark as higher morbidity and mortality rates translate into increased absenteeism and personnel losses. Especially vulnerable are those sectors of the state and civil society most closely involved in the reproduction of ‘human’ and ‘social capital’.

Education system

Nationally, HIV prevalence among teaching staff was measured at almost 13% in 2004, though it varied by age, income level, race and area. Among educators in KwaZulu-Natal and among those aged 25-34 years nationally, one in five was HIV positive (Shisana et al., 2005).⁶⁸ In-service deaths among educators increased by 30% between 1997/98 and 2003/04; in KwaZulu-Natal there was an 80% increase in the same period. Along with contract termination and resignations, mortality now ranks among the top causes of staff losses—which is saying something in a sector where, according to the HSRC study, more than half the educators polled said they wanted to leave the profession (Shisana et al., 2005).⁶⁹

It has been estimated that about 30,000 educators would need to be trained annually to maintain current staffing levels and ensure swift replacement. But the profession is not attracting newcomers in sufficient numbers, partly due to concerns about employment insecurity. Meanwhile training college cut-backs and other restructuring have hamstrung

⁶⁶ As reported in assessments of care-giving projects in Khayelitsha, Gugulethu and Delft (Cape Town), 2004; personal communication; see also Akintola (2004).

⁶⁷ Home- and community-based care programmes in Uganda acquired a character different from those being seen in South Africa. There, attempts were made to professionalize care provision, and greater effort went into trying to co-ordinate and network the various types and levels of care-giving activities. Volunteers played a pivotal role in identifying and supporting ill persons and providing them with basic care, but they in turn were supported by mobile teams of professionals. As a result, according to Akintola (2004), the programmes in Uganda were ‘community-oriented’, whereas those in South Africa tend to be ‘community-based’.

⁶⁸ Shisana O et al. (2005). *The health of our educators: A focus on HIV/AIDS in South African public schools*. HSRC Press. Cape Town.

Educators with low socio-economic status had much higher HIV prevalence than did their better-off counterparts: among those earning R132 000 or more a year, HIV prevalence was 5.4%, but among those earning less than R60 000 a year, prevalence was 17.5% (Shisana et al., 2005:118).

⁶⁹ See HSRC (2005). ‘Study of the demand and supply of educators in South African public schools.’ Fact Sheet No. 10. HSRC. Pretoria.

training capacity. Management and administrative skills are especially in short supply (Vass, 2003).⁷⁰

In such a context, AIDS is likely to aggravate dysfunction in the public education system. The effects could spill wide. If basic school education suffers, the springboard for higher education and skills training weakens—to unhappy effect in an economy that has been geared to rely more heavily on a strong top-end skills base. Channels for quality educational advancement will of course be available—but to those who can afford them.

What might this mean for inter-generational social mobility? Already, even secondary (high-school) education offers little protection against unemployment. In fact, at over 30%, unemployment levels are highest among workers with secondary education (UNDP, 2003).⁷¹ If the quality of public school education deteriorates further, against a backdrop of continuing marginalization of the poorest households—and of overall polarization—social mobility will be hobbled, trapping more in the mire of chronic poverty. Whether South Africa can avert such consequences will help decide what kind of society future generations will inherit.

Health system

One of the mainstays of South Africa's effort to reduce the impact of the AIDS epidemic is antiretroviral (ARV) therapy provision. Of the roughly 1 million South Africans needing ARV drugs, just over 200 000 of them were receiving the drugs by mid-2006. Just under half of them were accessing the treatment via the private health sector (WHO/UNAIDS, 2006)⁷², which is accessible to a small minority of South Africans (Ijumba & Barron, 2005).⁷³

The bulk of ARV provision will have to occur through the public health sector, which itself is being undermined by AIDS. By the turn of the century already, according to research by the Human Sciences Research Council, AIDS was responsible for about 13% of deaths among health workers. At the same time, the need for well-trained health personnel has never been greater. Completing the rollout of the government's ARV programme will require an additional 3 200 doctors, 2 400 nurses, 765 social workers and 112 pharmacists in the public health system by 2009 (Ijumba, Day, Ntuli, 2004).⁷⁴ Need far outstrips supply.

This is overlaid with broader inequities. A large share of South Africa's gross domestic product—approximately 9%—goes to health care. However, the spending occurs in a two-tier system. About 60% of the funds pay for the health care of the 15% of South Africans with private medical insurance, and who use the for-profit private health system. Annual per capita expenditure on health care in the private sector is almost six times larger than that in the public sector (Benatar, 2003).⁷⁵ As a general rule, income determines who gets what sort of health care. An additional layer on inequity involves the loss of South African healthcare workers to industrialized countries which can pay higher salaries and, often, provide better working conditions. More than 23,000 South African medical professionals were working in

⁷⁰ Vass J (2003). The impact of HIV/AIDS. In HSRC. *Human Resources Development Review 2003*. Pretoria.

⁷¹ The UNDP report draws on Labour Force Survey data, which indicate that tertiary education is prerequisite (though no guarantee in itself) for employment security.

⁷² WHO/UNAIDS (2006). Progress on global access to HIV antiretroviral therapy: A report on '3 by 5' and beyond. March. Geneva, WHO & UNAIDS.

⁷³ Ijumba P & Barron P (eds.) (2005). *South African health review 2005*. Health Systems Trust. Durban. Available at <http://www.hst.org.za/generic/29>.

⁷⁴ Ijumba P, Day C, Ntuli A (2004). *South African health review 2003/2004*. Health Systems Trust. Durban. Available at <http://www.hst.org.za/publications/423>.

⁷⁵ Benatar SR (2004). Health care reform and the crisis of HIV and AIDS in South Africa. *The New England Journal of Medicine*, 351(1):81-92.

Australia, Canada, New Zealand, United Kingdom and USA in 2003, according to a Organization for Economic Co-operation and Development study.⁷⁶

Overall, AIDS will corrode institutions' capacities to provide predictable, consistent and acceptable standards of service. Already saddled with hulking workloads and compromised capacity, the police, correctional and judicial services seem especially vulnerable. So, too, the many community-based organisations that play vital welfarist roles at local level—many of which rely on a few key individuals.

This does not mean that some form of 'collapse' necessarily follows. One of the weaknesses of current prognoses is their neglect of the ways in which the epidemic's impact is tempered or aggravated by unequal access to income, resources and services. A substantial proportion of public servants is, by virtue of their skills and status, likely to have quality medical insurance coverage, to receive regular medical check-ups and to be able to afford antiretroviral therapy. They will not escape the epidemic, but its effects are likely to be less punishing in their ranks than among their lower-skilled and less-secure colleagues.

Deflecting the economic impact

The fashionable tendency to try and discern the epidemic's effects on national economic output obscures the highly uneven and deeply polarizing economic impact of AIDS.

The direct costs of AIDS to organizations and businesses tend to arrive in the form of higher health-care costs and more expensive workers' benefits, while the indirect costs take the form of reduced productivity, loss of skills, experience and institutional memory, as well as (re)training and recruitment time and expenses. Indirect costs are significantly higher for skilled workers, compared with their less-skilled counterparts, as are employee benefit costs (Whiteside & O'Grady, 2003).⁷⁷ In a serious AIDS epidemic, those costs can add up to a kind of hidden employment or payroll tax (De Waal, 2003).⁷⁸

That South Africa's epidemic will affect the economy at large seems beyond dispute—but it's less clear what the extent of that damage might be (Barnett & Whiteside, 2000).⁷⁹ Some estimates seem to trivialise the effect of AIDS by suggesting a negligible effect on national economic output, others anticipate severe damage. ING Barings (2000), for example, estimated that South Africa's gross domestic product (GDP) would be just 2.8% smaller in 2015 than it would have been in the absence of an AIDS epidemic. Projections by the Bureau for Economic Research (2006)⁸⁰ forecast that GDP would be 8.8% smaller in 2020 due to AIDS epidemic, while Arndt and Lewis (2000)⁸¹ concluded that GDP would be 17% lower in 2010. The disagreements stem from the fact that the estimates rest on different assessments of

⁷⁶ See Tamar Kahn. 'SA steps up bid to retain health staff'. *Business Day*, 7 June 2006. Johannesburg. The South African government reportedly has reached an agreement with the United Kingdom barring the recruitment of doctors and nurses in SA.

⁷⁷ Whiteside A & O'Grady M (2003). AIDS and private sector: Lessons from southern Africa. In Sisask A (ed.) *One step further: Responses to HIV/AIDS*. Sida, UNRISD. Stockholm.

⁷⁸ De Waal A (2003). Why the HIV/AIDS pandemic is a structural threat to Africa's governance and economic development. *Fletcher Forum of World Affairs*. 27(2):6-24. The outlines of such a 'tax' have emerged in a few studies, among them Rosen and Simon (2003), which focused on six Botswana and South African companies where HIV prevalence among workers ranged from 8% to 25%. Applying a conservative set of assumptions, the authors concluded that an 'AIDS tax' of 1-6% of labour costs per year was being incurred. See Rosen S & Simon JL (2003). Shifting the burden: The private sector's response to the AIDS epidemic in Africa. *Bulletin of the World Health Organization*, 81(2):133-137.

⁷⁹ Barnett T & Whiteside A (2000). *Guidelines for studies of the social and economic impact of HIV/AIDS*. UNAIDS Best Practice Collection. UNAIDS. Geneva.

⁸⁰ See 'AIDS: SA not facing doomsday scenario'. *Mail & Guardian*, 13 July 2006. Available at http://www.mg.co.za/articlePage.aspx?articleid=277346&area=/breaking_news/breaking_news_business/

⁸¹ Arndt C & Lewis J (2000). The macro implications of HIV/AIDS in South Africa: A preliminary assessment. *South African Journal of Economics*, 68(5): 856-87.

the epidemic's demographic impact, about the channels along which AIDS affects the economy, and about the nature of those effects themselves (Natrass, 2002).⁸²

In a serious epidemic, companies generally have four, basic strategic options (Rosen and Simon, 2003): they can invest in HIV prevention programmes, they can provide treatment, care and support to AIDS-affected workers and their families, they can invest more in sustaining and extending their human capital base, and they can change the terms on which they employ labour.

A handful of major companies have introduced high-profile ARV treatment programmes for some of their employees, and several more also emphasize HIV prevention. Most companies, especially medium-sized ones, seem to be taking AIDS in their stride.⁸³ They have considerable leeway for deflecting the effects of the epidemic—and they're using it (Rosen et al., 2006).

Companies continue to shift the terms on which they use labour, a trend that predates AIDS but is having a huge effect on working South Africans' abilities to cushion themselves against the repercussions of the epidemic. Companies have been intensifying the adoption of labour-saving work methods and technologies (spurred by a host of incentives)⁸⁴, the outsourcing and casualization of jobs, and cutting worker benefits—a trend that predates AIDS but appears, to some extent, to be spurred on by the epidemic (Rosen et al., 2006; Rosen & Simon, 2003). When surveyed in 2004, almost one quarter of mining companies and almost one fifth of manufacturing companies reported that they were investing in machinery and equipment in order to reduce their labour dependency because of AIDS (Bureau for Economic Research, 2004).⁸⁵ The effects have been particularly harsh on workers in the middle and lower skills tiers.

Medical benefits are now often capped at levels far too low to cover the costs of serious ill health or injury, while companies have been slashing employer contributions and requiring that workers pay a larger share of the premiums for the same benefits. By the turn of the century already, on average more than one third of workers with access to medical schemes had withdrawn from them because they couldn't afford to pay their contributions.⁸⁶ According to one of South Africa's largest insurance companies, 'the burden of medical aid costs are being borne by employees' (Old Mutual, 2003).⁸⁷ Regulatory changes proposed by the government in 2006 could improve some workers' access to medical insurance schemes, but casual workers are unlikely to benefit. In addition, a major shift has also occurred from defined-benefit retirement funds to defined-contribution funds (the latter offering meagre help to workers felled, for example, by disease in the prime of their lives) (Barchiesi, 2004; Van den Heever, 1998).⁸⁸

⁸² Natrass N (2002). *AIDS, growth and distribution in South Africa*. CSSR Working Paper No 7. Centre for Social Science Research, University of Cape Town. Available at <http://www.cssr.uct.ac.za/papers/wp7.zip>.

⁸³ The mining industry, whose historical reliance on migrant labour has helped shape the template of social relations on which the epidemic would eventually erupt, and a handful of manufacturing and financial services firms have introduced high-profile antiretroviral treatment programmes for some of their employees, in addition to HIV prevention activities.

⁸⁴ UNDP (2003). *South Africa: Human Development Report 2003. The Challenge of Sustainable Development in South Africa: Unlocking People's Creativity*. Pretoria, UNDP.

⁸⁵ Bureau for Economic Research (2004). *The impact of HIV/AIDS on selected business sectors in South Africa*, 2004. October. Stellenbosch.

⁸⁶ See 'Will your trustee fund survive AIDS?' *Old Mutual Trustee Times*. February 2000. Johannesburg, cited in Rosen & Simon (2003:132).

⁸⁷ Old Mutual (2003). *Old Mutual Healthcare Survey 2003*. Cape Town. See <http://www2.oldmutual.com/CR/reports/ccr/2003/indicators/economic/customers/needs.htm>.

⁸⁸ *Defined-benefit* funds provide long-term support for the spouses of deceased workers (at significant cost to companies). *Defined-contribution* funds provide a one-off pay-out equal to the combined amounts contributed by

The net effect has been a consistent whittling of real wages and benefits for those South Africans with formal employment—at a time when they and their families are at increased risk of severe illness and premature death. Left to fend for themselves, meanwhile, are the masses of ‘casual’ workers, and the unemployed.

These sorts of adjustments are enabling many companies (particularly larger ones) to sidestep the worst of the epidemic’s impact. But many thousands of enterprises lack that evasive agility. As the epidemic shrinks household incomes, smaller businesses could be hit hard—especially those that rely heavily on the custom of poor households, such as informal retailers, spaza shops and ‘microenterprises’.

In such ways, many of the costs of the epidemic are being ‘socialised’, deflected into and bottled up in the lives, homes and neighbourhoods of the poor. A massive, regressive redistribution of risk and responsibility is underway.

A new wave of activism

Aired occasionally is the expectation that AIDS will intensify sheer, desperate need and enflame challenges aimed at the state. Experiences elsewhere in southern and East Africa suggest that such needs- or entitlement-driven mobilization and activism is relatively rare. However, South Africa’s more recent history of large-scale and diffuse political activism might position it in a special category—as the dramatic emergence of the Treatment Action Campaign (TAC) in the late 1990s would seem to suggest.

An independent association of organizations and individuals, the TAC has used the discourse of human and socioeconomic rights—and thus, by implication, also the discourse of the South African liberation struggle—to successfully challenge government policy, raise public awareness of AIDS and AIDS treatment, and initiate alternative grassroots projects. An early breakthrough came when the TAC (as a ‘friend of the court’) joined a court case brought by 39 pharmaceutical corporations against the South African government. By helping mobilize an impressive gallery of legal and health expertise domestically, by tapping into international networks of ‘anti-globalization’ and AIDS activism, and by highlighting the ferocious profiteering of the pharmaceutical industry, the TAC helped shame the corporations into withdrawing their court challenge. This sort of tactical cunning became a hallmark of TAC activism.

Combining court-based challenges with direct action and grassroots mobilization, and forging tactical alliances with other social formations (especially the trade union movement and organized religion), the TAC devised the most successful adaptation of liberation struggle traditions seen since 1994. Especially astute initially was the ambivalent relationship it struck with the government, with the TAC positioning itself simultaneously as critic, watchdog and supporter. By 2003, however, that tactical agility was waning as the government’s intransigence (first on the roll-out of a prevention of mother-to-child transmission plan, then on a national antiretroviral treatment strategy) forced the battle-lines to be drawn more emphatically. Still, a programme that brings together grassroots training and mobilization, tactical activism, canny use of the media and a strong policy research and analysis capacity has reaped several major victories—not least the mid-2003 decision of the South African government to expand AIDS treatment and care provision through the public health system.

the employer and the worker up to the last day of employment. By 2000, almost three quarters of 800 retirement funds had *defined-contribution* funds, up from just one quarter in 1992.

Does this herald a wave of wider radical mobilization and organization in pursuit of social change, with AIDS serving as a kind of prism for wider grievances and unmet needs? Certainly, the TAC helped legitimize and validate progressive rights-based criticism, protest actions and policy interventions in a period when these were being routinely demonized from within government as the gestures of reactionary, wrecking tendencies. Largely due to the TAC, health (and specifically AIDS) has become the only arena in which the state's monopoly on policymaking authority has been visibly and successfully challenged in a sustained way since 1994, as Greenstein (2003) has observed.⁸⁹ But it remains to be seen whether the TAC can adjust *strategically* to current realities as adroitly as it adapted *tactically* to opportunities in its early years. Whether the TAC can transform into, or spawn, a more expansive social movement remains to be seen.

What can be done?

The AIDS epidemic meshes with social relations that reproduce inequality and deprivation, generating a glacial, miserable crush. In that respect, it exposes the world we live in and underscores the need to transform it.

An obvious, long-term challenge is to prevent the spread of HIV more effectively. This will be no easy feat. There is some evidence of 'positive' behaviour change among young South Africans (including increased condom use and abstaining from casual sex), but it's not yet clear whether this is significant enough to slow the epidemic's advance.

The extent of the epidemic's impact will be shaped also by the speed and extent to which antiretroviral (ARV) treatment is made available, and the degree to which treatment is adhered to. This requires universal and affordable access to ARV therapy, along with improved tuberculosis treatment programmes, and an overhaul of the home- and community-based care system.

In a society in which millions are impoverished in the midst of abundance, all this is underpinned by a more fundamental challenge that is rooted in some of the same, elemental needs and demands that fuelled South Africa's liberation struggle: banishing disease, privation and exclusion. AIDS underscores the need for an encompassing social package that forms part of an overarching programme of redistribution and rights-realization. This should include safeguarded food security, the provision of affordable (that is to say, de commodified) essential services, large-scale job creation and workers' rights protection, and the alignment of social transfers to unfolding needs. South Africa's development path, in other words, must acquire a much stronger redistributive character.

In the short-term, the system of social transfers requires a radical, progressive overhaul, which should include the introduction of a universal social assistance instrument that can provide a minimum level of social support, such as the 'basic income grant', a device championed by trade unions, church organizations and much of the NGO sector for several years already.⁹⁰ Poor households rely heavily on social transfers—all the more so those affected by health crises (Booyesen & Bachmann, 2002). The current system, though, is marred by several hindrances, including means testing, rigid eligibility criteria and a high relative cost of applying for grants (Liebenberg, 2002). Welfare spending in 2005 was more than 3% of gross

⁸⁹ Greenstein R (2003). *State, civil society and the reconfiguration of power in post-apartheid South Africa*. Paper presented at WISER seminar. 28 August. University of Witwatersrand. Johannesburg.

⁹⁰ See, for example, Liebenberg S (2002). Universal access to social security rights: Can a basic income grant meet the challenge? *ESR Review*, 3(2). September. University of Western Cape. Available at http://www.communitylawcentre.org.za/ser/esr2002/2002sept_universal.php#universal.

domestic product,⁹¹ and the Finance Ministry has argued that further expansion was fiscally unsustainable. On fiscal grounds, the claim is moot. As well, it implies that social transfers function as a form a ‘charity’, despite ample evidence of its vital, developmental and demand-boosting functions in the South African context (Shepherd, 2004; EPRI, 2004; ILO, 2003; De Swardt, 2003; Committee of Inquiry into a Comprehensive System of Social Security for South Africa, 2002a).⁹² Financial simulations indicate, for example, that a ‘basic income grant’ of just R100 (US\$ 14) per month could contribute substantially to reducing poverty and inequality in South Africa.⁹³

Worlds apart

That AIDS mangles and ruins is clear. In a society with South Africa’s characteristics, it does so with great discrimination, feeding off and aggravating existing inequalities. In the wake of this epidemic—which will last another generation, perhaps longer—South Africa can anticipate deeper impoverishment and intensified polarization. But the epidemic also highlights the fact that millions of South Africans endure hardships that are extraordinary but, tragically, not unusual. AIDS underscores the central challenge South Africa’s faces: to make what is today the harrowing routine of millions, the extraordinary ordeal of a few.

Bibliography

- Afrobarometer (2005). Lived poverty in South Africa. *Afrobarometer Briefing*. 10 March. Available at <http://www.afrobarometer.org/SA%20Briefing-Poverty.pdf>.
- Akintola O (2004). *The gendered burden of home-based care-giving*. Policy Brief. August. Health Economics and HIV/AIDS Research Division, University of KwaZulu-Natal.
- Akintola O & Quinlan T (2003). Report of the scientific meeting on empirical evidence for the demographic and socioeconomic impact of HIV/AIDS. 26-28 March. Durban.
- Aliber M (2003). Chronic poverty in South Africa: Incidence, causes and policies. *World Development*, 31(3).
- Anon (2002). Castro Hlongwane, caravans, cats, geese, foot & mouth and statistics: HIV/AIDS and the struggle for the humanisation of the African. Monograph. March. Available at <http://www.virusmyth.net/aids/data/ancdoc.htm>
- Arndt C & Lewis J (2000). The macro implications of HIV/AIDS in South Africa: A preliminary assessment. *South African Journal of Economics*, 68(5): 856-87.
- Barchiesi F (2004). Classes, multitudes and the politics of community movements in post-apartheid South Africa. Paper presented at the ‘How class works’ conference, 10-12 June. State University of New York. Stonybrook.

⁹¹ Carol Paton. ‘Social welfare spending: no end in sight.’ *Financial Mail*. 25 February 2005.

<http://www.fm.co.za/cgi-bin/pp-print.pl>

⁹² Shepherd A (2004). *Policy paper on social protection*. September. ODI (Available at <http://www.sed.manchester.ac.uk/idpm/research/events/february2005/documents/Shepherd.doc>); Economic Policy Research Institute (EPRI) (2004). *The social and economic impact on South Africa’s social security system*. Report commissioned by the Directorate: Finance and Economics. 30 September. Cape Town; ILO (2003). Capacity-Building Programme on Gender, Poverty and Employment. GPE Regional Brief Southern Africa. May. Geneva, National Policy Group (ILO)

(Available at <http://www.ilo.org/public/english/employment/skills/informal/gpe/download/brief/7.pdf>);

Committee of Inquiry into a Comprehensive System of Social Security for South Africa (2002a). *Committee reports of the Taylor Committee into a social security system for South Africa--Committee Report No 8: Poverty, Social Assistance and the Basic Income Grant*. Department of Social Development. Pretoria (Available at www.sarpn.org.za/CountryPovertyPapers/SouthAfrica/taylor/report8.php).

⁹³ See, for example, Le Roux P (2003). ‘Financing a Universal Income Grant in South Africa.’ *Social Dynamics*, 28(2): 98-121, cited in Natrass (2004).

- Barnett T & Whiteside A (2000). *Guidelines for studies of the social and economic impact of HIV/AIDS*. UNAIDS Best Practice Collection. UNAIDS. Geneva.
- Benatar SR (2004). Health care reform and the crisis of HIV and AIDS in South Africa. *The New England Journal of Medicine*, 351(1):81-92.
- Bradshaw D et al. (2004). Unabated rise in number of adult deaths in South Africa. *South African Medical Journal*. April.
- Broomberg J (2006). Consultative Investigation into Low Income Medical Schemes (LIMS). Draft final report. February. Johannesburg. Available at www.medicalschemes.com/.../LIMS%20Final%20Report%20Draft%2028-2-06.doc.
- Bureau for Economic Research (2004). The impact of HIV/AIDS on selected business sectors in South Africa, 2004. October. Stellenbosch.
- Bureau for Economic Research (2001). *The macroeconomic impact of HIV/AIDS in South Africa*. Economic Research Note No. 10. September. Stellenbosch., Available at http://www.ber.sun.ac.za/downloads/2003/aids/aidsmacro_sep2001.pdf
- Campbell C, Nair Y, Maimane S & HIVAN (2005). Home-based carers: A vital resource for effective ARV roll-out in rural communities? *AIDS Bulletin*, 14(1). March. Medical Research Council. Cape Town. Available at: <http://www.mrc.ac.za/aids/march2005/homebased.htm>
- Colvin M, Connolly C, Madurai L (2006). 'The epidemiology of HIV in South African workplaces'. (Submitted for publication).
- Colvin M & Connolly C (2006). The epidemiology of HIV in South African workplaces. Presentation to UCLA Business & AIDS in South Africa seminar. June 21-23. Zimbali, South Africa.
- Committee of Inquiry into a Comprehensive System of Social Security for South Africa (2002). *Transforming the present – Protecting the future: Consolidated report*. Department of Social Development. Pretoria.
- Committee of Inquiry into a Comprehensive System of Social Security for South Africa (2002a). Committee reports of the Taylor Committee into a social security system for South Africa--Committee Report No 8: Poverty, Social Assistance and the Basic Income Grant. Department of Social Development. Pretoria (Available at www.sarpn.org.za/CountryPovertyPapers/SouthAfrica/taylor/report8.php).
- De Swardt C (2003). *Unraveling chronic poverty in South Africa: Some food for thought*. Paper presented to the International Conference on Chronic Poverty Research, 7-9 April. Manchester.
- De Waal A (2003). Why the HIV/AIDS pandemic is a structural threat to Africa's governance and economic development. *Fletcher Forum of World Affairs*. 27(2):6-24.
- Dorrington R et al. (2001). *The impact of HIV/AIDS on adult mortality in South Africa*. September. Medical Research Council. Available at <http://www.mrc.ac.za/bod/>
- Economic Policy Research Institute (EPRI) (2004). *The social and economic impact on South Africa's social security system*. Report commissioned by the Directorate: Finance and Economics. 30 September. Cape Town.
- Economic Policy Research Institute (EPRI) (2004). *The social and economic impact on South Africa's social security system*. Report commissioned by the Directorate: Finance and Economics. 30 September. Cape Town.
- Everatt D (2003). The politics of poverty. In Everatt D & Maphai V (eds.) *The real state of the nation: South Africa after 1990*. Development Update special edition (November). 4(3). Interfund. Johannesburg.
- Gallo R et al. (2006). 'Errors in Celia Farber's March 2006 article in Harper's Magazine', available at www.tac.org.za/Documents/ErrorsInFarberArticle.pdf
- Giese S, Meintjies J, Croke R & Chamberlain R (2003). *Health and social services to address the needs of orphans and other vulnerable children in the context of HIV/AIDS*. Report submitted to the National HIV/AIDS Directorate, Department of Health. January. Cape Town.

- Greenstein R (2003). *State, civil society and the reconfiguration of power in post-apartheid South Africa*. Paper presented at WISER seminar. 28 August. University of Witwatersrand. Johannesburg.
- Groenewald P et al. (2005). Identifying deaths from AIDS in South Africa. *AIDS*, 19:193-201.
- Hemson D & Owusu-Ampomah (2004). 'A better life for all? Service delivery and poverty alleviation' in Daniel, Southall & Lutchman (eds.). *State of the nation: South Africa 2004-2005*. HSRC Press. Cape Town
- Heywood M (2004). The price of denial. *Development Update*, 5(3). December. Johannesburg. Available at <http://www.sarpn.org.za/documents/d0001195/4-The Price of Denial-Mark Heywood.pdf>
- Human Sciences Research Council (HSRC), Medical Research Council, Centre for AIDS Development, Research and Evaluation (2005). *HIV prevalence, incidence, behaviour and communication survey 2005*. Pretoria, HSRC.
- HSRC (2002). Nelson Mandela/HSRC study of HIV/AIDS: South African national HIV prevalence, behaviour risks and mass media household survey 2002. HSRC, MRC, CADRE, ANRS. Pretoria.
- Ijumba P & Barron P (eds.) (2005). *South African health review 2005*. Health Systems Trust. Durban. Available at <http://www.hst.org.za/generic/29>
- Ijumba P, Day C, Ntuli A (2004). *South African health review 2003/2004*. Health Systems Trust. Durban. Available at <http://www.hst.org.za/publications/423>
- ILO (2003). Capacity-Building Programme on Gender, Poverty and Employment. GPE Regional Brief Southern Africa. May. Geneva, National Policy Group (ILO) (Available at <http://www.ilo.org/public/english/employment/skills/informal/gpe/download/brief/7.pdf>)
- ING Barings (2000). Economic impact of AIDS in South Africa: A dark cloud on the horizon. ING Barings. Johannesburg.
- Kark SL (1949). The social pathology of syphilis in Africans. *South African Medical Journal*, 23:77-84. Reprinted in *International Journal of Epidemiology* (2003), 32(2):181-186.
- Le Roux P (2003). 'Financing a Universal Income Grant in South Africa.' *Social Dynamics*, 28(2): 98-12
- Liebenberg S (2002). Universal access to social security rights: Can a basic income grant meet the challenge? *ESR Review*, 3(2). September. University of Western Cape. Available at http://www.communitylawcentre.org.za/ser/esr2002/2002sept_universal.php#universal .
- Lurie M (2000). Migration and AIDS in southern Africa: A review. *South African Journal of Science*, 96.
- Marais H (2005). *Buckling: The impact of AIDS in South Africa*. Pretoria, Centre for the Study of AIDS. Available at <http://www.sarpn.org.za/documents/d0001789/index.php>
- Marais H (2000). *To the edge: AIDS Review 2000*. Centre for the Study of AIDS. Pretoria University. Available at <http://www.csa.za.org/filemanager/fileview/8/>
- Medical Research Council (2005). *South African national burden of disease study 2000*. Medical Research Council. Cape Town. Available at: <http://www.mrc.ac.za/bod/reports.htm>
- Mills EA (2004). HIV/AIDS and the 'continuum of care': An ethnographic study of home-based care in KTC, Cape Town. Honours thesis. Department of Social Anthropology, University of Cape Town.
- Nattrass N (2002). *AIDS, growth and distribution in South Africa*. CSSR Working Paper No 7. Centre for Social Science Research, University of Cape Town. Available at <http://www.cssr.uct.ac.za/papers/wp7.zip>.
- Ogden J, Esim S & Grown C (2004). Expanding the care continuum for HIV/AIDS: Bringing carers into focus. *Horizons Report*. June. Population Council and International Center for Research on Women. Washington, DC. Available at <http://www.popcouncil.org/pdfs/horizons/xpndngcrcntnm.pdf>

Old Mutual (2003). *Old Mutual Healthcare Survey 2003*. Cape Town. See <http://www2.oldmutual.com/CR/reports/ccr/2003/indicators/economic/customers/needs.htm>.

Rosen S et al. (2006). The private sector and HIV/AIDS in Africa: Taking stock of six years of applied research. Paper. May. In press.

Rosen S & Simon JL (2003). Shifting the burden: The private sector's response to the AIDS epidemic in Africa. *Bulletin of the World Health Organization*, 81(2):133-137.

Saldru (2005). The financial diaries: Investigating the financial lives of the poor (Findings in brief). Centre for Social Science Research, University of Cape Town. Available at <http://www.financialdiaries.com/files/Findings%20in%20brief.pdf>

Sender J (2000). *The struggle to escape poverty in South Africa: Results from a purposive rural survey*. June. Department of Economics, School of Oriental and African Studies. London. Available at <http://mercury.soas.ac.uk/economics/workpap/adobe/wp107.pdf>.

Shepherd A (2004). *Policy paper on social protection*. September. ODI (Available at <http://www.sed.manchester.ac.uk/idpm/research/events/february2005/documents/Shepherd.doc>);

Shisana O et al. (2005). The health of our educators: A focus on HIV/AIDS in South African public schools. HSRC Press. Cape Town.

Shisana O et al. (2003). *The impact of HIV/AIDS on the health sector: National survey of health personnel, ambulatory and hospitalised patients and health facilities 2002*. HSRC, MEDUNSA & MRC. HSRC Press. Cape Town. Available at <http://www.hsrcpress.ac.za/index.asp?areaid=4>

South Africa Cities Network (2004). *The state of South African cities 2004*. South African Cities Network. Johannesburg. Available at: http://www.sacities.net/2004/may30_nation.stm

Statistics South Africa (2005). *Mortality and causes of death in South Africa, 1997–2003: Findings from death notification*. Pretoria. Available at: <http://www.statssa.gov.za/publications/P03093/P03093.pdf>

Statistics South Africa (2005a). *Labour force survey*. March. Pretoria.

Statistics South Africa (2005b). *General Household Survey, July 2004*. Pretoria. Available at <http://www.statssa.gov.za/publications/P0318/P0318July2004.pdf>

Statistics SA (2000). *October Household Survey 1999*. Pretoria.

Steinberg M, Johnson S, Schierhout S & Ndegwa D (2002). *Hitting home: how households cope with the impact of the HIV/AIDS epidemic*. Henry J Kaiser Foundation & Health Systems Trust. October. Cape Town.

Thomas EP et al. (2005). HIV prevalence study and costing analysis undertaken for the development of an HIV/AIDS workplace strategy for Buffalo City Municipality. Medical Research Council & South African Cities Network. Available at <http://www.sacities.net>

UNDP (2003). South Africa: Human Development Report 2003. The Challenge of Sustainable Development in South Africa: Unlocking People's Creativity. Pretoria, UNDP. Summary available at www.undp.org.za/NHDR2003/NHDRSumFull.pdf

Van den Heever A (1998). HIV/AIDS and employee benefits. *AIDS Analysis Africa*, 9:3-4.

Vass J (2003). The impact of HIV/AIDS. In HSRC. *Human Resources Development Review 2003*. Pretoria.

Whiteside A & O'Grady M (2003). AIDS and private sector: Lessons from southern Africa. In Sisask A (ed.) *One step further: Responses to HIV/AIDS*. Sida, UNRISD. Stockholm.

WHO/UNAIDS (2006). Progress on global access to HIV antiretroviral therapy: A report on '3 by 5' and beyond. March. Geneva, WHO & UNAIDS.

17 South Africa in Africa: trends and forecasts in a changing African political economy

By John Daniel

We want to expand to projects throughout Africa, as this is in South Africa's best interest. If other African countries are doing well they have more resources with which to purchase South African goods and services...not only is a stable continent beneficial for South Africa but the IDC earns financial and developmental returns on its investments

Abel Malinga, head of mining and beneficiation strategic business unit, IDC, Business Day 14.02.2006

Introduction

Since 2002, South Africa's Human Sciences Research Council (HSRC) has been monitoring the activities of South African private and state-owned corporates in Africa. This has been in the context of the rapid post-1990s penetration of the African marketplace, an arena off-limits in the sanctions era of the 1970s and 1980s. Out of this research project, three articles have appeared in the HSRC's *State of the Nation* series of volumes (see reference section). The first in 2003 surveyed the emergence of a post-apartheid phenomenon - South African businesses operating in all parts of the continent. It detailed the growing significance of the African market to the local economy and identified the dominant trends in South Africa's interaction with this 'new' world. The second and third articles were narrower in scope, examining in 2004 the South African-Nigerian business nexus while in 2005 the focus was on the growing centrality of Africa's mineral and other resources as a means to alleviating South Africa's emerging energy deficit. In a fourth article due out in late 2006, and of which this contribution is a shortened version, there is a return to the 2003 format. Looking at the continental marketplace as a whole, the trends in South Africa's economic engagement with Africa are identified and some predictions are offered as to how this engagement will unfold through the rest of this decade.

Reviewing the African political economy today, one is struck by certain important differences from that of the late 1990s. Then Africa was in economic terms thoroughly marginalized as a result of a process of post-cold war western divestment from Africa. The result was that South African corporates entering the African market often seemed to be the 'only show in town'. By the end of the 1990s South Africa had become the single largest source of new foreign direct investment (FDI) in Africa overall.

Since 2000, much in the African FDI arena has changed. Today, in 2006, in a more investor-friendly environment, new and would-be investors are to be found in all corners of the continent, including some of its least appealing spots like Equatorial Guinea, the Sudan, Zimbabwe, and Cote D'Ivoire. In this latest post-colonial 'scramble' for Africa's resources, the field has become more crowded and more competitive. South African corporates can no longer expect to have everything their own way as a consequence of two developments.

One is the 'rediscovery' by some former colonial powers and the United States of an appetite for doing business in Africa. For the US, this has involved considerable activity along Africa's oil-rich West African coast and the restoration of economic ties with Libya. The second has been the emergence of new largely Asian investors. The Chinese are the most prominent but active too has been Indian capital, along with the Japanese, Malaysians, and South Koreans.

The upward escalation in FDI flows into Africa is illustrated by the 50% increase in the value of new external investment (including that into South Africa) from \$18.7 billion in 2004 to \$28-30 billion in 2005 (<http://www.unctad.org>). The bulk of that new money has been concentrated in the oil and minerals sector (copper, platinum, gold, zinc and silver, the prices of which bar gold have all surged to record highs in the last year), attracted, according to Mills (2006:4), by ‘a cyclical commodity upswing driven especially by Chinese demands’. Other factors, such as the desire of the United States to reduce its dependence on Middle Eastern oil sources, have played a role.

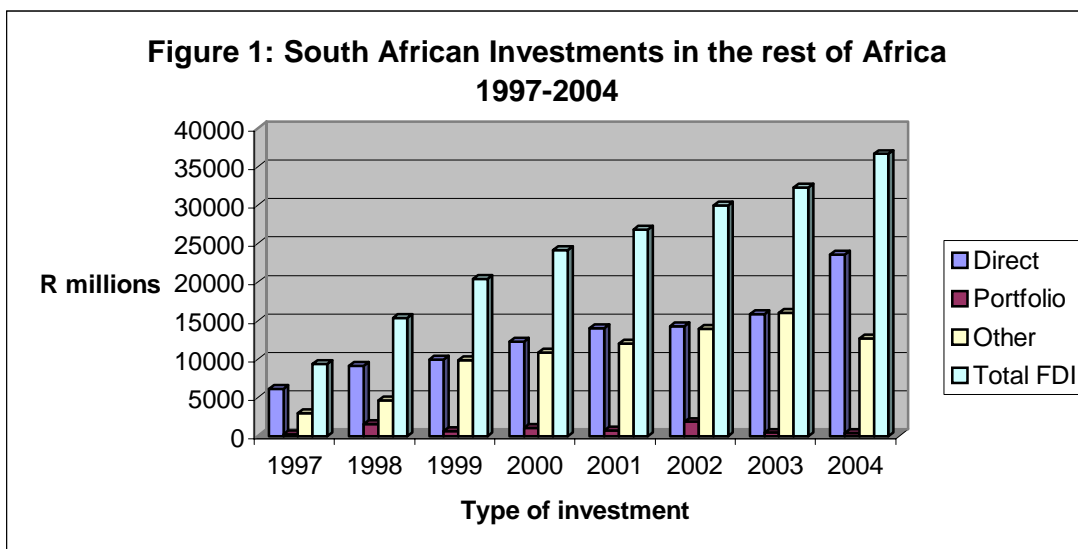
What this has contributed to is a continental growth rate which now exceeds the world average. The sluggish rates of the late 1990s have given way to a 5.1% increase in Africa’s real GDP in both 2004 and 2005, exceeding the world average by nearly 2%. The OECD has predicted a growth rate of 5.8% in 2006 driven primarily by Africa’s oil producers where growth is likely to be in the region of 6.9% (*Business Day* 19.05.06) Concurrent with this growth has been an improvement in Africa’s external debt situation brought on by windfall oil profits, rising commodity prices and a more lenient attitude to both aid and debt relief by the G-8 and rich nations in general.

The African economic environment today is, therefore, different from that of the turn of this century. It is both more user-friendly and more efficient. The new investors have brought with them the sophisticated and tougher management methods of neo-liberalism and have bulldozed aside the slow, cumbersome and excessively bureaucratic ways of the first post-independence era. It is here, according to Neuma Grobelaar (2006:9-10), that South African corporates have contributed significantly. She argues that:

South African investment is clearly leading the growth of the private sector in Africa, by increasing revenue generation for governments; improving economic growth and exports; transferring technology; ensuring the reindustrialisation of some economies through the acquisition and revitalisation of moribund state-owned enterprises; formalising the market, thereby ensuring greater price stability...and improved consumer choice; creating employment; transferring business skills; introducing good corporate practice; and boosting investment confidence from other foreign investors...

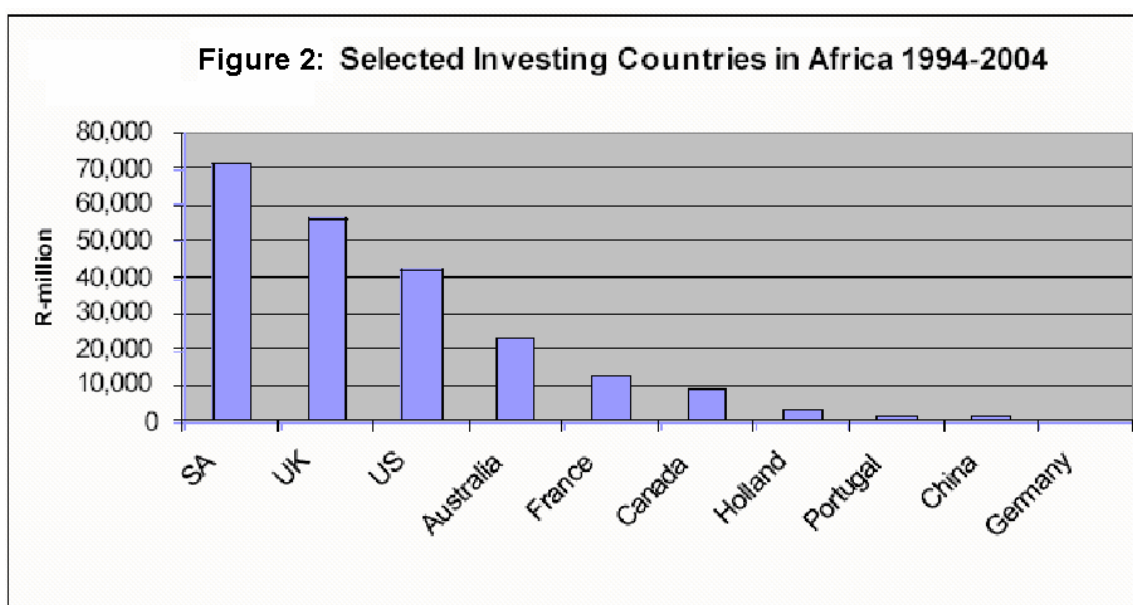
The African market as investment destination

Despite the emergence (and re-emergence) in recent times of other investors, South Africa remained in 2005 the largest single source of new FDI on the continent. It also continued its upward curve in terms of the value of new FDI, as figure 1 illustrates.



Source: Statistics adapted from the quarterly reports of the South African Reserve Bank.

The point needs to be made that the value of South African FDI reflected above includes those by some corporates which arguably are no longer South African companies. Major groups like Anglo American, Dimension Data and SABMiller have moved offshore in recent years and now have their primary listings in London. However, even if the value of their African investments is stripped out, South Africa remains Africa's largest supplier of new FDI (see figure 2 below), followed by the United Kingdom and the United States. Australian and Canadian involvement in Africa is almost exclusively in mining and involves multinational giants like the Australian-based BHP Billiton. Given its long involvement in Africa, France's position may seem low but it reflects the fact that French business limits itself almost exclusively to France's former colonial possessions and the fact that the economy of their one-time 'jewel in their crown', Cote D'Ivoire, has self-destructed in the last decade.



Source: Reg Rumney (2006) Business Map Foundation

China's standing as ninth in Business Map's 'top ten' is certainly an under-reflection of the extent of its involvement on the continent. According to Reg Rumney, Business Map's chart reflects 'announced investments' and often times, he argues, China does not go public with many of its ventures, especially those in countries with poor human rights records – for example, Sudan (interview February 2006).

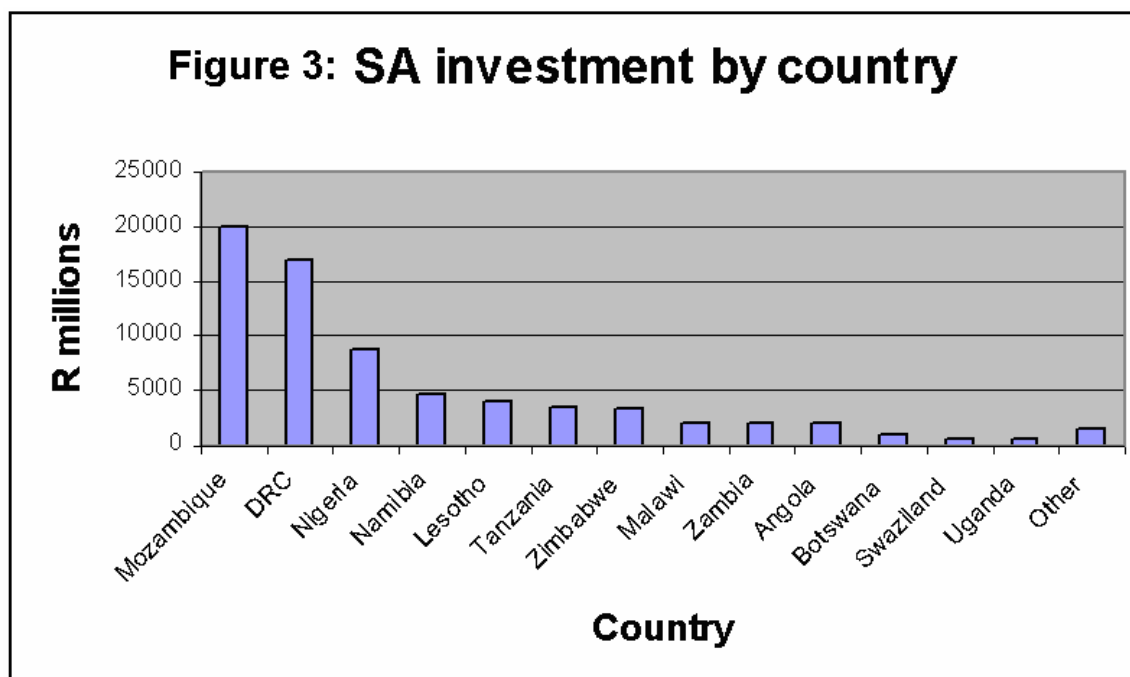
Figures 3 and 4 show that by country Mozambique leads the way as South African capital's most favoured investment destination. Since 1994, Mozambique has attracted between 25-30% of all South African FDI into Africa. This level of investment in an economy which 10-15 years ago was a 'basket case' has been driven by two factors. First, Mozambique has been the site of two huge industrial projects in which South African investors have been prominent. One has been the Mozal aluminium smelter project in which the South Africa's Industrial Development Corporation (IDC) has 24% equity while the other involved Sasol in the construction of a pipeline from on-shore natural gas fields in central Mozambique to Secunda in Mpumalanga.

The second is that alongside these two schemes, some 300 South African companies have opened up in the country. These are located in every sector of the economy and employ at

least 50,000 Mozambicans. This involvement in its eastern neighbour's economy has contributed to Mozambique's transformation from being in 1991 Africa's poorest performing economy to growth rates in recent years of about 8%.

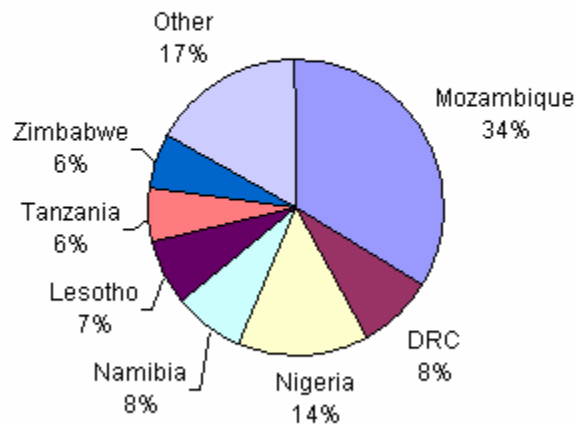
The DRC's second place needs qualification. As noted above, Business Map's investment tables are based on 'announced intentions' and not on monies actually spent. South African capital's largest investment in the DRC will be in the Grand Inga hydroelectric power project but it is a long-term scheme whose realisation will take another 10-15 years. If one strips Inga out, then the DRC slips behind Nigeria into third spot and equal with Namibia.

Given its image as a site of economic chaos and corruption, the level of South African involvement in Nigeria may surprise some. The key has been MTN's extraordinary success in that market and its demonstration that business can be done and money made in Nigeria. In its wake, other South African companies have set up shop in Nigeria, selling commodities and providing services to Africa's largest consumer market and one which for years was starved of quality products. South African investors have developed waterfront-type shopping malls in which groups like Game, Shoprite, Pep Stores, Truworths and Woolworths, Exclusive Books and Nu Metro cinemas have located. Leisure groups like Protea Hotels have taken over and refurbished run-down hotel establishments and built new ones.



Source: Reg Rumney (2006), Business Map Foundation

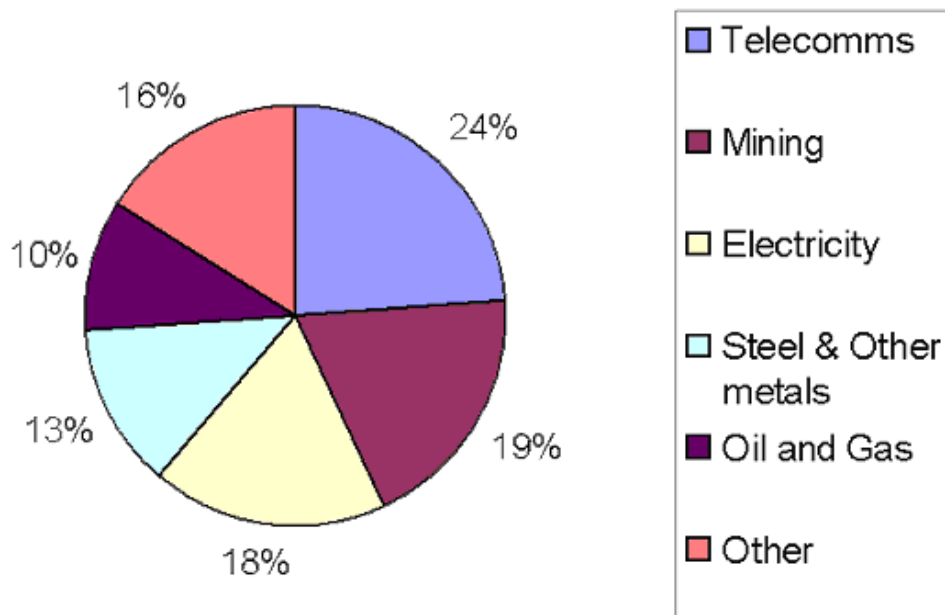
Figure 4: SA African FDI by country (without the Grand Inga)



Source: Reg Rumney (2006), Business Map Foundation

As figure 5 below shows, the sector which has attracted the largest chunk of South African FDI into Africa has been telecommunications, followed by mining, electricity, steel and other matters, and oil and gas. The remaining 13% covers the banking, retail, hotel/leisure sectors as well as farming and food producers.

Figure 5: Sectoral View of SA FDI into Africa



Source: Reg Rumney (2006), Business Map Foundation

Two factors suggest that the telecommunications sector will for the foreseeable future remain South Africa's priority investment area. One is the massive growth in mobile telephony worldwide and two, the comparative lack of penetration of the African market. Most African consumers do not have a cellphone and they want one and some African markets are potentially huge. The DRC is a case in point where Vodacom currently has signed up only about two percent of potential customers. For Vodacom a peace dividend in the future will be lucrative.

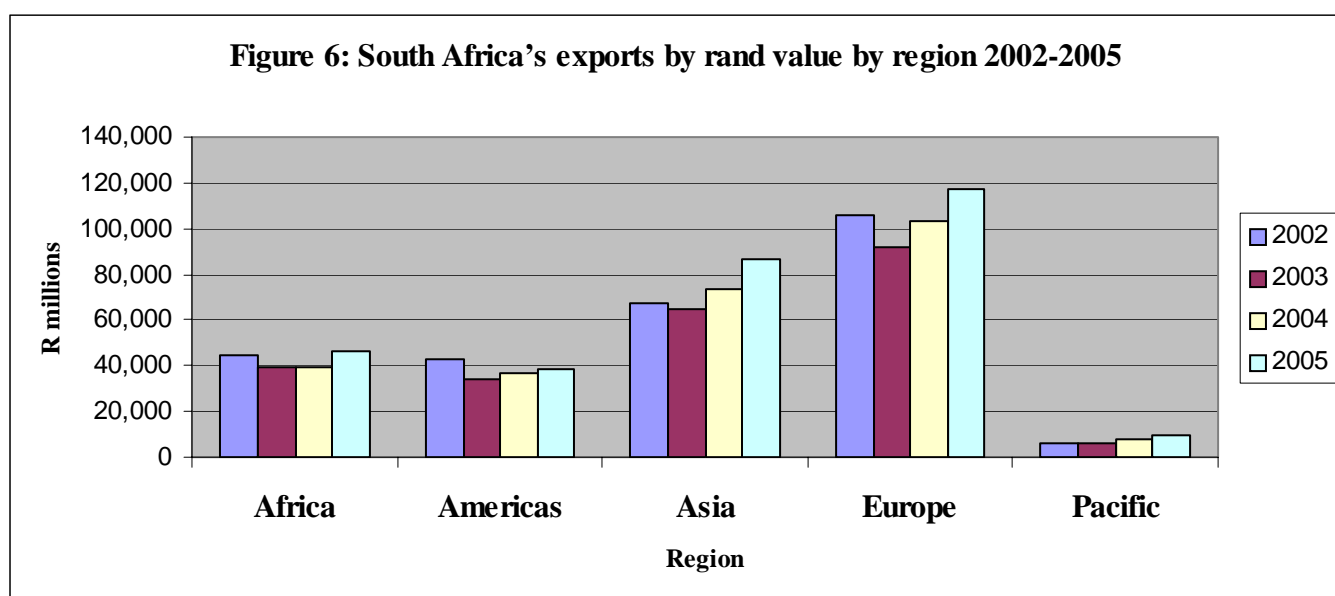
The economic salience of the African market

Exports

In the decade 1991-2001 Africa's share of South Africa's export market grew from four to twelve percent. In our 2003 article, we predicted that it would continue to grow, a view seemingly borne out by the 2002 figure of 16.7%. It was also in that year that Africa overtook the Americas to become South Africa's third largest export region. What we did not anticipate, however, was that 2002 seems set to be this decade's high-water mark in terms of Africa's share of South Africa's global trade.

Whether that will be the case or not, time will tell but it is significant, as figure 6 below indicates, that since 2002 - and for two years thereafter - Africa's share of South Africa's global exports has either fallen or only risen slightly and not sufficiently to match the peak 2002 figure. This is not to suggest that the rand value of South Africa's exports into Africa has not risen. It has but only by a modest R7.1billion over the period 2003-2005. By contrast, the larger Asian and European markets rose by R21billion and just under R25 billion respectively. What this suggests is that after an initial decade of growth for South African capital, the African export market might have peaked and is unlikely to grow even in the context of the increased African economic growth rate noted earlier. What this is indicative of is the level of poverty in Africa, the small size of its consumer market, and the lack of 'trickle-down' from the commodities' boom.

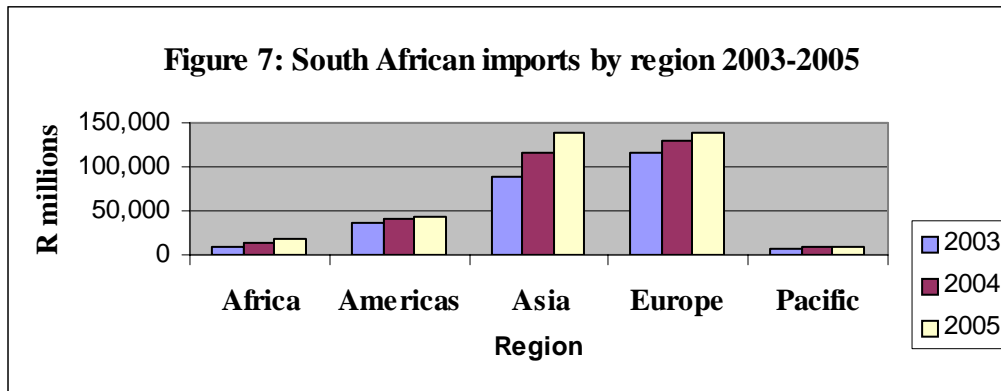
A second conclusion is that for the foreseeable future the Asian and European markets will remain South Africa's most important in trade terms. Indeed, the gap between Africa and the other two regions is widening.



Source: DTI's economic data base and SARS preliminary trade statistics

Imports

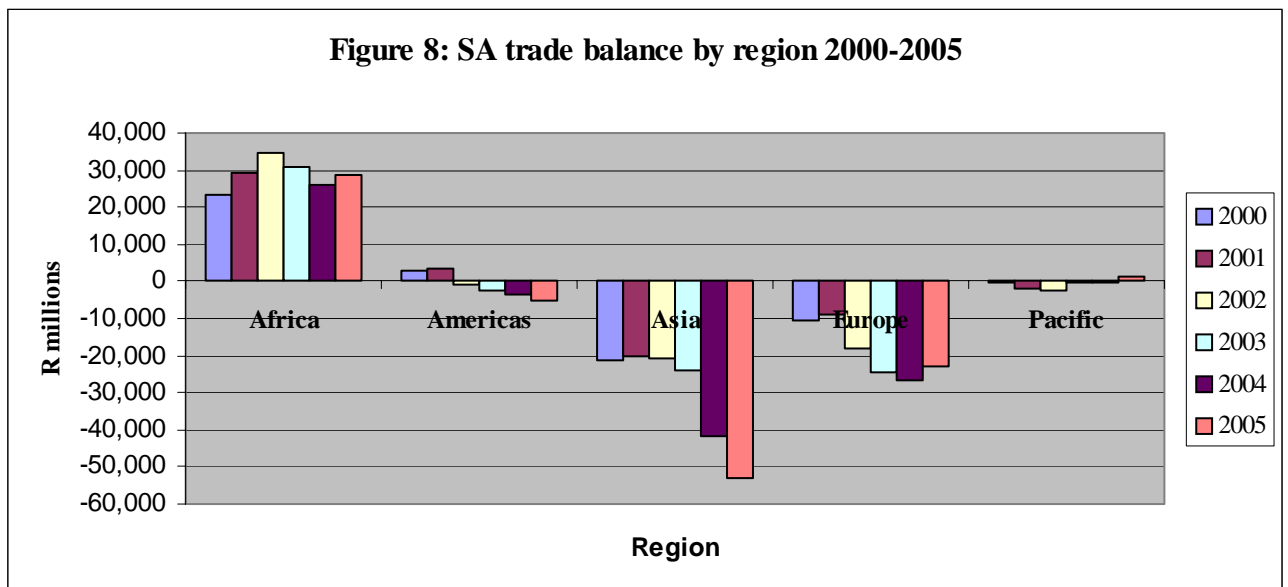
In regard to South Africa's imports, we commented in our 2005 article on the modest increase in imports from Africa, the surge in imports from Asia and the fact that between them Asian and European imports made up 80% of South Africa's total imports. The continuing picture is little different in that in 2005 imports from Africa rose by only 0.6%, Asian import volumes continued to mount reaching 40% of the total while by combination the European and Asian totals continued to be in the region of 80%.



Source: DTI's economic data base and SARS preliminary trade statistics

Trade balances

In terms of trade balances, the downward curve in South Africa's positive balance with Africa (from 5:1 in 2001 to 3:1 in 2004) persisted in 2005 with the ratio falling to 2.67: 1. Again, as in recent years, the narrowing gap was the product of Africa sourcing more oil and natural gas from African supplies. In 2005, fuels made up 42.4% of all imports from Africa.



Source: HSRC corporate mapping database

Table 1 reflects the volumes of total trade (imports and exports combined) between South Africa and its African trade partners outside of the Southern African Customs Union (SACU). It reveals that this country's top ten African trade partners remain the same ten countries they have been over the past half decade, although there have been some shifts up and down in their 'league places', so to speak. But not in the past two years in the case of the top seven. What is extraordinary about this table is the continuing resilience of South African-

Zimbabwe's trade relations and the fact that in rand value terms the volumes of both imports and exports are rising. It is also worth highlighting the continuing miniscule levels of imports from seven of these top ten counties; in fact, in one or two cases import volumes have actually declined in recent years.

The one country in the top ten which has seen a sharp increase in its exports to South Africa is Angola, rising from R 28 million in 2002 to R1.7 billion in 2004 and R1.9 billion in 2005. As in the case of Nigeria, almost all of this is accounted for by oil imports. Exports to Angola over the same period held steady in the region of R 3.3 to R 3.5 billion.

Table 1: South Africa's top ten African trading partners

	Exports (R-billion)	Imports	Total Trade	Position	Position	Position	Position
Country	2005	2005	2005	2005	2004	2003	2002
ZIMBABWE	7.49	3.13	10.62	1	1	1	1
NIGERIA	3.39	4.16	7.56	2	2	3	3
ZAMBIA	5.44	1.30	6.75	3	3	4	4
MOZAMBIQUE	6.40	0.20	6.60	4	4	2	2
ANGOLA	3.54	1.89	5.43	5	5	5	5
KENYA	2.98	0.20	3.18	6	6	6	8
TANZANIA	2.76	0.25	3.01	7	7	9	9
MAURITIUS	2.19	0.17	2.36	8	9	7	7
MALAWI	1.64	0.46	2.09	9	8	8	6
DEM REP of CONGO	1.81	0.26	1.83	10	10	10	10

Source: DTI'S economic data base and SARS preliminary trade statistics

Trends and Prospects in South African-African Trade Relations

So what can be said of the period ahead? The following is predicted:

- 1) The lucrative African private telecommunications sector will continue to open up and expand, remaining thereby the most active site of new South African FDI. Within it, the two main South African players – MTN and Vodacom - will remain deeply involved but MTN will outperform its rival and develop into a formidable multinational operator. It will soon overtake Egypt's Orascom as Africa's biggest player;
- 2) South Africa's mining sector will continue to expand into the African market, a process in which a number of so-called 'junior' mining companies will be active alongside the established majors;
- 3) The South African energy sector (oil, gas and electricity) will intensify its 'scramble' to acquire African oil, gas and hydro/water resources as a core strategy to overcome South Africa's developing energy deficit. We predict, however, that South Africa's desire to acquire a greater share of Africa's oil resources will not easily be realised;
- 4) The above notwithstanding, we predict that Sasol with its technological edge in turning coal and gas into liquid fuels will be the next South African company to develop into a global player and that its current 'love-hate' relationship with the South African government will persist so that the possibility of it moving offshore and delisting from the JSE cannot be discounted;

- 5) Despite the DRC's current status as South Africa's tenth largest trade partner in Africa, we predict that the country will continue to be a site of considerable South African political/diplomatic and military activity. More than the DRC's minerals potential, this continuing high level of activity will be driven by the long-term importance of the Grand Inga hydro-electrical power project;
- 6) Zimbabwe will remain as South Africa's most important African trade partner, but under current conditions there will be little or no South African new FDI in that country. Indeed, if the Mugabe government carries through with its black economic empowerment legislation directed at the mining sector, there is a prospect of a shut down or divestment of South African mining operations in that country;
- 7) We anticipate growing levels of South African economic involvement in the Nigerian, Tanzanian, Zambian and Mozambican economies. In regard to the latter, we expect Mozambique to move up the trade-partner league table with the possible expansion of the Mozal aluminium smelter project and the opening up of Mozambique's off-shore natural gas fields;
- 8) We anticipate an increased role and presence in the African market of South Africa's state-backed financial institutions (the Development Bank of Southern Africa (DBSA) and the IDC) and its private banking sector. The current modest South African banking footprint in Africa will grow into a considerable network with Stanbic, First Rand and Barclays/Absa populating the Anglophone African landscape in ever increasing numbers.

Telecommunications

If there were an award for the best performing post-apartheid South African corporate in Africa, it would be won by MTN for what this company has achieved in Africa and beyond in less than a decade is remarkable.

Given the appalling state by the late 1990s of Africa's fixed-line and telecommunications' networks, the sector was ripe for privatization and MTN was the first South African operator to take advantage of the market opportunities then opening up in Africa. In 1998, it launched commercial operations in Uganda, Rwanda and Swaziland and within three years had signed up one million customers. Its real African breakthrough, however, came in Nigeria when in 2001 it was awarded one of Nigeria's Global Systems Mobile licences for a fee of US\$285 million. At the time this was MTN's biggest investment outside South Africa and was a move regarded in local corporate circles as a huge gamble given the perception that Nigeria was not a place where outsiders could do business profitably.

MTN entered Nigeria projecting that it would take five years before it received any return on its investment, which by the end of 2003 had topped US\$ 1 billion in infrastructural and other start-up costs. By then, however, its customer base had topped one million and in 2004 - two years ahead of schedule - it recorded an after-tax surplus of R2.4 billion, exceeding by R0.2 billion the profit it made in South Africa in that year. Since then the Nigerian operation has gone from strength to strength and as of 2006 had some 7.6 million Nigerian subscribers.

2005 and early 2006 was a hyperactive period for MTN. Through a new round of mergers and acquisitions, it acquired a 51% majority share in Telecel Zambia and Telecel Cote D'Ivoire, a 44% share in Mascom Wireless in Botswana and 100% control of the national operator in the Republic of Congo (Brazzaville). In a further internationalisation of its operations, MTN made its first move into the extra-African market acquiring in November 2005 a 49% interest in Irancell for which it paid an up-front license fee of EUR 3000 million.

In investment terms, many regard Iran as politically-risky but this has not daunted the company in the past and its other risky investment domain, Nigeria, has turned, into a 'cash cow' (*Sunday Times* 07.05.06).

The boldness of its Iranian venture was matched in May 2006 when MTN purchased the Lebanon-based Investkom group for R33 billion, giving it thereby a presence in 11 further African and Middle Eastern countries. With the finalisation of this deal, MTN will be operative in 21 countries, 15 of them African, and will have a customer base of over 28 million subscribers. With such growth, perhaps the real risk the company now faces is the possibility of a takeover bid by one of the global players like China Telekom (*Mail and Guardian* 02-08.06.06).

Mining

Africa's minerals and energy commodities boom has seen mining groups, big and small, from all parts of the world converge on the continent. This has included the South African mining giant AngloGold Ashanti – one of the world's two largest gold producers – and the medium-sized Randgold and Exploration. Both are involved in mining gold in Mali, Ghana and Tanzania while AngloGold has interests in Namibia and Randgold in Senegal and Burkina Faso. While investing heavily in its two Malian mines, Randgold is engaged in an aggressive exploration drive elsewhere in Mali and Senegal where it is evaluating 31 sites, as well as in Burkina Faso, Ghana and Tanzania. The options it holds in Cote D'Ivoire are currently on hold pending the restoration of stability.

AngloGold is investing heavily in upgrading its Ghanain mines acquired through the merger With Ashanti Gold. The other major South African gold mining group, Gold Fields, has also entered the Malian mining sector by funding the exploration ventures of an Irish group, Glencar Mining, which has three options in Mali. Should any of these prove to be viable, Gold Fields reserves the right to acquire participation rights in the venture. Current indications are that at least one of these mines will come on stream (*Business Day* 25.04.06).

While South Africa's major miners are focussed on west Africa, smaller or so-called 'junior' South African mining groups are concentrating their efforts in central southern Africa and east Africa. By and large the juniors have moved to take up options in some of Africa's high-risk troublespots, like Zimbabwe and the eastern DRC, where it seems the majors fear they have too much to lose while the juniors are prepared to run the risk.

Oil and energy

In the third of the State of the Nation volumes we reported on how South Africa was resorting increasingly to Africa's oil, gas and hydropower resources as a means to meeting its growing energy demands. We noted also how in regard to oil, South Africa was focussing on both the upstream (exploration and production) and downstream functions (refining and retailing). In regard to this latter, we commented on the establishment of the Cape Oil and Gas Supply Initiative (COEGSI) as an initiative to acquire a larger share of the supply side of the oil industry (rigs, equipment, clothing, food etc). The initiative has scored some successes in the downstream market. These include an investment by Germany's MAN Ferrostaal to create an off-shore oil and gas fabrication facility on the Cape west coast which will employ up to 14,000 workers (*Africa Investor* April 2006:21).

Besides PetroSA's acquisition in April 2006 of a 10% stake in an oil exploration block off the coast of Namibia, we are aware of only one explorative concession being acquired on the continent by a South African concern in the last year. Again this was PetroSA which acquired rights to a petroleum block in Egypt's Gulf of Suez (*Business Report* 05.05.06). We do not

expect South Africa to have much future success in the arena of concessions, unless perhaps as a junior partner with multinationals. This is because the scramble for Africa's oil concessions has become ever more competitive and is attracting the attention of global players whose resources South African groups cannot match. Furthermore, an increasing proportion of the bids on offer are for deep-level off-shore fields and South African bidders cannot match the technological resources available to the oil multinationals in this niche area. A further complication is that as oil prices soar, African governments are becoming more aware of their strengthened bargaining position. Thus, not only are they demanding ever higher prices which only the giants like Chevron and ExxonMobil and the state-owned oil companies of the West and their Chinese and Indian counterparts can afford, but they are also demanding larger offset deals. Thus, for example, the Angolan government has made it clear that it will look most favourably at those bidders for sites in seven off-shore blocks who are also willing to invest in its new refinery in Lobito, a project seen by many in the oil trade as economically unviable. In March 2006, the Chinese energy company, Sinopec, agreed to invest \$3 billion in the refinery as well as pay \$2.4 billion for oil concessions in two blocs off the Angolan coast while ExxonMobil announced it would spend \$2 billion annually in the exploration, development and production of oil and gas reserves in Nigeria. These are amounts no South African company can match.

Sasol

If the above is correct, then Sasol, which already plays a central role in South Africa's energy sector, will become even more important. Established as a state-subsidized entity to develop oil from coal, Sasol has in the last decade become a world leader in the production of synthetic liquid fuel from both coal and natural gas. Liquid fuels from gas are cheaper and cleaner and will be used increasingly in the years ahead to power the electric power plants South Africa is going to need. Consequently, Sasol's expertise is in increased demand worldwide and the company has become involved in mega gas to liquid schemes in Qatar, China, the United States and Nigeria. The first of these in Qatar came on stream in June 2006.

Once an apartheid-constituted corporation and the beneficiary of a range of subsidies and tax breaks, the now privatized Sasol is developing into a global giant earning profits on such a scale that government is contemplating imposing a 'windfall' tax regime on the company. This suggestion has been met with hostility from Sasol and a thinly-disguised threat to move offshore. We predict that Sasol's relationship with government will continue to be volatile. We predict too that while Sasol's role and importance in the local economy will grow, it will increasingly find that the international market offers it far more lucrative opportunities and this will cause tensions around issues like loyalty and core interests. The possibility that Sasol might relocate abroad in the next decade should not be discounted, its current protestations notwithstanding.

The DRC

Given the energy considerations above, we predict that in the years ahead the DRC will become central to South Africa's evolving African strategy. This will be less a product of the DRC's considerable mineral resources but because its hydropower potential offers a possible long-term solution to South Africa's emerging energy crisis. Tapping into this potential is the objective of the long-term Grand Inga project. Its success over the planned 15-20 year construction phase will depend, however, on the achieving and maintenance of peace and stability in this conflict-ravaged country. Some progress has been made in recent years under the second Kabila regime but the years ahead will require a heavy dose of South Africa's diplomatic energy.

If this is achieved, there will be other spin-offs. In a recent *Business Day* article (02.03.06), Dianna Games noted that in recent years ‘hundreds of companies have made the trek to Kinshasa and Lubumbashi to look for opportunities there’. With peace and stability, we would expect the same mushrooming of South African businesses in Kinshasa and other major centers, as has occurred in Mozambique and Nigeria.

Zimbabwe

By contrast and assuming a continuance of the political status quo in Zimbabwe, we predict that that country will continue as the site of a great human tragedy with negative consequences for all its neighbours - South Africa more than any other. While as of February 2006 there were still 26 South African companies operative in Zimbabwe (IRIN@irinnews.org 06.02.06), we predict an eventual decline in Zimbabwean-South African trade. Most of these companies are operating at less than full capacity and some are little more than holding operations pending an eventual change of situation in the country. In the interim, the continuing disintegration of the Zimbabwean economy will ultimately impact on its ability to import South African products while the anticipated semi-nationalisation of the Zimbabwean mining sector will lead to a slowdown - and eventual shutdown - of the one sector of that economy still functional and reasonably profitable. Without discounting the human tragedy and the resultant inflow into South Africa of desperate economic refugees, we predict that Zimbabwe will become less and less relevant to South Africa’s evolving economic strategy in Africa. It is already beginning to move off the radar screen.

Mozambique, Nigeria, Zambia and Tanzania

This will not be the case in regard to the above countries where we will see continued growth and ever closer ties. In regard to Mozambique, this will continue to be largely one-way traffic with South African companies becoming ever more active inside Mozambique. These will be pan-sectoral but will be fuelled largely by those willing to invest in Mozambique’s abundant mineral resources.

In regard to Nigeria, the picture could be similar provided political stability prevails and the government does not lose control of events in its oil-rich Delta. Likewise key is Nigeria’s continuing reform of its financial regulatory system. If these factors materialize positively, not only will Nigeria supply increasing amounts of oil to South Africa but its banks and industrial giants will enter the local market in larger numbers, some initially by way of listings on the JSE. Recently, for example, the so-called integrated energy-solutions firm, Oando (listed on the Nigerian stock market with a market capitalisation of US\$400 million), applied for a listing on the JSE. It has set up office in Sandton and is interested in teaming up with SASOL and PetroSA in pursuit of gas-to-liquids opportunities in West Africa.

Simultaneously, we predict that South African companies will continue to mushroom across the Nigerian economic landscape deriving benefits from a market starved for decades of quality consumer products.

Almost unnoticed, Tanzania has in the last decade become the site of considerable South African economic activity. Indeed, the estimated South African expatriate population in Tanzania of between 4-5000 is the largest such cluster of South Africans in Africa. Located primarily in Dar es Salaam and Arusha, it operates in the retail, banking, construction, mining, leisure and tourism, and telecommunications sectors. While Shoprite is clearly the supermarket of choice amongst local shoppers, there is also some resentment at the growing presence of South Africans, dubbed by those hostile to them as the ‘*kuburu*’ (a derivative of the word ‘boer’). Particular resentment is directed at the rough and tough labour regime operative at the TanzaniteOne mine, a facility described by one researcher as being run along

the lines of a nineteenth-century frontier company in the American west (Schroeder interview 24.03.06). With the Tanzanian government keen to expand its economic ties with South Africa, there is little doubt that the volume of trade between two old 'struggle' allies will soar in the decade ahead.

South Africa's corporate presence in Zambia dates back to colonial times with Anglo-Americans involvement in the copper industry. That presence shrank after independence with the partial nationalisation of the copper sector but never entirely disappeared. The startling price recovery of Zambian copper on the world market in recent times has seen South African capital pour back into Zambia. In 2006, South Africa overtook Britain as the largest investor in the local economy, pouring some \$373 million into agriculture, manufacturing, tourism, retail and services sectors, creating in the process, according to the *Chicago Tribune* (20.04.04), nearly 22,000 new jobs. With the minerals' boom likely to persist, South African capital will continue to look at Zambia as a site of opportunity.

Banks and Financial Institutions

The 'big four' South African banking groups are Nedbank, FirstRand (which has First National Bank (FNB) as a subsidiary), Standard Bank and Absa. When they launched their post-1990s push into Africa, they faced a market largely dominated by the HSBC, Citigroup, Standard Chartered and Barclays. Their own extra-South African presence was minimal with Standard having operations in Namibia and Swaziland while the other three were limited to Namibia. In the last decade, each has expanded their African footprint significantly. Standard is the largest with operations in 16 countries outside of South Africa while Nedbank has six African outlets, Absa five and FNB three.

Despite all of the above activity, Africa's contribution to the big four's bottom line is modest. In 2005 their combined African operations contributed only ten per cent to their overall earnings with First Rand's, Absa's and Nedbank's African assets contributing only 4%, 1.7% and 0.05% respectively to headline earnings. So, why do they bother with the African market? The answer is likely a combination that includes the fact that they see the market as having potential, albeit modest by comparison with their local operations, while also serving the banking needs of many of their major South African corporate clients as they move into new and sometimes unfamiliar operating environments.

Perhaps the most significant development in recent times in South African banking circles has involved Britain's Barclays Bank taking a 60% shareholding in Absa. This will also impact on the African banking scene as the second phase of the merger, which is to be realised in the period 2005-07, will involve Absa taking control of all of Barclays' current African operations bar that of Egypt (which in operational terms Barclays regards as part of its Middle Eastern cluster). Barclays is currently active in 11 African countries outside of South Africa. Given Absa's current location in Tanzania and Zimbabwe, the deal will boost the bank's profile from five to thirteen countries and will vault it into the big league of African banks. A feature of the merger is that Absa's investment vehicle (the Corporate and Merchant Bank) will merge with Barclays' investment arm, the combination of which will create a major new funding force on the continent, one which it claims will focus on mining projects.

Operating alongside the private banks has been South Africa's two state-owned development finance institutions, the IDC and the DBSA. Both were apartheid-era creations and limited to the local market but both have since 1994 been unshackled and allowed to move into the African interior. The IDC's mandate is to fund private projects that are commercially viable (produce returns) and which will have a development impact. To these ends, the IDC relates to Africa through equity investments, commercial loans and export finance. The DBSA has a

three-pronged role as ‘financier’ of debt and equity commitments, a ‘partner’ in knowledge sharing and equity commitments and an ‘advisor’ on projects and other developmental issues (www.dbsa.org.za).

In the 2004-2005 financial year, 24% of the DBSA’s investment and lending operations were in the SADC arena. To date, it has committed to over 120 projects in Africa. These have included the Lesotho Highlands Water Project; the Mozambique to South Africa Natural Gas project, which entailed a loan to SASOL; the Mozal aluminium smelter; and the N4 toll-road component of the Maputo Corridor. Elsewhere in Africa, the DBSA has focussed on water and electricity energy projects, telecommunications, housing, agriculture and agro-processing. 66% of its investments in 2004 were geared at energy-related infrastructure.

With regards to its African operations, the IDC is mandated to assist in the development of projects, as well as acquisitions and expansion. With regard to equity investments, the IDC is restricted to no more than a 50% stake in SADC-based projects and a 25% stake in projects in Africa outside of SADC. The IDC also requires that projects must in some way stimulate South African exports.

By June 2004, the IDC had 89 projects and export-financing schemes in 28 African countries, including several significant mineral projects, like the Corridor Sands titanium project in Mozambique; the Kanshansi copper mining project in Zambia, and the Kolwezi Tailings project in the DRC, which extracts copper and cobalt from tailings (waste material from previous mining ventures). The IDC’s top eight countries by exposure as of September 2005 were Mozambique (\$577m), Nigeria (\$23m), Zambia (\$32m), Lesotho (\$31), Swaziland (\$17m), Malawi and, Mauritius (both \$13m) and Namibia (US\$10m).

Conclusion

Clearly, South African capital has emerged as a significant economic force in Africa since 1990 and its presence will continue to expand in the years ahead. Yet, we return again to the points made earlier in the paper, namely, that as an export destination, the African market has levelled out and is unlikely to grow significantly in the period ahead. Certainly it will in no way challenge the primacy of the Asian and European arenas. It will be these two markets that will constitute the engines of South Africa’s future export growth.

References

- Daniel J, Naidoo V & Naidu S (2003) ‘The South Africans have arrived’: post-apartheid corporate expansion into Africa. In Daniel J, Habib A & Southall R. (eds.) *The State of the Nation: South Africa 2003-2004*. Cape Town: HSRC Press.
- Daniel J, Lutchman J & Naidu S. (2004) South Africa and Nigeria: two unequal centres in a periphery. In Daniel J, Southall, R & Lutchman J. (eds.) *The State of the Nation: South Africa 2004-2005*. Cape Town: HSRC Press.
- Daniel J & Lutchman J (2005) South Africa in Africa: scrambling for energy. In Buhlungu S, Daniel J, Southall, R & Lutchman J (eds.) *The State of the Nation: South Africa 2005-2006*. Cape Town: HSRC Press.
- Grobbelaar N (2006) South African Corporate Engagement with Africa: unpacking negative and positive perceptions. In SAIIA (ed.) *South African Yearbook of International Affairs 2005/06*. Johannesburg. SAIIA.
- Mills G (2006) Ten things Africa can do for itself. Washington DC: the Heritage Foundation, February.
- Rumney R (2006) South Africa’s FDI flows into Africa. Presentation to the National Treasury Interdepartmental Workshop. Johannesburg, 15 February.

18 List of authors

John Appolis

John Appolis is a long standing activist in the trade union movement and social movement. Presently, he holds the position of secretary in the independent union GIWUSA and is the deputy chairperson of the Anti-privatisation Forum.

Patrick Bond

Patrick Bond is a political economist with longstanding research interests and NGO work in urban communities and with global justice movements in several countries. He is professor at University of KwaZulu-Natal School of Development Studies where he directs the Centre for Civil Society and is involved in research on economic justice, energy and water.

Linda Chisholm

Professor Chisholm is the Research Director of Child, Youth, Family and Social development at the Human Research Council. She has worked in different universities in South Africa and abroad on educational and policy related matters. She has participated in and chaired different policy making committees in education.

Eddie Cottle

Eddie Cottle is an activist and researcher.

He is involved in Umzabalazo we Jubilee and the Social Movements Indaba.

John Daniel

Professor John Daniel has taught at universities in the United States, Netherlands, Swaziland and South Africa. He was a member of the research department of the Truth and Reconciliation Commission from 1996-2001 and recently retired from a research directorship in democracy and governance of the Human Sciences Research Council (HSRC). He is currently one of the editors of the annual State of the Nation volume published by the HSRC Press.

David Everatt

David Everatt is Director of Strategy & Tactics, one of South Africa's leading development research agencies; and a Visiting Research Fellow at the school of Public & Development Management, University of the Witwatersrand.

Stephen Gelb

Stephen Gelb is Executive Director of The EDGE Institute and Visiting Professor of Economics at the University of the Witwatersrand in Johannesburg. He has worked as an anti-apartheid activist in Canada, as a policy analyst at the Development Bank of Southern Africa, and taught economics and political economy at York University, the New School for Social Research, and University of Durban-Westville. He has been a consultant for the ANC,

COSATU, the SA Council of Churches, several SA government departments, the World Bank, UNCATD and UNIDO. He has written widely on South African economic and political issues.

Gorm Gunnarsen

Gorm Gunnarsen holds an MA from the Institute for History and a PhD from the English Institute, University of Copenhagen, where he has worked as a lecturer. He has also been teaching history and English at upper secondary schools. For several years he was the chairman of the Danish anti-apartheid movement (SAC). He has published several books on South Africa and solidarity issues.

David Hemson

Dr David Hemson is a Research Associate of the Human Sciences Research Council (HSRC) in Durban. He has published articles and books on South African trade union development and social issues.

Fred Hendricks

Fred Hendricks is currently the Dean of Humanities at Rhodes University in Grahamstown. He is also Professor of Sociology and was for many years HOD of Sociology at Rhodes and at the University of the Western Cape. He obtained his PhD in Sociology from Uppsala University in Sweden. He was president of the South African Sociological Association.

Sean Jacobs

Sean Jacobs is assistant professor of communication studies and African Studies at the University of Michigan, Ann Arbor in the United States. He held a postdoctoral fellowship at New York University and fellowships at Harvard University and the New School for Social Research. Previously he worked as a political researcher for the Institute for Democracy in South Africa (IDASA) in Cape Town, South Africa. His popular writing has appeared in the *The Nation* (New York), *The Mail & Guardian* (Johannesburg) and *Africa Confidential* (London). He co-edited *Thabo Mbeki's World: The Politics and Ideology of the South African President* (Zed Books, 2002).

Jonathan Jansen

Jonathan D. Jansen serves as Dean of Education at the University of Pretoria and as Vice President of the Academy of Science of South Africa. His doctoral studies on the state and curriculum in Zimbabwe was completed at Stanford (1991) and his MS in science education at Cornell University (1987). His latest (co-edited) book is on comparative education policy and law in South Africa and the USA, and his most recent publications on the leadership of transition (in journals such as *Harvard Educational Review*, *Journal of Educational Change*, *Leadership and Policy in Schools*). He recently received an Honorary Doctorate in Education from University of Edinburgh and several national awards for research and research capacity building.

Pallo Jordan

Pallo Jordan is the current Minister of Arts and Culture in South Africa. He became head of the ANC's Research Unit in 1980. He has been a member of ANC's National Executive Committee from 1985. Pallo Jordan was sworn in as a Member of Parliament and Minister for Posts, Telecommunications and Broadcasting in 1994. In 1996 he was Minister for Environmental Affairs and Tourism. Between 1999 and 2004 he was chairperson of the Foreign Affairs Committee in Parliament. In April 2004 President Mbeki appointed Dr Jordan Minister of Arts and Culture.

Patrick Mac Manus

Patrick Mac Manus is a long standing activist, born in Ireland, involved in Danish solidarity movements. In the turbulent years before 1990, he was chairman of the Danish anti-apartheid movement (LSA/SAK). He has been engaged in History, Philosophy and African Studies. He has taught at several Danish educational institutions and published poems and books on African culture.

Neva Seidman Makgetla

Dr Makgetla completed her BA (Hons) at Harvard University, and her PhD in Economics in Berlin. She has lectured in Economics at universities in Africa and the U.S., including at the University of the Witwatersrand. She has worked for the South African Government as Chief Director for Fiscal Policy in the RDP Office and as Director of Research in the Department of Labour. From early 2001 she has been head COSATU's policy unit.

Hein Marais

Hein Marais is a South African writer and journalist. He is the author of *South Africa: Limits to Change—The political-economy of transition* (Juta/Zed), *To the Edge: AIDS policy in South Africa* (University of Pretoria), and most recently *Buckling: The impact of AIDS in South Africa* (University of Pretoria), as well as numerous essays and articles on politics and development in South Africa. He is the co-author of the United Nations' 2002 Report on the global AIDS epidemic (UNAIDS), and since 2001 has been the principal author of the annual AIDS Epidemic Update report issued by the United Nations.

Morten Nielsen

Morten Nielsen has worked as chairman and co-ordinator for Southern Africa Contact (SAK) the former anti-apartheid movement in Denmark for many years. He has also been working as a journalist for the Danish NGO sector and has been involved in several book projects.

Lungisile Ntsebeza

Lungisile Ntsebeza (PhD) is Associate Professor and Head of the Land and Governance Research Group in the Department of Sociology at the University of Cape Town. He is also Chief Research Specialist in the Democracy and Governance Unit of the Human Sciences Research Council. His book *Democracy Compromised: chiefs and the politics of land in South Africa* came out in 2005. Ntsebeza has also edited, with Ruth Hall, *Land Reform in South Africa* in 2006.

Kwesi Kwaa Prah

Kwesi Kwaa Prah is Emeritus Professor of Sociology, University of the Western Cape and Professor Extraordinary at the University of South Africa. He is currently Director of the Centre for Advanced Studies of African Society (CASAS) based in Cape Town.

Hans Erik Stolten

Hans Erik Stolten holds an MA and a PhD in history from the University of Copenhagen, where he has worked as a lecturer and research fellow at the Centre of African Studies. He worked as author and reader on the Great Danish Encyclopaedia. Previously, he was employed by the Danish Public Record Office. He has written articles, reviews and reports for several periodicals and has been editor and co-author of books on South African history and the anti-apartheid movement. He worked for three years as a Research Fellow at the Nordic Africa Institute in Uppsala, Sweden.