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**Recent Trends in South African
Socio-Economic Development**

Policy driven by
context: The
constraints to
transformation

This presentation

- Country Context
- Historical Overview
- The Apartheid Legacy and Current Challenges
- Economic Policy (RDP to GEAR)
- Political and Social Trends
- Critical questions

Country Context

- Location
- Demographics
- Size
- Shape

Historical Overview (1652-2004)



- 1652 - van Riebeeck and Halfway station and Dutch Colonisation
- 18th Century - Anglo/Dutch Conflict spilled over in colonies - Anglo-Dutch Wars
- 1910 Union - under Britain
- 1948 - Republic and formal Apartheid under Verwoerd
- 1994 - 2004 African National Congress (established in 1912)- Tradition of protest and challenge of White hegemony

The Legacy

- Political Transition from Apartheid to Democracy
 - Mandela Era 1994-9 followed by Mbeki
 - Legacies of Past:
 - Economic Exclusion and White Affirmation
 - Social/Political/Economic inequality based on race
 - Gender-based Inequality
 - Geographic (Urban/Rural)
 - Skills Unevenness

Socio-Economic & Political Challenges

- Racial Differentiation
- Employment
- Poverty
- Skills Development
- Aids Prevalence
- Nation Building in context of 'affirmative' social policy

Equity vs Efficiency

- | | |
|---|--|
| • Reconstruction and Development Programme (RDP) | • Growth, Employment and Redistribution (GEAR) |
| • Equity/Redress/National Historical (contextual) Interests | • Efficiency/Responsibility/ National Interest |
| • 1994 | • 1996 |

RDP

- On the tradition of the Freedom Charter..we have consulted widely...and for those who have participated..It has reaffirmed the belief that that people are our greatest assets...Democracy will have little content, and indeed, will be short-lived if we cannot address our socio-economic problems within an expanding and growing economy
- (Nelson Mandela 1994)

GEAR

- "...a strategy for rebuilding and restructuring the economy..in keeping with the goals set out in the Reconstruction and Development Programme. In the context of this integrated economic strategy, we can successfully confront the related challenges of meeting basic needs...and implementing the RDP in all its facets

(Department of Finance, 1996: 1)

Imperatives

- | RDP | GEAR |
|--|--|
| • National 'Reconstructive' | • International 'Constructive' then... |
| • Redress, Equity, Access | • Efficiency, Effectiveness, Managerialism |
| • State/People interface - Social steering | • Privatisation, Marketisation |
| • Affirmation, Social Re-engineering | • Economic Steering |

Yes, we are getting geared!

- Evidence of increased ability to compete in demanding markets
- Better export performance - In certain sectors automotive
- Increased productivity??
- Wages contained! In public service
- Downsizing in public services
- But...employment?
- But....increased social spending for Aids, Poverty, Economic Affirmation and Skills Development?

Why RDP to Gear?

- Acceptance into Global Family/International Imperative
- Inadequate "intellectual" support – Relative independence from international donor/capital organisations
- *Transition needs to be situated within a 'global' framework*
- Need for self(ability)
- Need for a 'scientific' comprehensive Macro-Economic Framework... real 'theory', 'real facts and extensive 'figuring' (6% Growth=3% increase in provision of social services)
- 'Mbeki' factor

Political Structure vs Economic Reality

- Black Political Power
- Driven by National Reconciliatory Interests
- State as 'neutral' arbiter
- 'Democratic' State with Negotiated Critical Partners (e.g. with old apartheid foe-NNP after elections)
- Tri-partite Governance and 'social partnership' (Unions and Business) – and Strategic alliance (COSATU and Communist Party)
- Black political elite but 'Voiceless'
- Economic Reality
- White Business interests
- Economy (still) largely in White hands
- Spill-over in Media Domination
- White politically elite but mass-ive public voice
- Implications of this
 - Economic (Jobs and Skills)
 - Social

The RDP/GEAR mix

- What has been the effect of Transition with a strong social agenda in context of market rationality?
- Have we made the choice? Economic rationality with human face or human rationality with an economic face?
- Are we successful? How do we define success?

Where are we now?

- **Revolution or Evolution**
 - To what extent is the State simply tinkering with existing structure?
 - Is the Tri-partite political partnership working for the benefit of the majority?
 - What is the role of GEAR
- **Transformation**
 - How is Transformation to be defined?
 - Whose terms are being privileged?
 - Is Equity really possible in context of Global reality...a world armed with an 'efficiency' focus
 - Was the timing of transition wrong?

Year	Govt. Expenditure	Private Expenditure	Total Expenditure	Govt. Revenue	Private Revenue	Total Revenue	Govt. Deficit	Private Deficit	Total Deficit
1994	10.1	10.1	20.2	10.1	10.1	20.2	0.0	0.0	0.0
1995	10.2	10.2	20.4	10.2	10.2	20.4	0.0	0.0	0.0
1996	10.3	10.3	20.6	10.3	10.3	20.6	0.0	0.0	0.0
1997	10.4	10.4	20.8	10.4	10.4	20.8	0.0	0.0	0.0
1998	10.5	10.5	21.0	10.5	10.5	21.0	0.0	0.0	0.0
1999	10.6	10.6	21.2	10.6	10.6	21.2	0.0	0.0	0.0
2000	10.7	10.7	21.4	10.7	10.7	21.4	0.0	0.0	0.0
2001	10.8	10.8	21.6	10.8	10.8	21.6	0.0	0.0	0.0
2002	10.9	10.9	21.8	10.9	10.9	21.8	0.0	0.0	0.0
2003	11.0	11.0	22.0	11.0	11.0	22.0	0.0	0.0	0.0
2004	11.1	11.1	22.2	11.1	11.1	22.2	0.0	0.0	0.0
2005	11.2	11.2	22.4	11.2	11.2	22.4	0.0	0.0	0.0
2006	11.3	11.3	22.6	11.3	11.3	22.6	0.0	0.0	0.0
2007	11.4	11.4	22.8	11.4	11.4	22.8	0.0	0.0	0.0
2008	11.5	11.5	23.0	11.5	11.5	23.0	0.0	0.0	0.0
2009	11.6	11.6	23.2	11.6	11.6	23.2	0.0	0.0	0.0
2010	11.7	11.7	23.4	11.7	11.7	23.4	0.0	0.0	0.0
2011	11.8	11.8	23.6	11.8	11.8	23.6	0.0	0.0	0.0
2012	11.9	11.9	23.8	11.9	11.9	23.8	0.0	0.0	0.0
2013	12.0	12.0	24.0	12.0	12.0	24.0	0.0	0.0	0.0
2014	12.1	12.1	24.2	12.1	12.1	24.2	0.0	0.0	0.0
2015	12.2	12.2	24.4	12.2	12.2	24.4	0.0	0.0	0.0
2016	12.3	12.3	24.6	12.3	12.3	24.6	0.0	0.0	0.0
2017	12.4	12.4	24.8	12.4	12.4	24.8	0.0	0.0	0.0
2018	12.5	12.5	25.0	12.5	12.5	25.0	0.0	0.0	0.0
2019	12.6	12.6	25.2	12.6	12.6	25.2	0.0	0.0	0.0
2020	12.7	12.7	25.4	12.7	12.7	25.4	0.0	0.0	0.0
2021	12.8	12.8	25.6	12.8	12.8	25.6	0.0	0.0	0.0
2022	12.9	12.9	25.8	12.9	12.9	25.8	0.0	0.0	0.0
2023	13.0	13.0	26.0	13.0	13.0	26.0	0.0	0.0	0.0
2024	13.1	13.1	26.2	13.1	13.1	26.2	0.0	0.0	0.0
2025	13.2	13.2	26.4	13.2	13.2	26.4	0.0	0.0	0.0
2026	13.3	13.3	26.6	13.3	13.3	26.6	0.0	0.0	0.0
2027	13.4	13.4	26.8	13.4	13.4	26.8	0.0	0.0	0.0
2028	13.5	13.5	27.0	13.5	13.5	27.0	0.0	0.0	0.0
2029	13.6	13.6	27.2	13.6	13.6	27.2	0.0	0.0	0.0
2030	13.7	13.7	27.4	13.7	13.7	27.4	0.0	0.0	0.0