The Second Transition: An analysis of the political rhetoric of the ANC andANCYL

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DECLARATION

I, Thulani Norman Maseko 210135298, hereby declare that the treatise/ dissertation/ thesis for Students qualification to be awarded is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or for another qualification.
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Abstract

South Africa achieved its formal democracy through a negotiated settlement in 1994. Formal democracy focuses on liberty, rights and basic freedom such as freedom of speech, and the right to vote, amongst others, while substantive democracy focuses on equality, social justice, and the area of economic rights with a focus on reduction of poverty, unemployment and increased equality. It is within the substantive democratisation theoretical framework, that South Africa’s democratic achievement has not necessarily been as great as its political achievements in constructing a constitutional democracy. This is evident in the continued patterns of racialised inequality and poverty, as well as the increase in service delivery protest action, which can destabilise the democratic success achieved in 1994.

The objective of economic development is to create an environment where people can enjoy economic stability, job security and health, and lead productive lives, on one hand. On the other hand, political development seeks to create an environment where people can enjoy peace, rule of law and freedom. Politics and economics therefore go hand in hand to attain wealth benefits for people and create a sufficient level of political stability within a transitioning context. South Africa has made some strides towards getting political stability and a democratic state, but much still needs to be done to reduce poverty, unemployment and inequality. Hence an argument stressing the need for a Second Transition or Economic CODESA has recently entered the sphere of political public debate. This project seeks to deconstruct and explain the discourse of the Second Transition and Economic CODESA. The studies found that centre to this debate are key redistributive issues. Poverty, inequality and unemployment are key substantive challenges that have the potential to undermine political stability if they are not effectively dealt with.
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List of Abbreviations and Acronyms

AA: Affirmative Action
ANC: African National Congress
ANCYL: African National Congress Youth League
AsgiSA: Accelerated and Shared Growth Initiative for South Africa
BEE: Black Economic Empowerment
BBBEE: Broad Based Black Economic Empowerment
CODESA: Convention for a Democratic South Africa
COSATU: Congress of South African Trade Unions
DA: Democratic Alliance
DBSA: Development Bank of South Africa
FDI: Foreign Direct Investment
GDP: Gross Domestic Product
GEAR: Growth Employment and Redistribution
GNU: Government of National Unity
IMF: International Monetary Fund
LSM: Living Standard Measure
JISPA: Joint Initiative on Priority Skills Acquisitions
MEC: Minerals-Energy Complex
MERG: Macro Economic Research Group
NDP: National Development Plan
NGO: Non-Government Organisations
NPC: National Planning Commission
NP: National Party
NUMSA: National Union of Metalworkers of South Africa
RDP: Reconstruction and Development Programme
PAC: Pan African Congress
PUI: Poverty Unemployment and Inequality
SACP: South African Communist Party
SMEs: Small and Medium Enterprises
USA: United States of America
Chapter One: Introduction

Background to the Study

The 1994 South African Founding Elections marked the start of a non-racial democratic government. South Africa’s negotiated transition is often praised as an example of a successful and peace negotiated transition away from authoritarianism to democracy. It is not surprising that Runyana (2012) quotes democracy scholar Elke Zuern who is of the view that:

South Africa is often touted as one of the most successful cases on the African continent despite stark expectations less than two decades ago of a descent into full-scale civil war after attempts by apartheid hardliners to resist the democratisation process that led to the African National Congress (ANC) victory in the 1994 elections.

Although South Africa managed a peaceful political transition to a democracy, the country is still engulfed by three seeming enduring legacies of apartheid: poverty, unemployment and inequality (PUI). Recently, it seems that these three interrelated challenges might pose a threat to successful democratic consolidation. Mathako (2013:26) stresses ‘that there is a generally broad agreement that if South Africa does not turn the corner with regard to addressing the triple challenges of poverty, unemployment and inequality the country could be heading down a slippery slope into the abyss.’

Ruhanya (2012) states that from the outset, the founders of modern South Africa were clear about substantive democratisation as part of their liberation project. Democracy extended to more than the meeting the minimalist requirements of what is often constructed as formal democracy, like civil and political liberties. At the heart of the Freedom Charter drafted in 1955 was a balance between formal or procedural democratic requirements like the demand for political and civil liberties and democracy, as well as more substantive democratic concerns such as redistributing wealth and land.

The seemingly enduring legacies of racialised poverty and inequality are often attributed to the exclusionary nature of the Union regime (1910-1948) and apartheid socio-economic developmental policies (1948-1994) which excluded the majority of the South African population. The Land Act of 1913 and 1936 respectively dispossessed Africans their and consequently land earmarked for the African population was 7 % in 1913 and 12 % in 1936. Survival became increasingly difficult, and many people left the homelands in order to find
employment in the urban areas. In assessing the legacy of the apartheid political economy Marais (2010:16) highlights: “race would become the definitive criterion for South Africans’ access to privilege and opportunity, further restricting the social and economic mobility of black South Africans through a battery of legislative and administrative measures”. This ultimately created the foundation of racialised poverty and inequality, especially concentrated amongst the Black population. Black people were also subjected to discriminatory labour acts such as the Mining and Works Act of 1911 (the job reservation) which reserved all the skilled work to white people only. Coupled with the Bantu Education Act of 1953 black people were also denied education and training with the necessary skills needed to afford them the opportunity to be actively involved in building the South African economy. Ultimately, they ended up being employed as either semi- or unskilled labourers which was neither sustainable to the economy nor helpful to the improvement of living conditions of blacks in a future post-apartheid state. The social conditions in which the black South African population found themselves in were often described as shocking. Indeed, Seeking (2007:2) explains that

Apartheid had perpetuated income poverty and exacerbated income inequality in very obvious ways. African people had been dispossessed of most of their land, faced restricted opportunities for employment or self-employment, were limited to low-quality public education and health care, and were physically confined to impoverished parts of the countryside or cities. At the same time, the white minority had benefited from discriminatory public policies.

Vavi (2013) also stresses that the seemingly permanence of racialised inequality and poverty is rooted in the enduring nature of the colonial and apartheid constructed economic structure, which, for Vavi, is the main reasons why high levels of unemployment persist. Yet, the economic structure is not the only factor that perpetuates the continuation of poverty and inequality. Du Toit and Van Tonder (2009:19) also identify Bantu education as a main contributor to the current socio-economic conditions when they state that apartheid condemned the majority of South African to a poor education, thereby contributing to the country’s skills shortage. The current education system has not, unfortunately, alleviated the skills problem. As a result, a huge number of South Africans continue to be denied employment in a modern economy that requires skills.

The ANC inherited a fragile economy when it took power in 1994, primarily due to an increase in sanctions in the 1970s and 1980s. Marais (2010:67) asserts that “the main value of sanctions appeared to lie in their negative effect on foreign investment flows and on the government’s ability to secure financial assistance to offset balance of payments difficulties”.

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Political instability in the country coupled with international sanctions and the industrial action strikes made a continuation of apartheid unsustainable. Indeed, Frye, Farred and Nojekwa (2006: 267) observed that

To make economic matters worse, in the 1980’s government incurred massive debts by financing the administration and defence of Apartheid. The isolation of South Africa from the international community caused living standards of Whites to drop. Government deferred most of its resources from social spending to military needs to sustain Apartheid.

By the mid-80s the country was experiencing political unrest exacerbated by the ungovernability strategy employed by the African National Congress. Businesses were operating at a loss which prompted the business sector to impel the apartheid government to make sound political and economic reforms such as removing all the apartheid laws and allowing blacks to be involved in the running of the economy of the country. Consequently, white business, intellectuals, clergy and sports administrators met the ANC in exile to commence a dialogue about a possible transition to democracy (Thompson 2001:236). In 1986, secret negotiations between members of National Party, the African National Congress, and South African business leaders began at a time of increased state repression in lieu of various states of emergencies that was in effect. International business people with vested interests in what shape the country would take, were also actively involved in such discussions (Frye et al 2006:267). It therefore seems that South Africa’s transition was not merely driven by political considerations, but a mixture of politics and economics to facilitate a peaceful transition. Essentially, both business and the politicians had a vested interest in a peaceful, negotiated settlement as the means to achieve a democratic South Africa.

The 49th ANC’s National Conference of 1994 stressed that the Government of National Unity inherited an economy characterised by a number of structural problems. It inherited such a skewed and dysfunctional economy underpinned by abysmal socio-economic conditions concentrated primarily within the black population. In addition to dealing with an exorbitant amount of apartheid debt, the ANC also had to deal with the daunting task of rebuilding the economy, restoring and maintaining peace and order, and bringing stability to the country. Seeking (2007:2) contextualises this challenge by stating that
democratisation was therefore accompanied by high hopes that income poverty and inequality would be reduced. The poor were to be enfranchised, the pro-poor and pro-black African National Congress (ANC) would be elected into office, and public policies and private practices would be deracialised. The
ANC promised ‘a better life for all’ in its 1994 election campaign. Its election manifesto – the Reconstruction and Development Programme (RDP) – promised that attacking poverty and deprivation would be ‘the first priority of the democratic government’.

As South Africa progresses into the third decade of democracy, and noting that the ANC had attempted to address the imbalances of the past and, although some success had been achieved in this regard, socio-economic challenges such as poverty, inequality and unemployment stubbornly endure. According to Frye et al (2006: 6), unemployment rose from 34.3% of the total working age population in September 2000 to 40.5% in March 2005. More South Africans now access the social welfare system in order to survive. For example in the Sowetan 22 February 2013 it is reported that

The number of South Africans receiving social grants will swell to 16.7 million over the next three years, according to the 2012/13 Budget, tabled in Parliament on Wednesday. By the end of last year, nearly 15.3 million people were eligible for social grants, compared to 2.5 million in 1998.

When looking at Table 1.1 it is evident that the social grant system is a key pillar to assist those caught in poverty. Grants cover a wide range including age, war veterans, children, and the disabled.

Table 1.1 Social grant values

<table>
<thead>
<tr>
<th>Rand</th>
<th>2011/12</th>
<th>2012/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State old age grant</td>
<td>1 140</td>
<td>1 200</td>
</tr>
<tr>
<td>State old age grant, over 75s</td>
<td>1 160</td>
<td>1 220</td>
</tr>
<tr>
<td>War veterans grant</td>
<td>1 160</td>
<td>1 220</td>
</tr>
<tr>
<td>Disability grant</td>
<td>1 140</td>
<td>1 200</td>
</tr>
<tr>
<td>Foster care grant</td>
<td>740</td>
<td>7 70</td>
</tr>
<tr>
<td>Care dependency grant</td>
<td>1 140</td>
<td>1 200</td>
</tr>
<tr>
<td>Child support grant</td>
<td>265</td>
<td>2 80</td>
</tr>
</tbody>
</table>

Source: Budget Review 2012 National Treasury Republic of South Africa

A higher old age grant for those over 75 was introduced in 2011, and the means test threshold for the old age grant and disability grant was increased significantly in the same
In 2012/13, R104.9 billion was allocated to social assistance, and will increase to R122 billion in 2014/15. The number of grant recipients rose from 15.6 million in 2011/12 to 16.8 million in 2014/15 (Budget Review 2012). However, the grant system is not necessarily sustainable as one requires a high tax base in order to maintain a social welfare state. In addition, accusations that the social grant system had led to increased dependence have also emerged. Here the discourse generally stresses that people need sustainable employment so that they can be self-reliant. However, given the situation of poverty in the country almost half of the South African population are dependent on the state for survival; the government has no choice but to prioritise providing the social grants in order to help eradicate poverty.

In Vegter’s article on *The Daily Maverick* (27 February 2012) he states that ‘a welfare state may be a drag on an economy, and arguing against it may be a valid theoretical position to take, but in the absence of a prosperous economy in rude health, it is will not fly, politically’.

To this end, this research seeks to explore the discourse of the triple challenge of poverty, inequality and unemployment from a substantive democratisation lense, through a content analysis of the rhetoric of the ANC and ANCYL. Creating sustainable solutions to the continuing socio-economic challenges at the cusp of the third decade of democracy remains a highly contested and ideologically volatile dialogue. This study therefore seeks to deconstruct the ideological discourse of the “Second Transition” with a specific focus on poverty, inequality and unemployment.

### 1.1 Rationale and Motivation

According to Kaldor and Vejvoda (1999:4) substantive democratisation is a key area of concern for transitioning states. To this effect, the improvement of quality of life under a new democratic regime is essential for the attainment of political stability and democratic consolidation. Essentially, the unstated assumption underlying the centrality of substantive democratisation to democratic consolidation is that if quality of life of the polity does not improve in the emerging democratic regime, formal political equality and freedom remains an empty idea. Indeed, Kaldor and Vejvoda (1999:4) differentiate between formal and substantive democracy as they state that

formal democracy focuses on the design of a legitimate and fair set of procedures, rules and institutions, such as the establishment of the rule of law. Substantive democracy is a process that has to be continually reproduced, a way of regulating power relations in such a way as to maximise the opportunities for individuals to influence the conditions in which they live, to participate in and influence debates about the key decisions that affect society.
South Africa negotiated its constitutional democracy. However, in creating the conditions to facilitate substantive democratic consolidation or democratic deepening remains somewhat elusive. This is evident in the continued patterns of racialised inequality and poverty, as well as the increase in service delivery protest action. Kaldor (2007:35) states that “the more bottom-up the approach, the more the emphasis is on dialogue and communication, the more favourable the terms and the greater the possibilities for substantive democracy”.

The objective of economic development is to create an environment where people can enjoy economic stability, job security and health, and lead productive lives, on one hand. On the other hand, political development seeks to create an environment where people can enjoy peace, rule of law and freedom. Politics and economics must go hand in hand to attain wealth benefits for people and create a sufficient level of political stability within a transitioning context. For example according to the New York Times 22 October 2010, Social Theorist Barrington Moore “distrusted models of social behaviour that ignored politics, economics and a multiplicity of other possible factors and events that helped determine it”.

South Africa has made some strides towards getting political stability and a democratic state, but much still needs to be done to reduce poverty, unemployment and inequality. Hence an argument stressing the need for a Second Transition or Economic CODESA has recently entered the sphere of political public debate.

There is general agreement amongst politicians that formal democracy alone is not the solution to South Africa’s socio-economic problems. Holomisa (2012:63) warns that it is a pity that since 1994 there has been no consensus among South Africans about the macroeconomic policy that can transform the economy to create and spread wealth wider, and improve the wellbeing of the disadvantaged communities. It should be stated that the ANC led government created the policies that could address the socio-economic conditions in the country. These policies included the Reconstruction and Development Programme (RDP), the Growth, Employment and Redistribution (GEAR), the Accelerated and Shared Growth Initiative for South Africa (ASGISA), the New Growth Path (NGP) and now the National Development Plan (NDP). There is no doubt that the government had devised the strategies to combat the socio-economic problems that it inherited from the apartheid regime, however, unemployment is still prevailing to be the country’s number one enemy that the government must tackle head-on.
Mbeki (2009:87) has stressed that the incumbent ANC government is not creative enough to construct suitable economic policies to effectively deal with poverty and inequality in a South African context. To this effect, he highlights a “resource curse” when an oil-rich country relies on foreigners to pump the oil out of the country while its citizens are looking on but not getting involved, and only benefiting by getting money in the form of royalties. Contrasting this example with South Africa, Mbeki (2009: 87) states that this is the trap into which the ANC government has fallen. Based on this, Mbeki is of the view that the government is lacking in terms of implementing policies that can help the country to improve the socio-economic challenges. Former Minister of Finance, Trevor Manuel quoted in the Cape Times (7 July 2008) conceding that

our biggest failure, and hence our biggest challenge for the future, is job creation. While employment has expanded, this expansion has not been at the pace required to reduce unemployment and poverty dramatically...In many areas of micro-economic policy, it is not our policy that is at fault, but our poor implementation.

According to the ANCYL (2011) document: A clarion call to economic freedom fighters: a programme of action for economic freedom in our life time, economic transformation is not benefiting all the South Africans. It states that:

concerning real economic transformation, the post 1994 democratic state has not achieved anything substantial due to the fact that the economic policy direction taken in the dawn years was not about fundamental transformation, but empowerment/enrichment meant to empower what could inherently be a few black aspirant capitalists, without a real transfer of wealth to the people as a whole.

This study uses substantive democratisation as a theoretical framework to assess the emerging rhetoric on an economic CODESA or the Second Transition. With regards to the theory of democratisation Janda, Berry, Goldman and Hula (2012:14) state that

most substantive theorists agree on a basic criterion: government policies should guarantee civil liberties (freedom of behaviour such as freedom of religion...) and civil rights (powers or privileges that government may not arbitrarily deny to individuals, such as protection against discrimination in employment and housing)...substantive theorists break down when discussion moves from civil rights to social rights (adequate health care, quality education, decent housing) and economic rights (private property, steady employment).

Bezuidenhout (2011:3) asserts that indeed an economic CODESA is the way to go in solving the country’s problems, when he states that “just as the first tipping point required CODESA
I and II to negotiate a new political democracy for the country, we need CODESA III to negotiate a new economic democracy”. Holomisa (2012:63) also shares these sentiments when he asserts that CODESA negotiations only focused on political freedom at the expense of economic freedom. The reality is that the majority of the Black citizens are still landless in their country of birth, a serious impediment to their economic emancipation. Hence the call for an Economic Indaba to debate these issues. This study thus seeks to analyse the political rhetoric of the ANC and ANCYL of the country’s Second Transition and economic freedom.

1.2 Problem statement

According to the ANC (2012) discussion document: *The Second Transition: Building a national democratic society and the balance of forces*

The National Planning Commission in 2010 drew attention to the fact that despite the achievements we made during our first 16 years of democracy, the persistence of widespread poverty and extreme inequality in a middle-income country poses a major threat to social cohesion and nation building. Its implicit conclusion was that a business as usual approach will result in South Africa failing to meet a great many of its objectives.

Persistent socio-economic problems such as racialised poverty and inequality, and high levels of unemployment have elicited different views with different ideological solutions. Mogotsi (2013), states that nothing better illustrates the difficulties ahead for the ANCYL as it pushes for the adoption by the ANC of its nationalisation proposal than the vile and vicious reaction from some within the South African white community to Archbishop Desmond Tutu’s ‘wealth tax’ proposal, a far more diluted and toned down proposal than the ANCYL’s nationalisation and land grab proposal.

The views of both the ANCYL and Bishop Tutu seem to indicate persisting socio-political cleavages when it comes to socio-economic issues. While the ANCYL advocates nationalisation as solution to country’s socio-economic problems, Tutu is of the view that wealth tax can be the solution. Regardless of the approach the South African state will eventually take, the reality is that “if we do not do something about unemployment, poverty and inequality, we’re going to have problems” (Turok 2013:42). Matshiqi (2012 a) is of the view that the best statement of intent that should come out of any economic CODESERA must be one that puts people, especially the poor, at the centre of the human development project. What is needed, according to Matshiqi (2012 b) is a social and economic reality characterised
by the enhancement of human capabilities that will enable all South Africans to lead meaningful social and economic lives. Matshiqi’s argument carries validity as it advocates the idea of creating the social forum that seeks to discuss ideas with the aim of finding a sustainable solution to improve socio-economic conditions in South Africa. This argument also denotes a view that substantive democratic issues need to be dealt with to ensure a meaningful democratic experience for all South Africans. Matshiqi (2012 c) further stresses that the “substantive” refers to the fact that democracy must deliver much more than a set of democratic rights, rules and institutions. The promise of a better life for all must thus be honoured in deepening the South African democracy particularly those who remain on the outskirts of socio-economic inclusion.

1.3 Research Objectives

The overall purpose of this study is a descriptive discourse analysis of the political rhetoric of the ANC and ANCYL Second Transition from a substantive democratisation frame. The study will further seek to:

1. Analyse the rhetoric of the ANC and ANCYL with regard to the causes of poverty and inequality in South Africa;
2. Construct the discourse of the Second Transition or Economic CODESA in relation to continued poverty and inequality from a substantive democratisation frame; and,
3. Explore the sustainability of the proposals of the ANC and ANCYL for an Economic CODESA.

Therefore, the study will analyse the political rhetoric of the ANC and ANCYL in the debate about South Africa’s Second Transition and economic freedom.

1.4 Methodology

The study follows the qualitative tradition of research as its primary data set comprises of words and opinions. The study deals essentially with perceptions, and therefore the qualitative methodological framework is best suited for the study.
1.5 Methods and techniques of the study

The study employs a qualitative content analysis method. According to Elo and Kyngas (2007:108) when using content analysis “the aim [is] to build a model to describe the phenomenon in a conceptual form…It is also known as a method of analysing documents. Content analysis allows the researcher to test theoretical issues to enhance understanding of the data.”

The sample of texts includes both ANC and ANCYL documents dealing with the poverty, inequality and the Second Transition or Economic CODESA. In addressing the assessment of poverty and inequality in South Africa, the relevant information was sourced from organisations such as Human Sciences Research Council (HRSC), Development Bank of Southern Africa (DBSA), Bureau of Market Research (BMR), South African Reserve Bank (SARB) and other institutions that focus on measuring poverty and inequality in South Africa. Fulcher (2012:6) explains that

  discourse analysis is any form of written or spoken language, such as a conversation or a newspaper article…. The investigator attempts to identify categories, themes, ideas, views, roles, and so on, within the text itself…. The investigator tries to answer questions such as how the discourse helps us understand the issue under study, how people construct their own version of an event, and how people use discourse to maintain or construct their own identity.

One of the methods that facilitate a descriptive discourse analysis is thematic analysis. Fulcher (2012:6) states that “thematic analysis is about trying to identify meaningful categories or themes in a body of data”. To this effect, the thematic analysis of the documentary analysis will focus predominantly on poverty and inequality within the discourse of the Second transition. In conducting discourse analysis for this research the following steps are applied.

Firstly, the researcher needs to establishing the context. For the purposes of this study, the context is substantive democratisation in South Africa in order to address the PUI. The second step entails getting the data or the material that is needed to conduct the analysis. The third step is codifying the data according to categories. This includes substantive democracy, economic policy discussions from the ANC and ANCYL, and ideological differences between the ANC and ANCYL, among others.
With regards to data analysis Bryman and Burgess (1994:4) present two main approaches to qualitative data analysis, that is, *analytic induction* and *grounded theory*.

Analytic induction is closely associated with studies of social problems, though it has more general applicability…. The researcher begins with a rough definition of a problem or issue (e.g. drug addiction). Appropriate cases are examined and a possible explanation of the problem is formulated and the investigator then examines further appropriate cases to establish how well the data collected fit the hypothetical explanation.

This study will employ analytical induction as its main approach to data analysis. Here the data is collected and the analysis defines the problems associated with the socio-economic issues and make interpretations based thereon. This study focuses on both ANC and ANCYL documents for sampling and other relevant material that deals with the Second Transition with the specific focus on the continued and persistent racialised poverty and inequality levels as a legacy of apartheid, as well as the discourse on the developmental state. That will be the crux where, after sketching the content, one will be in position to adequately analyse the discourse surrounding the Second Transition.

### 1.6 Presentation of the study

Chapter two presents substantive democratisation as the theoretical foundation of the study. This is necessary as the substantive democratisation framework enables an analysis of the discourse of the Second Transition through the theoretical focus on deepening democracy. Chapter three presents an overview of poverty and inequality in South Africa. The chapter focus on policy evolution of the ANC to address poverty and inequality. Chapter four presents the descriptive discourse analysis of the key documentation surrounding the ANC and ANCYL. Chapter Five concludes the study, presenting an overview of the main findings of the study.
Chapter Two:
Procedural interpretation of democracy and substantive interpretation of democracy

2.1 Introduction

Bratton and Van de Walle (1997:12) point out that “our understanding of democracy refers to a set of political procedures, or rule by people; we disassociate it from rule for the people, which implies, substantively, a distributive socio-economic order”. The purpose of this chapter, then, is to interpret procedural vis-à-vis substantive democracy and how it relates to democratic stability, democratic legitimation, and democratic quality in a democratising context.

Schumpeter (1947:269) defines democracy as that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide, by means of a competitive struggle, for people to vote. Huntington (1991:7) supports Schumpeter on this point. He points out that his study defines a twentieth century political system as a democratic one, to the extent where its most powerful collective decision-makers are selected through fair, honest and periodic elections in which candidates clearly compete for votes, and in which virtually the entire adult population is eligible to vote. In addition to this, Huntington (1991:6) divides the definition of democracy into three approaches: – “sources of authority”, “the purposes served by government”, and “the procedures for constituting the government” The first definition (or approach) means that democracy is the ‘rule by the people’. The second approach describes what duties are to be fulfilled by the government. The third and last approach is the way in which the government is constituted. With regards to the second approach, Dahl (1971:2) points out that a government must maintain, for its citizens, three “unimpaired opportunities” to formulate their preferences, signify their preferences to collect fellow citizens and the government by individual and collective action, and to have their preferences weighed equally in the conduct of the government.
It is thus evident that the government must create a situation in which citizens are obligated to participate in the ruling of the country. In constructing a procedural democracy, South Africa has crafted a constitutional democracy that meets the criteria identified by Dahl and Huntington. However, in term of substantive democratisation, Mattes (2002:23) state that:

In terms of political culture, South African society played a key role in achieving democracy through its widespread opposition to the apartheid regime. The country’s numerous and diverse civil society organisations range from community grassroots groups to national trade unions and nongovernmental organisations. Yet citizens are not particularly supportive of democratic rule and now display low levels of community and political participation. Economically, macroeconomic stability, fiscal discipline, and low inflation sit alongside weak business confidence, low growth, massive unemployment, and rising intra-racial inequality.

In assessing the state of democracy and inequality, poverty and unemployment Luckham, Goetz and Kaldor (2003:43) point out that several factors have been responsible for this trajectory. These include the nature of the apartheid and neo/post- apartheid state, particularly its enduring institutional framework, mores and values; the character of the elite-pacted democratic transition; a macro-economic orientation anchored more on growth than on equity and the resultant growing army of poor and unemployed/unemployable underclasses; preference of stability to unrestrained participation; a state that appears strong but which lacks autonomy in relation to ‘historic blocs’; key ethno-nationalities and powerful groups and individuals (e.g. the Black Empowerment Group). In short, there are structural constraints in the national (and international) system that limit the reach of the state and the import of citizenship and, in consequence, render the state not strong enough to make unattractive other forms of public/social allegiance and identity aside of citizenship.

2.2 Interpretation of procedural democracy

Procedural democracy describes how democracy is measured in terms of transparency and fairness of the essential procedures governing elections, as well as the behaviour of government officials. In other words, it defines democracy as a political system that holds free and fair, contested elections on a regular basis, with universal adult suffrage of both male and female. This view is shared by Armijo and Gervasoni (2010: 143) when they state that democracy implies regular partisan electoral competition open to all citizens within agreed-upon rules, and the institutionalised accountability of leaders to citizens. Simply stated, procedural democracy is concerned with the methods of democratic processes and behaviour. Post-apartheid
South Africa has held four general elections in which the citizens of the country freely participated without undue violence or intimidation. All four elections were described as relatively free and fair. In observing the first two successful elections in South Africa, Mattes, Davids and Africa (2000:5) concluded that

By almost any standard, South Africa’s new political system fully qualifies as a genuine democracy. It has now run two largely peaceful national elections judged to be free and fair. It is about to conduct its second set of local government elections. It has what is widely seen as a “state-of-the-art” Constitution with innovative features like the National Council of Provinces, a range of independent watchdog agencies and commissions, guaranteeing a wide range of classic political rights as well as an array of socio-economic rights, all guarded by a relatively strong Constitutional Court.

A democratically elected government is likely to constitute the basis for establishing a legitimate constitution. Freedom House employs a rather minimalist concept of democracy based on elections (opendemocracy.net 2009). Its criteria for an electoral democracy include a competitive, multiparty political system; universal adult suffrage; regularly contested elections conducted on the basis of secret ballots; reasonable ballot security and the absence of massive voter fraud; as well as significant public access of major political parties to the electorate through the media and generally open political campaigning (opendemocracy.net, 2009).

South Africa’s internationally acclaimed constitution was essentially negotiated with the Congress of a Democratic South Africa (1 and 2), and formally adopted in 1996. Monyae (2008:3) asserts that the founding leaders of post-apartheid South Africa’s democracy enthusiastically seized the opportunity to promote a culture of constitutionalism both at home and abroad. There is no doubt that the architects of this constitution believed in promoting a culture of constitutionalism, sustainable democracy, peace, and stability for South Africa. South Africa's transition occurred at a critical time when the Cold War was in its dying stages and there was rising hope for the spread of democracy across the world. It is in this context that South Africa entered the family of nations in 1994, as both a strong believer and champion of constitutional democracy and the rule of law. This meant that the post-apartheid South Africa was founded on “the belief system of government, laws and principles according to which a state is governed, controlled or limited by the constitution” (Monyae 2008:3).
The underlying factor in procedural democracy is that there has to be a rule of law. The government must be held accountable in all their dealings and therefore must abstain from actions that can be deemed to bring electoral defeat. Added to this, the government must not promise more than what it can deliver, and must also facilitate individual rights and public participation. With regards to the rule of law Morlino (2002:7) points out that even if the rule of law is preserved and respected in varying forms and to various degrees, we can identify a number of particularly critical features in the analysis of good democracy. Morlino (2002:7 states that:

These are the application erga omnes of the legal system, also at the supra-national level, guaranteeing the rights and equality of citizens; the absence, even at a local level, of areas dominated by organized crime; the absence of corruption in the political, administrative, and judicial branches; the existence of a local, centralized, civil bureaucracy that competently, efficiently, and universally applies the laws and assumes responsibility in the event of an error; the existence of an efficient police force that respects the rights and freedoms guaranteed by law; equal, unhindered access of citizens to the justice system in case of lawsuits between private citizens or else between private citizens and public institutions; reasonably swift resolution of criminal inquiries and of civil and administrative lawsuits; the complete independence of the judiciary from any political influence.

Indeed in South Africa, the rule of law is respected and no one is above it. This has been proven true when former National Police Commissioner, Mr Jackie Selebi was arrested and sentenced to jail on the grounds of corruption. Furthermore, no person should be arrested without knowing on what charges they are being arrested for. No one even, including the president can dictate to the judge how to make a judgement or ruling in any court case, theoretically and constitutionally at least. Added to this is the South African media plays a big role as the country’s watchdog – a position they take without any fear or interference from the government and often breaks numerous stories detailing corrupt activities of high level political elites. In other words these highlight that procedurally, at least, the South African democracy has a level of political maturity.

Morlino (2009:6) is of the view that accountability can be either electoral or inter-institutional. Electoral accountability is that which electors can demand from their elected official, that the governed can require of the governor in light of certain acts which he/she has executed. Morlino (2009:6) further states that “this first type of accountability has a periodic nature, and is dependent on the various national, local, and if they exist, supra-national election dates. The voter decides and either awards the incumbent candidate or slate of candidates with a vote in their favour, or else punishes them by voting for another candidate,
abstaining from the vote, or by nullifying the ballot. The fundamental purpose of a democracy is to make state elites accountable to the citizenry”. In South Africa is constitutionally obliged to be accountable to its citizens. For example, before any law is enacted the government should engage its citizens in the form of a government imbizo, usually in community halls, where the government proposes its plans (or intentions) to pass into legislation and allows the community to give their input on the matter. An auditor-general is also employed with the responsibility of monitoring how municipalities and government departments are spending the tax-payer’s money. The auditor-general releases an annual report detailing the performance and the handling of state-owned monies. In procedural democracy, individual rights are protected for the example the ANC (1994) points out that:

The first respects the fundamental rights and freedom of the individual, especially in relation to economic and social rights. The second stipulates the obligations of society towards individuals. We believe that this duality is important and creative in safeguarding human rights worldwide…. There is a whole range of them covering important topics such as civil and political rights, economic and social rights, torture, women’s and children’s rights, racism and apartheid, refugees, the conduct of war and prisoner-of-war status… We recognise the importance of regional efforts to deal with human rights questions. Therefore, we look forward of acceding to the 1981 African Charter on Human and People’s Rights - the Banjul Charter. Individual South Africans will be able to petition the Human Rights Commission and we will work actively for the strengthening of the African Charter. We will accept the ruling of the International Court of Justice as a statement of intent to settle all interstate disputes peacefully.

Rights of individuals must always be protected under democracy. Heller (2012:6) argues that “the core democratic deficit in developing democracies is what I refer to simply as effective citizenship. Classical and contemporary theories of democracy all take for granted the decision-making autonomy of individuals as the foundation of democratic life”. Under democracy individuals must able to be free to vote whoever they think will represent them, “all citizens are presumed to have the basic rights and the capacity to exercise free will, associate as they choose and vote for whom they prefer. This capacity of rights-bearing citizens to associate, deliberate, and form preferences in turn underwrites the legitimacy of democratic political authority” (Heller 2012:6). In other words in a democratic country individuals have a freedom to exercise free will such as choosing the leaders they want them to lead and how they want to be ruled.
Procedurally in a democracy, citizens must be given the rightful opportunity to participate in the voting process – electing the party or the government that they wish to represent them. Morlino (2009:14) defines participation as the entire set of behaviours, be they conventional or unconventional, legal or borderline *vis-à-vis* legality, that allows women and men, as individuals or a group, to create, revive or strengthen group identification or to try to influence the recruitment of, and decisions by, political authorities (the representative and/or governmental ones) in order to maintain or change the allocation of existing values. Procedurally, at least, the South African political system gives citizens a chance to participate in decision-making through *Imbizos* as stated earlier. There is also a civil society whose role is to safeguard its democracy and engage government concerning policy matters. There are also non-governmental organisations that are responsible for engaging the government on the issues of social welfare, for example. Some of these NGO’s can even take the government to court if they feel that the government is not performing its duties in terms of serving the community. Booysen (2008:8) highlights that participation in democracy is being advanced and bolstered, both through the conventional and constitutionally entrenched institutions, and through local and national initiatives to bring supplementary forms of access and engagement. Booysen (2008:8) elaborated how participation operates when she states that “the latter included multiple initiatives in the decade from the late 1990s onwards, including Izimbizo, Community Development Workers, Thusong Service Centres, e-Government, and Project Consolidate”. Another factor in participation relates to how every South Africa citizen is allowed to have his/her own political party - in other words, every one or every organisation is allowed to campaign for a political party (Booysen 2008:8).

Ramaphosa (1998:77) states that many of these rights - such as the right to equality before the law, to life, to free political activity, to freedom of movement, to freedom of expression - are recognised throughout the world and many are contained in the Universal Declaration of Human Rights. It therefore seems that at a procedural level, at least, South Africa’s democracy is doing well. There are however future challenges through the enactment of the Secrecy Bill and the proposed Media Tribunal that could undermine the constitutional integrity of South Africa’s democracy. However, at the time of writing, South Africa was still classified as a constitutional democracy.

Heller (2012:645) argues that despite the consolidation of formal representative institutions as well as significant gains in associational freedoms, pervasive inequalities between citizens
along class and other lines and severe problems in preserving the chain of sovereignty between citizen and state have limited the effective representativeness of democratic institutions. It must be stated here that South Africa does not have a problem in representativeness of democratic institutions but it lacks representation and substantive outcome economic participation. These fundamental deficits of representative democracy in the global South have hampered subordinate group collective action and severely restricted the possibilities for building effective welfare states (Heller 2012:645). The key point here is that the missing link between representation and substantive outcomes is the unequal nature of participation.

2.3. Interpretation of substantive democracy

In an article ‘Unhappy families’ in Cape Times (14 July 1999) by Gail Eddy, Franklin D Roosevelt is quoted extensively to highlight the basic rights of citizens. These rights included:

- right to a useful and remunerative job,…the right to earn enough to provide adequate food and clothing and creation,…the right of every family to a decent home, the right to adequate medical care,…the right to adequate protection from economic fears of old age, sickness, accident, and unemployment, and the right to a good education.

These are the rights that South African government is currently battling to fulfil, even though they are constitutionally guaranteed. Mpako-Ntusi (1999:67) asks:

If democracy is something that can be implemented by persons who are said to be free, how free are people who are poor to implement democracy? If one is disempowered by circumstances and cannot freely use one’s own intellect and physical energy to provide for one’s own survival, how can the same person be expected to have the power to make choices at a national political level? If one is incapable of taking care of one’s own basic needs (food and shelter), how can one be expected to exercise a political right which meets the secondary needs of nation building?

Jeffery (2010:83) also highlights that the final South African Constitution incorporates a number of justiciable socio-economic rights. It gives all South Africans guaranteed rights ‘of access’ to housing, health care, food, and social security. The Bill of Rights obliges the State to ‘take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of these rights.’ However, delivery, and thus implementing these rights as majority of South Africans remain in poverty. Maphosa (2012) stresses that
holding elections is an important step in entrenching democracy as it is an avenue for the electorate to exercise its right to elect new leaders. However, it alone does not guarantee or promote substantive democratic processes. He argued that more is needed to be done from a cultural and human aspect to ensure the consolidation and functioning of a democratic regime.

Similarly, Matshiqi (2012 c) testifies this when he quotes the ANC statement discussion document, *The Second Transition? - Building a National Democratic Society and the Balance of Forces in 2012, the African National Congress (ANC)* maintains that,

> despite the progress made [since 1994], and despite our status as an upper middle income country by virtue of our GDP per capita, extreme income inequality (reflected in our Gini coefficient), deep poverty, and lack of access to opportunities persist, still reflecting the old fissures of race, gender, class and geography.

This is a variation on the argument that the 1994 democratic breakthrough delivered a sound constitutional and democratic order but has, so far, lagged behind when it comes to the alteration of the material conditions of the poor population, who are predominantly black. Others have argued that the achievement of political freedom has not sufficiently coincided with the reality of economic freedom. Von Holdt (2010:1) asserts that the sustained economic growth rate of the first 15 years of democracy has left too many South African citizens untouched, and the problems of poverty and joblessness loom as large as they did on the eve of democracy.

Kaldor (2007:35) asserts that by substantive democracy, he refers to a process which has to be continually reproduced for maximising the opportunities for all individuals to shape their own lives and to participate in and influence debates about public decisions that affect them. Procedural democracy and substantive democracy must go hand in hand so that all the citizens can enjoy the fruits of democracy. In other words with substantive democracy economic stability will be attained and this is exactly what South Africa country need. Habib (2004:96), states that

> the essence of democracy is political uncertainty, and it takes two distinct forms: institutional and substantive. Institutional uncertainty – the uncertainty about the rules of the game – implies the vulnerability of the democratic system to anti-democratic forces. Substantive uncertainty – the uncertainty of the outcomes of the game – is about the perceptions of ruling political elites in a democratic system on whether they will be returned to office.
In South Africa, it is a few who are benefiting in the current situation. For example, Habib (2004:92) states that Black professionals and entrepreneurs have particularly benefited from the current situation, but the poor and marginalised people continue to struggle excessively. President Mbeki has often spoken of two nations and two economies in South Africa, and the need to transcend this dichotomy. Given the major contrasts in South Africa’s social make-up, one is tempted to agree with Mbeki when he states that South Africa has two nations and two economies. To illustrate, if a foreigner arrives at Cape Town’s airport, and judging the infrastructure of the airport, he/she may be of the impression that South Africa is a first world country. However, should the same person leave the Cape Town airport and enter into the nearby township, his/her opinion will most likely change as he/she will realise that majority of South Africans live in the Third World where poverty and inequality is the order of the day. Therefore, Govender (2012) is of the view that

our Constitution asserts that each of us is born with inherent dignity, value and worth. This is our birth right. Yet society imposes identities and assigns value and dignity based on biology and factors such as how poor or wealthy our parents are; the colour of our skin, the texture of our hair, our different abilities, sexual orientation, where we live, the culture or religions we are born into...These are not neutral identities. They influence the way in which those without power are often silenced and made invisible. Power becomes the basis for subordination, discrimination, exploitation and violence. People who are poor seldom access any of their rights, whether civil and political rights such as the right to organise and to peaceful protest or socio-economic rights such as water and sanitation. No right can be seen as separate from each other – human rights are interdependent, indivisible and equal.

Many South Africans have become impatient with the country’s current situation and complain that South Africa continues to experience inequality despite it being almost two decades of democracy. This has manifested in the surge of service delivery protest is an indication that South Africans are not benefitting from the fruits of democracy. Jeffery (2010:88) points out that since 2004, as people’s patience (and even tolerance) over inadequate and unequal delivery has worn thin, it has helped to generate an upsurge in violent demonstrations. These have generally been accompanied by burning barricades and at least some level of intimidation. Often such demonstrations have been the trigger for attacks on the police, the burning down of homes and other government buildings such as hospitals, schools and libraries, the destruction of vehicles, and even, on occasion, the killing of local councillors. Such protests are mainly about the supply of basic needs such as water, housing, electricity and sanitation. The year 2011 saw a protest go terribly wrong when a Free State
community member, Andries Tatane, was killed by the police in his stand for better service delivery. Even those who are employed continue to have industrial strikes fighting for the living wages and they complain that their bosses are earning millions whilst the working class earn a slave’s wages.

The 16th of August 2012 was a dark day in post-apartheid South African history when the police shot and killed 34 miners who were fighting for a decent living wage. Such scenes demonstrate the level of frustrations in terms of service delivery, indeed this affects South Africa and how it erodes the achievements of procedural democracy. The Xenophobic violence that occurred in 2008 is yet another clear indication that highlights the state of the poor South Africans in the country. Indeed continued “economic exclusion in the form of class inequality, unemployment and poverty is highlighted...as the greatest impediment to reconciliation in the present day South Africa” (www. independent.co.uk). Morlino (2009:17) maintains that the main social rights of democratic polity include the right to health or to mental and physical well-being; the right to assistance and social security; the right to work; the right to human dignity; the right to strike; the right to study; the right to healthy surroundings, and, more generally, to the environment and to the protection of the environment; and the right to housing.

2.4. The relationship between procedural and substantive democracy

The procedural interpretation of democracy focusses on mainly political and individual rights whereas the substantive approach has to do with both social and economic rights. The ANC government has achieved most of the characteristics associated with the procedural approach to democratisation, as outlined above. However, it is on the substantive democratisation level that the performance of the ANC can be criticised through the persistence of poverty and inequality. Democracy and stability will not be attained if both procedural and substantive democratic concerns are not dealt with. Welzel and Klingemann (2008:59) state that

standard measures of democratic institutions and democratic preferences are indeed devoid of substance,

congruence should be evident in significantly greater strength when one substantiates supply-side and demand-side measures of democracy, qualifying them for the governance practices and mass values that do involve genuine commitments to the freedoms that define democracy.

Lord (2000) states that the sociologist Max Weber (1918) managed to distinguished between substantive and procedural legitimacy. In Weber’s view the acts of government that are acceptable either for what they achieve (substantive) or for how they do it (procedural). Lord
(2000) also states that Fritz Scharpf (1997) makes a similar point that legitimacy can be won or lost either on the input or on the output side of government: democratic selection of office holders, electoral approval of programmes, public consultation and so on are common ways of securing input legitimacy; meeting public needs and values, and ensuring that policy tracks public opinion, are sources of output legitimacy. According to Welzel and Klingemann (2008:63)

Democracy has a supply side and a demand side. On the supply side it becomes manifest when power holders institutionalise democratic freedoms. On the demand side it becomes manifest when ordinary people prefer democracy as a form of governance. An essential quality of both the supply of democracy and the demand for it is “substantive-ness.” With substantiveness we denote the extent to which power holders and ordinary people are committed to the freedoms that define democracy. On the supply side, such a commitment requires that elites effectively respect democratic freedoms in the daily practice of power.

Matshiqi (2011:27) states that democracy must be more than a set of democratic procedures, rights and freedoms. Given the history of social, political and economic marginalisation of the black majority, it must also deliver a better life for all South Africans. According to Morlino (2009:19) the substantive dimensions wouldn’t make sense without the procedural dimensions—this is a well-known principle of democratic regimes. For quality democracy, however, the substantive dimensions are even more important than the procedural dimensions.

2.5 Concluding remarks

Adedeji (1992:32) states that “democracy cannot thrive in empty stomach. It cannot thrive in conditions of abject poverty and in societies where poverty has a brutalising impact”. Indeed South Africa’s democracy may not thrive if poverty, unemployment and inequality are still persistent. In order to to with substantive democratic concerns, it is important to note that the socio-economic conditions of particularly the black population must be dealt with. While the ANC has constructed various policies to deal with increasing the quality of democracy, much still needs to be done. Policies include the Reconstruction and Development Programmes (RDP), the Growth, Employment and Redistribution (GEAR), the Accelerated and Shared Growth Initiative-South Africa (AsGisa) and currently there is National Growth Plan (NGP) ). These will be discussed in the next chapter.
Chapter 3
In Search of a Solution: Policy evolution of the ANC to address Poverty and Inequality

3.1 Introduction
Although South Africa managed a smooth transition to a constitutional democracy, factors such as poverty, inequality and unemployment seem to obstruct democratic consolidation. Nyamnjoh, Hagg and Jansen (2012:14) are of the view that despite a solid Constitution, almost two decades of development planning, the strengthening of state institutions and survival of 2009 crash global financial crisis, the South African political, economic and social landscape shows a sense of chaos. The gains of democracy have been gathered by an elite rather than shared by the whole population. According to De Klerk (2013:2) the persistence of poverty despite economic growth, both before and after 1994, was due to the highly unequal distribution of the benefits of economic growth, which remains highly racialised. Apartheid laws ensured that white South Africans had skills development, opportunities and high incomes, whilst most black South Africans were deprived of skills development, had too few opportunities for growth, and had low incomes keeping them poverty stricken. Many hoped that the establishment of a democracy would eradicate income poverty and inequality but in reality, this was not the case. This chapter will look at the policies that the ANC led government had produced in an attempt to deal with socio-economic inequality, poverty and unemployment.

3.2 Unemployment in post-apartheid South Africa
According to Davies and Thurlow (2010:437) unemployment is one of South Africa’s most pressing socio-economic challenges, affecting a quarter of the workforce, by formal calculations. The levels and racialised character of both inequality and unemployment in South Africa is undoubtedly, to a large extent, a product of the country’s apartheid legacy which has had an impact in the current socio-conditions of post-apartheid South Africa. Furthermore, the impact of unemployment and poverty has solicited different views from academics to politicians to highlight the plight of socio-economic conditions in the country.
For example, Chitiga-Mabugu (2013:170) asserts that solving the high unemployment problem in South African has been a major concern in post-apartheid South Africa. Mashele (2009:13) is of the view that since the dawn of democracy youth from rural areas mushroomed in the cities looking for employment only to find out that there were no such opportunities and as a result, they ended up in establishing shantytowns adjacent to townships. Vavi (2012: 7) asserts that “this level of joblessness is the main reason that between 40% and 50% of South Africans live in poverty and that we have become one of the most unequal societies in the world, with 50% of population living on 8% of the national income”.

Davison (2012: 59) states that unemployment in South Africa is worse than Iraq. He further states that for a country in a middle-income emerging market with abundant natural resources, well developed infrastructure, well developed financial and legal sectors, and the eighteenth largest stock exchange in the world, this level of unemployment is unacceptable.

In engaging an unemployed youth Mali (2012:65) encountered overwhelming negative emotions. He laments:

I’m feeling permanently and under constant strain”, “I have countless unemployed friends. Most of us have given up looking for work because it’s a pointless exercise”, “I’m feeling broke and disillusioned”, “Why do I bother going to school?”, “My matric certificate is worthless.

Liebenburg (2000:12) states that the Bill of Rights is a cornerstone of democracy in South Africa and affirms the democratic values of human dignity, equality and freedom. It integrates a full range of civil and political as well economic, social and cultural rights. In other words the country managed to have a procedural democracy which guaranteed through the Bill of Rights, but this is pointless when people are still trapped in the sea of poverty and they cannot find employment to sustain them and enjoy the fruits of democracy. This is where the substantive democracy comes into play as it deals will economic benefits in a democracy.

In judging the impact of unemployment in the country and responding to the status of unemployment, the ANC remains seemingly sympathetic with the plight of unemployment. The ANC (2012) in their Discussion Document towards the National Policy Conference state that:
cumulatively, the socio-economic conditions of the majority create a sense of grievance and social injustice, especially among the urban poor who live side by side with the rich. This also explains why people in urban areas quickly resort to protests, while the same or worse conditions in rural areas do not lead to protests. If these people do not find jobs they always raise their frustrations at the government, blaming the government for not doing much in creating employment opportunities. For example in assessing why there is so much service delivery protest in the country poverty and unemployment are found to be a contributing factor. Burger (2008) states that many reasons for these protests are offered. The primary reason, it would appear, is dissatisfaction with the delivery of basic municipal services such as running water, electricity and toilets, especially in informal settlements. Unemployment (officially at around 23%, although it is estimated that 45% of the South African population could be unemployed), high levels of poverty, poor infrastructure, and the lack of houses add to the growing dissatisfaction in these and other poor communities. Indeed, unemployment undermines growth and it is a main contributor to poverty and equality, it also limits domestic demand.

It should be stated that unemployment is seems is concentrated among the youth. Vavi (2013: 7) states that “of the particular is that 72% of the unemployed are young, age between 15 and 34. Of these, 62% have less than a secondary school education, while 33% have completed a secondary education but have no tertiary education”. Rankin and Roberts (2011:128) assert that unemployment amongst South African youth is much higher than in most developing countries. In 2005 half of those in the labour force cohort aged 15-24 years were unemployed. Also Rankin and Robert (2011:128) quotes from (Bhorat & Oosthuizen 2007) stating that South African unemployed youth rate is “significantly higher than the rate in other countries in sub-Saharan Africa – where approximately 21% were unemployed – and other regions such as North African and the Middle East (25%) and Central and South America (16%)”. This view is also shared by Leibbrandt, Woolard, McEwen and Koep (2010:10) when they observed that the country’s youth suffer from very high unemployment rates, as can be seen in Table 3.1 below. This rate has increased for the 25-54 age groups between 1997 and 2008, with the most marked rise occurring amongst those between 21 and 30 years old. Unemployment amongst youth is a serious concern as it impacts on the trajectory of an individual. If someone is at the age of 30 and not employed, the chances of this person ever being employed are very slim and such person will most likely feel very disillusioned.
Table 3.1. Unemployment rates by age group

<table>
<thead>
<tr>
<th>Year</th>
<th>16-24</th>
<th>25-54</th>
<th>55-64</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>29.9</td>
<td>11.2</td>
<td>5.5</td>
</tr>
<tr>
<td>1997</td>
<td>42.1</td>
<td>18.9</td>
<td>7.3</td>
</tr>
<tr>
<td>2001</td>
<td>53.6</td>
<td>25.2</td>
<td>10.9</td>
</tr>
<tr>
<td>2005</td>
<td>51.6</td>
<td>22.8</td>
<td>8.5</td>
</tr>
<tr>
<td>2008</td>
<td>39.4</td>
<td>21.5</td>
<td>6.8</td>
</tr>
<tr>
<td>Change 1997-2008 (in %)</td>
<td>-6.4</td>
<td>13.7</td>
<td>6.5</td>
</tr>
</tbody>
</table>

Source: Leibbrandt, Woolard, McEwen and Koep (2010:10)

The above table shows that the rate of unemployment amongst South African youth, between the ages of 16 to 30, is steadily increasing. For instance, the number of unemployed youths rose from 11.2% in 1993 to 21.5% in 2008. This means that the rate is doubling with no clear improvement in the near future. It is therefore not surprising that the youth marched to the Union building with the then president of the ANCYL Julius Malema in demanding employment and economic policy change under the slogan ‘economic freedom in our life time’ in October 2011 (www.iol.co.za). The editorial of DBSA in 2012 stressed that “the longer people are outside the labour market, the more difficult it is for them to be brought into it, as they lose their skills and fail to keep pace with technological advances, thus rendering them unemployable”. Cutifani (2012: 126) therefore concludes that it is a small wonder youth unemployment has been described as a ticking time bomb, given the socio-economic and political stability implications. The “ticking time bomb” can be experienced in the service delivery protests whereby the unemployed citizens demand jobs, housing, and better quality of life for all - as promised by the ruling ANC.

In general the figures of the unemployment rate seem to be on the increase year after year as indicated in figure 3.1 below. For example, the survey from Stats SA (2012) indicates that in the fourth quarter of 2008, there were approximately 3.9 million persons unemployed in South Africa, the lowest number since the first quarter of the same year. During the financial and economic crisis, the level of unemployment climbed rapidly, reaching a peak of 4.4
million in the second quarter of 2010, and remaining around this level in the following quarter of the same year. The number of unemployed persons rose to 4.6 million in the third quarter of 2012 and decreased by 166 000 (or 3.6%) to 4.5 million in the fourth quarter of that year. It thus becomes evident that between 2008 and 2012 there was little growth in employment; instead over half a million people lost their jobs.

Figure 3.1: Total unemployment, quarter 1:2008 to quarter 4:2012

Source: Stats SA Quarterly Labour Force Survey, Quarter 4, 2012

Leibbrandt et al (2010:4) state that creating jobs and reducing unemployment are key economic and social challenges in South Africa, yet, unemployment seems to be increasing. This is explicitly recognised by the South African government, which aims to halve unemployment by 2014 by removing a number of constraints such people relying on the state grants and creating a welfare state.

When considering the unemployment rate in the country it should be stated that it is mainly black South Africans who are mostly affected as demonstrated with figure 3.2. Historically, the legacy of apartheid has led to a skew in the high number of the unemployment rate mostly consisting of blacks. According to the ANC’s (2012) ORGANISATIONAL RENEWAL Building the ANC as a movement for transformation and a strategic centre of power: A discussion document towards the National Policy Conference:
South Africa’s deep inequalities result from the exclusionary and divided economic and social systems established under apartheid. These systems privileged a minority by depriving the majority of access to assets, including land and finance; quality education and certified skills; decent government services; and access to market institutions. They aimed both to reduce the majority to poorly paid wage labour and to limit migration into the cities. That in turn provided more opportunities and state resources for the minority.

The above quote is central to a discourse analysis which will be discussed in more detail in Chapter Four. Altman (2003:176) states that the separate development strategy entailed that the black population would be kept out of central urban areas, and that production became increasingly capital intensive to reduce dependence on black workers. In other words, the apartheid legislation was aimed at saving economic opportunities for the whites. The legacy of apartheid can be seen in table 3.2 below, as there is the continuing racial bias in the figure, with unemployment of blacks at 28 % compared to 21 % for coloureds, 9% for Indians and 7% for whites.

Figure 3.2: Unemployment rate by population group

![Unemployment Rate by Population Group](image)

Source: Stats SA Quarterly Labour Force Survey, Quarter 4, 2012

Bhorat and Papier (2006:1) states that there are some worrying trends concerning the education level of unemployed youth. It should also be pointed out that those who do not have good education are worse off than those who do have education. Figure 3.3 demonstrates that those who do not have an education does not have much of a chance of finding employment, and are thus deemed unemployable. To this effect, Bhorat and Papier further observed that a person with incomplete secondary school education has a 75% chance of being unemployed, dropping to 66% if they have matriculated. Furthermore, those who have a tertiary qualification, but not a degree, have a 50% chance of finding employment,
while those with a degree have a 17% chance of not having a job. Based on these statistics, early school leavers make up the bulk of the jobless.

Figure 3.3: Share of the unemployed by education level

According to Stats SA (2012: xv) in general, lower unemployment rates are associated with higher levels of education. As figure 3.3 illustrates, in the first quarter of 2008, about 64% of the unemployed did not have matric, while only 5.2% of the unemployed had tertiary qualifications. Comparatively in the fourth quarter of 2012, 61.3% of the unemployed did not have matric (2.8 percentage points lower than in the first quarter of 2008) and only 6.2% had tertiary qualifications (1 percentage point higher than in the first quarter of 2008). The share of the unemployed persons with educational levels lower than matric has been steady, accounting for approximately 60% in each quarter. Therefore, the level of education is a strong determining factor in the employment position in South Africa.

Though the country is facing a crisis in unemployment, the ANC expresses great concern regarding the persistence of inequality even amongst the working class. There are those who are employed, either in the formal sector or informal sector, that earn very low incomes that can barely be described as the living wage. According to the ANC (2010) Economic Transformation Discussion Document for the National General Council the ANC asserts that in addition to low levels of employment, many employed people had very low incomes which cannot be regarded as a decent living wage. For example in 2008, 37% of all employees earned under R1000 per month – an amount so low that it barely sustains the needs of a family of six if the inflation and the prices of food are taken into consideration.
domestic and agricultural workers make up a third of all working people, but two thirds of those earning under R1000 a month. African women make up 40% of all employed people (with 20% in domestic work), but over 50% of those earning under R1000 a month. The income inequality of R1000 per month can never be regarded as a decent living wage in South Africa especially taking into consideration that staple food is very expensive and transportation costs are at its highest rate due to dependency of foreign fluctuations on the oil prices. The working class is spending most of their wages on their transportation costs than they are on their basic needs, hence they still experience poverty and inequality even if they are employed. Quoted in Fillen’s (2012) article AMCU president Joseph Mathunjwa stresses that “you know we can have all these fancy bargaining structures but if the core issue hasn't [sic] been addressed in terms of how to get the working class outside the poverty line it will be just another process”. Altman (2006:20) is of the view that the “working poor” refers to anyone who is “employed” by the definition of the Labour Force Survey (LFS), working in the formal or informal sector, earning less than R2,500 per month. Such workers struggle to meet the basic needs. Workers earning less than R1000 per month were also reviewed: they account for about 39% of working people. These workers experience “problems meeting food needs sometimes, often, or always” (Altman 2006:21). In other words very low wages are also part of the problem as the workers who are earning such wages are still trapped in poverty.

3.3 Poverty and inequality

Thabo Mbeki (1998) stated that:

South Africa is a country of two nations. One of these nations is white, relatively prosperous, regardless of gender or geographic 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 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… This reality of two nations, underwritten by the perpetuation of the racial, gender and spatial disparities born of a very long period of colonial and apartheid white minority domination, constitutes the material base which reinforces the notion that, indeed, we are not one nation, but two nations. And neither are we becoming one nation.

Mbeki’s speech indicates that there is still the divide between the proverbial have and the have-nots in the post-apartheid South Africa. The speech paints a vivid picture of the inequality in South Africa between blacks and whites. This view is also shared by De Klerk
(2013: 2) when he asserts that South Africa is the world’s most unequal nation, with half the population living in poverty on just 11% of national income. One measure indicating major structural problems is the Gini coefficient, which measures social and economic inequality on a scale of 0–1 (zero implying no inequality). Looking at the Gini index according to the World Bank, South Africa received the highest score in the world at 0.69 in 2013. This indicates that the South African population is the most unequal society in the world in terms of income distribution between rich and poor. The Perspectives from the ANC Youth League Policy Dialogue (2007) also complains about the state of inequality in the country when it asserts that:

South Africa has one of the most unequal distributions of income in the world, leading to poverty on a mass scale. Another legacy of apartheid causing poverty is low level of skills for the majority of the population who then become unemployable. This has meant that apartheid wage gaps still persist in the new South Africa. Job losses that have continued unabated in the new South Africa have exacerbated income inequality; affected the youth in a negative way and this potentially undermine government’s efforts to fight poverty and its family linked vicious cycles where the poor pass on their poverty to their children through lack of support for development opportunities such as skills development.

Indeed, apartheid policies created two societies in the country, one which is black and poor (this group is in the second economy) and one which is white and rich (this group is in the first economy). The two societies continue to live side by side. Philip (2010:3) demonstrates how the economic divide and inequality prevails itself in the country when states that:

The world around us certainly appears to validate such an analysis: Diepsloot and Sandton appear worlds apart – more so Matatiele and Cape Town. The dichotomies between them are manifested spatially as well as at the level of outcomes in relation to access, capabilities and opportunities. These dichotomies at the level of outcomes are, however, too easily understood as also reflecting a disconnection at the level of process – despite a history in which the processes of dispossession, extraction and exploitation are all too clear. It is this gulf – this apparent disconnection – between the outcomes at each end of the spectrum of inequality that makes the idea of two “disconnected” economies side by side appear intuitively correct.

The ruling ANC has devised different economic policies in order to eradicate poverty and inequality in the country (see section 3.4 below). Despite the standing economic policies, poverty and inequality continue to be the biggest enemy of the democracy in South Africa. Gumede (2013:12) reiterates the stubbornness of the socio-economic condition in the country when he states that two important development issues that continue to haunt post-apartheid South Africa are poverty and inequality. These two issues are linked to the structure of the South African economy. On the one hand, the economy or the labour market is not
successfully creating jobs at a capacity which could dent structural poverty which is largely a legacy of apartheid. On the other hand, the structure of the economy reproduces inequality through benefiting those with certain skills or political connections while keeping the rest of society’s majority, within the black community in particular, at lower levels of economic or financial wellbeing.

Though the theory of the “two nations” is still prevalent in South Africa, it is abundantly evident when one goes to the townships and rural areas and compares those living conditions in the suburban areas. However, it must be noted that this theory will “diminish” since poverty and inequality is shifting away from being the race issue to becoming an issues of class. Citing the South African Reconciliation Barometer Survey, Wale (2013:15) states that in general South Africans report that race relations are improving in South Africa and class relations are deteriorating. For example, after 1994 a number of affluent blacks held well-established positions in both the private and public sectors, which was made possible by the policy of Affirmative Action. They now live in the suburban areas and enjoying the fruits “of the first economy”, meaning that the divide between whites and blacks is steadily being replaced by social class. According to Wale (2013:34) black South Africans in the higher LSM group report almost as high amounts of interracial contact (60.6 % in LSM 9 and 70.1 % in LSM 10) as white South Africans (71.6 % in LSM 9 and 77 % in LSM 10). In terms of interracial socialisation, these figures are higher for black South Africans in LSM 9 (48 %) and LSM 10 (45.3 %) than for white South Africans in LSM 9 (39.8 %) and LSM 10 (34.8 %). In other words affluent black middle class can afford to live and interact with whites in the suburban areas. It is this factor of social class that caused the ANCYL (2007) to complain that the BBBEE strategy needs to be reviewed with regards to its inclusiveness or broadness around those involved. A few black elites have over and over again benefited while the majority of black South Africans are still living in poverty.

As demonstrated earlier, the central contributor to poverty and inequality is the high level of unemployment. Therefore instead of the race issue or two nations theory, poverty and inequality is now also linked to the variables of employed and unemployed classes and how much each class is earning and consuming. Seekings and Nattrass (2000:2) give the details of the class structure when they state that the class structure of post-apartheid South Africa comprises three major groups of classes in South African society. At the top is an increasing multi-racial upper class or elite, which includes politicians and politically connected business
people. In the middle tier are workers in a range of classes including the ‘semi-professional’ class (teachers and nurses), the ‘intermediate’ class (i.e. white-collar workers in public and private sectors) and most of the ‘core’ or urban industrial working class. At the bottom are the marginalised sections of the working-class, including especially farm and domestic workers and their dependants and households where no one employed. Therefore, “the divide that existed between white and black households under the early apartheid period continues to shift, separating growing numbers of better off black households from the poorer blacks” (South African Reconciliation Barometer Survey 2013: 16). Furthermore, the South African Reconciliation Barometer Survey also found that:

There is a relationship demonstrated between mother tongue and material exclusion, with the high majority of English a Afrikaans speakers falling in the high LSM groups and with more Xhosa and North Sotho speakers falling in the lowest LSM category (in relation to the population of Xhosa and North Sotho speakers) than other language groups. It is interesting to note that Zulu speakers (the most commonly spoken South African language), have the third highest percentage (36.3%) of individuals within the lowest LSM categories, and the fifth highest percentage of those in the highest LSM categories (20.1%).

Visagie (2013) is of the view that black middle class has been growing from 1993 whilst the white middle class is declining. Table 3.2 demonstrates it is the divide in class, as opposed to race as the exclusive factor of exclusion, that also drives inequality. The middle class is classified as a person or household who earn between R5600 and R40000 per month. Table 3.2 show that the number of people living below the poverty line those earning less than R515 per month in South Africa decreased between 1993 and 2008 from 56.9 % to 51.7 %. For Visagie, thus, poverty and inequality is now based on how much an individual family is earning rather than exclusively race. Indeed, he further notes that

This bracket of the population had increased its share of the total population from 19.3 % in 1993 to 21.3 % in 2008. The small margin of growth was due to the numbers growing only slightly above the population growth rate. In contrast, however, the South African upper class bolstered its numbers over the years more significantly – increasing from 1.1 % of the population in 1993 (400,000), to 2.8 % of the population in 2008 (1.4 million)
Table 3.2 Class structure

<table>
<thead>
<tr>
<th></th>
<th>Lower class</th>
<th></th>
<th>Middle class</th>
<th></th>
<th>Upper class</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Below poverty line</td>
<td>Above poverty line</td>
<td>R1400 - R1399</td>
<td></td>
<td>&gt; R10000</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>22.7 (56.9)</td>
<td>9.1 (22.7)</td>
<td>7.7 (19.3)</td>
<td>0.4 (1.1)</td>
<td>39.9 (100)</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>24.6 (56.0)</td>
<td>9.8 (22.4)</td>
<td>8.7 (19.8)</td>
<td>0.8 (1.9)</td>
<td>44.0 (100)</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>25.1 (51.7)</td>
<td>11.8 (24.2)</td>
<td>10.4 (21.3)</td>
<td>1.3 (2.8)</td>
<td>48.7 (100)</td>
<td></td>
</tr>
</tbody>
</table>

Source: businesstech.co.za/news/general/43187/sa-middle-class-getting-poorer/

It can be deduced that the 1998 Mbeki speech in assessing poverty and inequality is now shifting and is being replaced by class rather than race as a lot has improved between 1994 and 2012, though there is still much to be done. Indeed, the government has produced different economic policies to eradicate poverty and inequality and these policies seem to be bearing some proverbial fruit in decreasing inequality based exclusively on race. Unfortunately, not everyone is benefiting since the gap between the rich and poor is widening, hence the need for the economic CODESA.

3.4 Economic policies to address the socio-economic problems

In order to address the imbalances of the apartheid regime, the ANC led government introduced different policies to combat unemployment, poverty and inequality. These policies included the (RDP), the (GEAR), the (ASGISA), the New Growth Path (NGP) and now the National Development Plan (NDP).

3.4.1 Reconstruction and Development Programme (RDP)

Prior to South Africa’s first democratic election in April 1994, the ANC agreed in principle to adopt COSATU’s Reconstruction and Development Programme (RDP) – a programme that contained elements of social security in return for COSATU’s support in the elections. Thus the RDP formed the basis of the ANC’s election manifesto (Visser 2004:1). Ozler (2007:488) states that the ANC led government introduced the Reconstruction and Development Program (RDP) in 1994, described as an integrated, coherent socio-economic framework. Kalima-Phiri (2005:8) states that the “five key programmes” were:

1. Meeting basic needs - Improving infrastructure and government services for the poor, which would increase local demand especially for relatively labour-intensive industries. 2. Developing human
resources - supporting a strong industrial strategy and land reform to expand sustainable labour-intensive sectors and broaden ownership and control. 3. Building the economy - encouraging new centres of capital and expanding the access of the majority to productive assets and skills, including through cooperatives and support for SMEs. 4. Democratising state and society. 5. Implementing the RDP.

The RDP’s objectives were job creation through public works programmes, redistribution via land reform, and major infrastructure projects in housing, services, and social security. According to Terreblanche (2003: 89) the

RDP base document acknowledged poverty as "the single greatest burden of South Africa's people", and consisted of six underlying principles and five major policy programmes. It specifically linked growth, development, reconstruction and redistribution in an integrated programme "breaking decisively", according to the base document, from the argument that growth was required to effect redistribution.

Essentially the Reconstruction and Development Programme was a policy framework for integrated and coherent socio-economic progress which aimed to mobilise all the peoples of South Africa and the country’s resources toward the final eradication of poverty, inequality and underdevelopment. Its objective was to build a democratic, non-racial and non-sexist South Africa, and therefore attempted to address the socio-economic divisions that could potentially derail democratic consolidation in South Africa. It was a vision for the fundamental transformation of South Africa by developing a strong and stable democracy; and creating a sustainable and environmentally friendly growth and development path. It begs the question whether that was not the flavour of a developmental state (Nkuna 2011:622). Indeed, the benefits of the RDP were visible as a million low-cost houses for the poor were built with electricity and piped water. It was hoped that through public works, such as building houses and infrastructure that more jobs would be created. It can be said that the RDP did indeed achieve some remarkable results. In line with the constitutional provision that all citizens are entitled to social security, the government soon established a very extensive welfare system, catering for the more vulnerable in society namely, the aged, disabled, children in need, foster parents and many others too poor to meet their basic social requirements.

The achievements of RDP include the building of over one million houses between 1994 and 2001, the provision of clean water to 2.5 million people and establishment of 500 new clinics (www.sahistory.org.za). Husy (2011) highlighted the following key advances in dealing with poverty and inequality: Only 20 % of South Africans lack access to a safe supply of water in 1999, as opposed to 30 % in 1994; 20 % more South Africans have electricity in 1999 than in
1994, while 10% more have telephones; the national primary school nutritional programme reaches five million. There is free health care for children under five years and pregnant women; and 800,000 houses have been built since 1994. Though RDP achieved some of its objectives it soon became impossible to implement. Jeffrey (2010:243) asserts that the RDP made unrealistic demands by insisting on affirmative action in the face skills shortage. Also with regards to the failure of RPD, Husy (2011) further states that unfortunately, the RDP as a programme for transformation was fraught with problems from the beginning. The base document was lacking in definition and over-ambitious in many areas. Many government departments and planners experienced a great deal of difficulty meeting the demands of the RDP, especially as it consistently failed to deliver resources and high profile reference points. Nevertheless, the RDP provided a comprehensive set of principles and objectives across social sectors, which set the scene for target setting and institutional focus. This is also supported by Marias (2010: 237) when he states that massive jobs losses could not be reconciled with the goal of creating jobs as envisaged. For workers, the guarantee of a living wage could not be achieved and the commitment to reduce income disparities could not become a reality; instead disparities increased. However Hirsch (2005: 76) is of the view that there was a lack of competence on the part of the public service managers the ANC had inherited from the National Party government. Global fears abounded regarding the new and untested ANC Government, which were coupled with a ‘racially-tinged pessimism’ about Africa; the massive budget and large interest bill the ANC had inherited from its predecessor. The RDP only lasted for two years, from 1994 to 1996, after which in June 1996 the government adopted the Growth, Employment and Redistribution (GEAR) policy.

3.4.2 Growth, Employment and Redistribution (GEAR)

According to Visser (2004: 8), GEAR was developed by both national and international experts and consisted of a technical team of fifteen policy makers comprised of officials from the Development Bank of Southern Africa, the South African Reserve Bank, three state departments, academics and two representatives of the World Bank. The objective of GEAR was to create accelerated economic growth through job creation. According to Husy (2011)

The introduction of the Growth, Employment and Redistribution (GEAR) policy in 1996 was a defining point in the evolution of South African development policy. GEAR was explicitly based on neo-liberal, trickle-down economic policy and set out thirteen strategies to achieve fiscal and monetary reform.
While reforms relating to expenditure and budgeting processes introduced much needed forward planning and management by government, these were coupled with stringent expenditure targets imposed by economic growth through expansion of foreign investment and the industrial sector. In addition, the mantra of growth increasingly centered on Small, Medium and Micro Enterprises (SMME) promotion. In this way limitations were immediately imposed.

Discussing the objectives of the GEAR, Mkhafula (2004:2) asserts that the first objective of the GEAR programme was achieving macroeconomic balance in the South African economy that is, a reduced budget deficit and falling rate of inflation. The second objective was to make the South African economy get on a 6% growth path by the year 2000. Improved performances in fixed investment and non-gold exports were meant to propel this growth path. The third objective was redistribution through job creation realised from economic growth and labour market reforms. In essence, GEAR implied that economic development in South Africa should be led by the private sector rather than by the state. It was hoped that the implementation of GEAR will stimulate the private sector and attract foreign direct investment to create employment in the country. For example Heinzt (2003:2) asserts that a critical link in the logic of the GEAR strategy was a rapid expansion of new investment – in particular, Foreign Direct Investment (FDI). High levels of new investment would support rapid rates of economic growth which, in turn, would create hundreds of thousands of jobs.

With the implementation of GEAR, Terreblachne (1999:5) states that the government’s task in this was to refrain from economic intervention and to concentrate on the necessary adjustments that would create an optimal climate for private investment. Furthermore, it wanted the state-owned assets to be privatised. It advocated that there should be deep cuts in government spending, encouragement in international competitiveness and an export orientated economy; exchange controls should be relaxed; and social service delivery budgets and municipal infrastructure programmes should be reprioritised in order to address the claims of the poor to a fair package to meet their basic needs. Visser (2004:9) testify this when he states that

in essence GEAR implied that economic development in South Africa should be led by the private sector; the state should play a smaller role in the economy; state-owned assets should be privatised; there should be deep cuts in government spending; international competitiveness and an export orientated economy should be encouraged; of exchange controls should be relaxed; and social service delivery budgets and municipal infrastructure programmes should be reprioritised in order to address the claims of the poor to a fair package to meet their basic needs.
However with GEAR, it was noted that the existing 3% growth trajectory would neither accomplish sufficient job creation to alleviate unemployment, nor would it allow for expansion in social service delivery and equitable distribution of income and wealth. In addition to export led growth, GEAR set a more stringent fiscal deficit target of 3% by 1999 down from the 4.5% set in 1994 and proposed that this saving, combined with increased government investment, would eliminate government dissaving (Luiz 2007:6).

Therefore, it became evident that the ANC-led government tried to introduce economic policies to address the issue of poverty and inequality. With the introduction of the GEAR policy, it was hoped that the problem of poverty would be resolved through higher growth rates and the alleged “trickle-down” effect. It was hoped that if the GDP of the country would grow by over 6% thereby increasing more employment opportunities. In the GEAR strategy the redistribution of income is of secondary importance. The advocates of the “trickle-down” approach regard job creation as the main mechanism for transmitting the additional income created by high economic growth rates to the poor (Terreblanche, 2003: 83 and 435; McKinley, 1997: 141).

Luiz (2007:7) is of the view that while GEAR committed government to “an accelerated increase in its contribution to social and community living standards, the strategy did not set redistribution targets, despite the fact that the related policies were under review”. Furthermore, GEAR committed to full or partial privatisation of state assets and a more flexible labour market, “so that labour rates would be brought more into line with productivity”. According to Visser (2004:8) in contrast to the RDP, GEAR therefore was not the product of consultation with COSATU and the SACP, and would generate considerable internal disagreement within the Tripartite Alliance. This eventually created a tension between ANC-led government and it alliance partners COSATU and the SACP who felt that the GEAR was more of the neo-liberal policy protecting the business owners at the expense of the working class. Under the macro-economic framework of GEAR, jobs were cut instead of created. In detailing the impact of GEAR in job loses Visser (2004:10) states that, “in the period between 1996 to 2001, the economy grew by only 2.7% per year instead of the 6% as originally envisaged. Employment shrank instead of growing by 3%”. Instead of the additional 1.3 million job opportunities which were supposed to be created by 2001, more than 1 million jobs have been destroyed since 1996 (Visser 2004: 10).
GEAR as a strategy to alleviate poverty and inequality was soon questioned within the Tripartite Alliance. At the September 1997 COSATU Congress, the GEAR strategy continued to be an unpopular one. Kuye and Cedras (2011:80) describe how COSATU reacted to GEAR when they refer to the speech addressed in the congress by its president John Gomomo described it as “the reverse gear of our society”. Delegates sang COSATU Asifuni Gear (COSATU does not want GEAR) as President Nelson Mandela departed from the Congress after giving a speech that defended the programme’s content (Kuye and Cedras 2011: 78). Ndidi (2009: 463) states that it is estimated that almost one million jobs were lost to GEAR and South Africa’s unemployment rate is now estimated at almost 50 per cent among young people. The government figure is 25 per cent.

3.4.3 Accelerated and Shared Growth Initiative-South Africa (AsGisa)

On 6 February 2006, Deputy President Phumzile Mlambo-Ngcuka announced a background document, a catalyst for Accelerated and Shared Growth Initiative-South Africa (AsGisa), with the objective of supporting previous programmes in the effort to halve poverty and unemployment by 2014 (Ndidi 2009: 463).

Luiz (2007: 8) states that AsgiSA was aimed at achieving an average growth rate of at least 4.5 % of GDP between 2006 and 2009, and increasing it to 6 % per annum between 2010 and 2014. In the process, it aimed to reduce inequality and halve unemployment by 2014. Therefore, AsGiSA proposed to achieve growth while addressing two economic imbalances. The first was the imbalance of commodity-based growth, which had resulted in a strong currency and the consequent difficulties for exporters in non-commodity sectors. The second was the imbalance of the dual economy.

According Jeffery (2010:255) AsGiSA would address the need for greater labour market flexibility. It would also include a major thrust to improve skills, a focus on building and maintaining infrastructure, measures to bring down the cost of doing business. Government identified six “binding constraints” that would prevent South Africa from achieving the AsGiSA targets, and set down six pillars or “decisive interventions to counter these constraints with the Millennium Development Goals (MDGs)”. The six binding constraints according to Jeffery (2010) are: a volatile and often over value rand; infrastructure backlogs; a shortage of suitably skilled labour; a lack of competition in varies sectors; a heavy regulatory burden on small business; and deficiencies in state capacity and leadership.
According to Chagunda (2006:5) AsGisa task team has noted that, in order for AsGiSA to achieve its targets, it must prioritise skills problems. The Joint Initiative on Priority Skills Acquisition (JIPSA) was launched on 27 March 2006. JIPSA is a three year programme aiming at addressing the scarce skills challenge and enhancing policy implementation, and is championed by the Deputy-President. It has to be noted that AsGiSA is a government programme while JIPSA is a national agenda; as such, the latter has greater involvement by the private sector, the academic community and others. Also the AsGiSA was not saved from the criticism, for Jeffery (2010:258) asserts Vavi added that AsGiSA was deeply flawed because it had no coherent strategy to deal with the critical issues of inequality, employment and poverty. It was impossible to talk about the concept of shared growth when job casualisation, low wages, and huge inequalities continued to plague economic development. It must be stated that this policy also failed to live up to expectations as the employment halved as of 2014.

3.4.4 New Development Path (NDP)

In 2010, the Zuma Administration adopted the New Development Path (NGP) policy setting a target of creating five million jobs over the next decade, by aiming to remove unnecessary red tape, improve competition in the economy, and step up skills development. The NDP regarded investment in five key physical and social infrastructure areas – energy, transport, communication, water and housing – as being a critical factor in growing the economy. Also according NPD (2013: 26) document the plan aim to achieve the following six interlinked priorities: (1) uniting all South Africans around a common programme to achieve prosperity and equity, (2) promoting active citizenry to strengthen development, democracy and accountability, (3) bringing about faster economic growth, higher investment and greater labour absorption, (4) focusing on key capabilities of people and the state, (5) building a capable and developmental state, and (6) encouraging strong leadership throughout society to work together to solve problems. The target of the NDP was to reduce unemployment by 2030. This can only be achieved if the social partners and government collaborate with each other to address key structural challenges in the economy (Drewes and Van Aswegan 2012: 25).

Despite all these different policies, the socio-economic problem continues to undermine democracy. Current South African growth and poverty discussions are based on two strategy documents: the National Development Plan (NDP-NPC, 2012) and the New Growth Path (NGP-DED, 2010). The NDP was developed by the National Planning Commission (NPC)
and the NGP by the Economic Cluster under the leadership of Minister for Economic Development Ebrahim Patel. Both reportedly spring from the Cabinet’s recognition that South Africa cannot achieve social cohesion and sustained economic development unless all players work together to address poverty and inequality (Hendricks 2012: 5).

So far it must be stated that the ANC-led government introduced four policy directions to deal with unemployment, poverty and equality and still these issues still remain difficult to resolve. The labour movement, particularly NUMSA, does not believe that the economic policies that the government had introduced will solve the PUI. NUMSA, however, has stated that, when referring to the NDP, that

we felt that the plan was not honest enough in its explanation of why the investment rate should have been so low in the post-apartheid period, nor on how conditions would be changed so that higher levels are achieved now and 2030 (Mail and Guardian, 26 April, 2013).

Also NUMSA is of the view that there is similarity between the proposals in the NDP and the policies of the opposition party Democratic Alliance (DA). The ANCYL, from 2008 until 2012, proposed Freedom Charter policies to be adopted in order to address the PUI as the solution for the overall economy stance to change the life of South Africans instead of neoliberal policies (this will be discussed in more detail in Chapter 4).

3.5 Concluding Remarks

The ANC-led government has produced different economic policies aiming to address the issues of poverty, unemployment and inequality. However, it should be noted that despite all the policies the socio-economic conditions continues to undermine the democracy as South Africa is still the most unequal country in the world. It is also noted that poverty and inequality is shifting from being a race issue, or the so-called two nation theory, and now being an issue of class. The substantive democratisation sees democratisation as securing human development, and not just political development. The strategies and policies, including the debates on how to solve the poverty, inequality and employment will be addressed in the next chapter. Chapter Four will present a detailed descriptive discourse analysis on the policies of both the ANC and the ANCYL. It will focus on the qualitative content analysis of key ANC and ANCYL statements and policy positions will be used. In addition to highlighting the main points and findings of this chapter, it will draw an overall conclusion in relation to the overall purpose of the study which will link up to the next chapter.
Chapter Four
Qualitative content analysis of key ANC and ANCYL statements and policy positions

4.1 Introduction

Content analysis allows the researcher to analyse any theoretical issues to understand the data. To this end, this chapter seeks to employ a qualitative content analysis method in order to analyse key ANC and ANCYL statements and policy positions aimed at solving the country’s poverty, unemployment and inequality (PUI). According to Elo and Kyngas (2007: 108) when using content analysis,

“the aim [is] to build a model to describe the phenomenon in a conceptual form… It is also known as a method of analysing documents… The aim is to attain a condensed and broad description of the phenomenon, and the outcome of analysis is concept or categories describing the phenomenon”.

The sample includes both ANC and ANCYL documents dealing with the poverty, unemployment and inequality (PUI) as well as the Second Transition or Economic CODESA. This chapter analyses the root cause of PUI according to the ANC and the ANCYL. It will consider the ideological split between the ANC and the ANCYL brought about by the difference of opinion regarding nationalisation as an option to address the PUI. This chapter will also conduct the descriptive discourse analysis of the rhetoric of the Second Transition. The theories about the developmental state will be interrogated and analysed as a possible solution to solve the country’s economic ills.

4.2 The root causes of PUI according to the ANC and ANCYL

According to the ANCYL (2011) document, *Input of the Minister of Sport and Recreation South Africa (SRSA) and NEC/NWC member of the ANC on the occasion of the Public Political Seminar on Nationalisation of the Strategic Sectors of the South African Economy and the Rule of Law in the Republic of South Africa*, colonial and apartheid regimes used state apparatuses to create a system of racial capitalism leading to a dual system of agricultural economy made up of large and capital-intensive commercial estates alongside a poorly resourced subsistence-based farming sector mainly located in communal reserve areas.
The Union regime created harsh land laws, such as the Native Land Act No. 27 of 1913 and the Development and Trust Act No. 18 of 1936, which were enacted to facilitate arbitrary appropriation of agricultural land held by Africans outside reserve areas without compensation, thus pushing small-scale black farmers to marginal lands. These twin-laws became essential tools in the systematic land dispossession of black people, resulting in an artificial shortage of land available to black farmers and advancing policies of separated development. Simply stated, blacks were pushed away from their land and were forced to work as cheap labour in the mining and manufacturing industries. This ultimately led to inequality between South Africa’s black and white citizens.

In the document *ANCYL (2007) Perspectives from the ANC Youth League Policy Dialogue*, the ANCYL notes that South Africa is one of the most unequal distributions of income in the world, the leading cause culminating in poverty on a massive scale and the legacy of apartheid and the segregation policies of former South African regimes. The ANCYL maintains that apartheid is a major contributing factor to the low skills level that the majority of the population possess. As a result of being denied access to quality education and skills development, the majority of black South Africans were deemed unemployable thus ultimately leaving them trapped in poverty. In terms of the wage disparities between black and white South Africans, the majority of black people are still earning less than their white counterparts, although some progress in terms of equalising society has been made as seen through the 2013 South African Reconciliation Barometer. For example in figure 4.1 below it is clear that from 1917 blacks were paid very little as compared to whites.
So too today, there continues to be a sizeable wage gap between white and black South Africans. Figure 4.1 (above) shows that the wage gap ratio is currently 1:8. This also indicates that the wage for blacks has not changed much since 1917. Based on these statistics, amongst others, the ANCYL therefore states that the apartheid wage gap still persists in the new South Africa. Furthermore, the ANCYL also notes that job losses continue unabated in the new South Africa, only exacerbating income inequality. These factors have negatively affected the youth which in turn has undermined the government’s concerted efforts to fight poverty. It is important to mention that poverty has a severe knock-on effect on the socio-economic status of black South Africans. Black families are trapped in vicious cycles where the poor pass on their poverty to their children, from one generation to the next, because of the lack of support for development opportunities such as skills development (ANCYL, 2007).

McDonald and Piesse (1999: 985) support the ANCYL’s statement of income disparity between blacks and whites when they state that wage income is found to be the major source of inequality, while other components of total household income contribute to making the distribution more or less unequal. The results demonstrate that there was a clear racial component in the inequality of income distribution in South Africa. They also demonstrate that a simple account, which emphasise race, ignores the complexities, and further demonstrates the magnitude of the task facing the present government.
In tracing the roots of PUI, the ANC (1992) Ready to Govern document asserts that the past minority governments and the apartheid regime have pursued active political and social policies which, amongst other things, have led to extreme levels of poverty and disease in the rural areas. The creation of urban ghettos, or townships, denied blacks their most basic means of survival by severely limiting their access to decent homes, electricity, water-borne sewerage, tarred roads and recreational facilities. It was, and still is, the norm to find a family of ten living in a cramped four-room house in the townships across the country. With regards education and skills development, Bantu education rendered the majority of South Africans to a life of subordination and low wage jobs. Conversely, the healthcare system has seriously neglected the well-being of most South Africans. According to Philip (2010: 33) apartheid locked urban areas into unequal and inefficient patterns of development. These have been compounded by implementation choices and land logics that still see poor people housed as far away from economic opportunities in poorly planned places. For example, blacks were forcibly removed from areas such Sophia Town and District Six making these settlements whites-only areas. Low density housing settlements in the townships have high service costs, lack social service infrastructure and do not facilitate local economic activity.

Seekings and Nattrass (2011:342) similarly highlighted that especially in the era of “grand” apartheid of the 1950s and 1960s, entailed the systematic denial of access to privilege to black South Africans. Blacks were denied opportunities to get a good education resulting in them not learning the skills that are a prerequisite in the job market, thus automatically excluding them from access to skilled and better-paying occupations. Not only were blacks rarely able to accumulate sufficient capital to possess their own businesses, but were often prevented from competing with ‘white’ businesses in those rare cases when they could. Simply put, blacks were not given the chance to be entrepreneurs and contribute to the upliftment of the South African economy.

According to Allanson, Atkins and Hinks (2002: 442) apartheid policies adopted by the National Party government included colour barring and job reservation. For example, through the Industrial Conciliation Act of 1956, constituted statutory forms of racial discrimination meant preventing blacks from performing the same jobs as their white counterparts. Labour market outcomes were also conditioned by various institutional barriers to labour mobility and through the differential provision of, and access to, education, training, and social
welfare. Mubangizi and Mubangizi (2005:278) explain the reason behind the formation of job racial discrimination policies when they assert that the system entrenched labour market policies that were aimed at protecting the positions of white workers through policies of job reservation, influx control and other discriminatory legislation such as the Group Areas Act (Act no 41 of 1950). These ensured that whites received very little competition from other race groups. In addition, apartheid was largely responsible for the unequal distribution of resources (land, minerals and capital) resulting in the relegation of a large sector of the population to menial and poorly paid jobs.

In the ANC (2010) Economic Transformation Discussion Document for the 2010 National General Council the ANC states that South Africa’s deep inequalities result from the exclusionary and divided economic and social systems established under apartheid. These systems privileged a minority by depriving the majority of access to assets, including land and finance; quality education and certified skills; decent government services; and access to market institutions. These systems were primarily aimed at reducing the majority to poorly paid wage labour and limiting migration into the cities. That in turn provided more opportunities and state resources for the minority. The settlement patterns left by apartheid fuelled inequality by leaving much of the population far from economic opportunities.

Moreover, the former Bantustans saw huge backlogs in government services and infrastructure as a result of underfunding under apartheid. Parnell (2005:32) is of the view that segregationist and apartheid housing provision created poverty in three distinct ways. Firstly, the poor quality of the stock available to blacks negatively affected their urban productivity and performance; secondly, the value of houses transferred from rental to ownership was less for blacks than for whites, indeed the four room houses created by the apartheid were very small; thirdly, there were missed opportunities for black investment in urban property, as blacks were allowed to own properties. Urban poverty in black South Africa is directly related to restrictions on free trading rights for all as blacks were not allowed to compete with white business, also the racist employment codes prevented blacks from possessing the skills needed to participate in the economy of the country. Black urban residents earned very low wages in unskilled jobs and therefore did not have enough money to meet basic needs. Even after job reservation was lifted, Africans struggled to compete because of poor education levels of the Bantu education associated with inferior segregated education. Black people struggled to create independent economic opportunities under
apartheid because of restrictions on trading and retail activity in the townships. Noticing how the black South Africans lacked decent incomes and opportunities, the ANC’s (1996) *Poverty in South Africa* document states that:

The primary cause of poverty is lack of income, and the main cause of a lack of income is the lack of paid work. More than 70 per cent of South Africa’s poor working-age adults are unemployed. Unemployment is therefore the core cause of poverty in South Africa, and it has a clear race dimension. Unemployment among black South Africans is 38 per cent; among coloureds, it is 21 per cent; among Indians, 11 per cent; and among whites, four per cent. Black South Africans have nearly twice the unemployment rate of coloureds. Black South Africans have more than three times the unemployment rate of Indians. Black South Africans have almost ten times the unemployment rate of whites.

ANCYL states that the high levels of poverty and inequality have a historical basis in apartheid colonialism, and are driven primarily by the fact that too few people are employed and that the quality of work of many black people remains poor. Indeed blacks were denied the necessary skills that would equip them in successfully managing the country’s economy. Key to pushing back the frontiers of this dichotomy successfully over time is the state’s ability to create jobs for the millions of jobless black people and fight poverty; and to further improve the working conditions of the majority of workers through tightening labour laws and improving the quality of education and training, especially for poor black youth (ANCYL, 2011). Padayachee and Desai (2011) detail the impact of unjust policies when they assert that:

Poverty in South Africa has racial, gender and spatial dimensions, a direct result of the policies of the successive colonial, segregationist and apartheid regimes. Poverty is distributed unequally among the nine provinces. Provincial poverty rates are highest for the Eastern Cape (71%), Free State (63%), North-West (62%), Northern Province (59%) and Mpumalanga (57%), and lowest for Gauteng (17%) and the Western Cape (28%).

Based on the above statement, there is an urgent need to implement policies to fight the PUI. Turok (2013: 43) argues that the structure of the apartheid colonial economy has remained the same and that it is incapable of fostering neither higher nor inclusive growth. Turok then supports the notion of the Second Transition (to be discussed later in this chapter on section 4.6) and agrees that there has to be an economic transition, like the CODESA I and II - not a revolution to address the PUI.
4.3 Debate about nationalisation as solution to address socio-economic conditions in South Africa

The issue of nationalisation of the country’s state assets, derived from the Freedom Charter drafted by the ANC in 1955, set as a blueprint to solve the inequality and poverty created by the white minority government. Therein, nationalisation was seen as an interventionist programme to address inequality created by both the Union regime of 1910-1948 and the Apartheid regime of 1948-1994. Bethlehem (1991:389) is of the view that given the inequality which the organisation correctly focuses on, it is a change that is distinctly interventionist. In light of injustices and inequalities that the black masses experienced, what was proposed by the ANC in terms of nationalisation of the mines, banks and monopoly industries) was something more direct and substantial. It amounts to the state acting as the agent of a deprived majority, taking full control of the economy in order to address the majority’s interests. It must be noted that the Freedom Charter was written in the 1950s during the time of the Cold War where the forces of capitalism were competing with Communism and *vice versa*. The capitalists regarded the Freedom Charter as a ‘communist’ document because it promoted the state intervention instead of the market forces. According to Mthimkulu (2000)

The Freedom Charter was a controversial document from its adoption. The government saw it as proclaiming communism, as it alluded to the nationalisation of property. Others saw it as promoting liberal democracy as it called for everyone to be given the right to vote. It also had strong social democratic principles. The Charter touched on important aspects of society which the ANC was concerned with, such as peoples' rights, citizenship, land, mineral wealth, housing, education, human rights, employment, recreation, etc. Among the most debated clauses was that which focussed on wealth and proclaimed that "the mineral wealth beneath the soil, the banks and monopoly industries shall be transferred to the ownership of the people as a whole. This was interpreted by government and business to mean nationalisation of the means of production in accordance with socialist ideology. One party domination, transformation and democracy: critical challenges facing the African National Congress (ANC) in the new millennium ([http://motspluriels.arts.uwa.edu.au/MP1300pm.html](http://motspluriels.arts.uwa.edu.au/MP1300pm.html)).

The fall of Communism in 1989 gave capitalism the proverbial upper hand. State intervention was now replaced by market forces. Mandela was arrested in the early 1960s during the height of the Cold War and upon his release in 1990, much had changed in the global arena with both communism and socialism no longer being viable options. It is worth noting that in 1990 Nelson Mandela was preaching the Freedom Charter which espouses the nationalisation
of the country’s strategic economic assets. Mandela was quoted in *Times* (London) on 26 January 1990 in saying that

The nationalisation of mines, banks monopoly industries is the policy of the ANC, and the change or modification of our views in this regard is inconceivable. Black economic empowerment is a goal we fully support and encourage, but in our situation state control of certain sectors of the economy is unavoidable.

However, Mandela had a change of position when advised that nationalisation was no longer a feasible option and should be replaced by privatisation. Anthony Sampson (1999:434), Mandela’s official biographer, wrote:

it was not until February 1992, when Mandela went to the World Economic Forum in Davos, Switzerland, that he finally turned against nationalisation. He was lionised by the world’s bankers and industrialists at lunches and dinners. He argued with them that other industrialised countries, including Britain, Germany and Japan, had needed nationalised industries to restore their economies after world wars … But he sounded, as one economist complained, like an early Fabian socialist; and he was outgunned by both De Klerk and Buthelezi, who made their own arguments for free enterprise at the conference.

Based on the above, it could be then stated that the ANC was “forced” to compromise its socialist policies of the Freedom Charter when it negotiated the transition to democracy. Cohen (2012:59) is of the view that the economic clauses of the Freedom Charter were absent during the negotiations in CODESA I and II. He further states “the absence of the economic clauses was not a change of heart, but part of the ‘give’ in the to and fro of the negotiating process”. According to Ndletyana (2013:66) it is worth noting that the ideological balance within the organisation has been partly influenced by global politics. The fall of Communism paved the way for market forces to take over nationalisation which is now being replaced by privatisation. As Gumede (2005:69) subtly puts it

so, rather than calling for the nationalisation of the mines, Mandela and Mbeki began meeting regularly with Harry Oppenheimer, former chairman of the mining giants Anglo-American and De Beers, the economic symbols of apartheid rule. Shortly after the 1994 election, they even submitted the key revisions to address his concerns, as well as those of other top industrialist.

This disagreement is at the heart of the debate in terms of the tactics and the strategies both the ANCYL and the ANC seek to adopt in addressing the current socio-economic policies to alleviate poverty and inequality. The ANCYL (2011) wants to “rewind the times” because
they fervently maintain that nationalisation can still be adopted. The League further blames neo-liberal policies as the cause of inequality in the country. For example:

the ANCYL has argued in the past that the neo-liberal development trajectory in our country did very little to deliver a thoroughgoing social and economic transformation. The socio-economic reality in South Africa bears testimony to the existence of a deeply divided and unequal society: society in which opulence and poverty exists side-by-side. These socio-economic disparities have partitioned our country into two parts: the South Africa that shines with it predominantly white gated leafy suburbs, glittering shopping malls, conspicuous consumption, opulent restaurants, private schools etc. And there is another South Africa profiled by black squatter camps, homelessness, poverty, unemployment, casualised labour. (ANCYL: 2011).

The ANCYL requires the ANC to reverse its neo-liberal policies and replace them with the policies of the Freedom Charter. Ideologically, the ANCYL is not convinced that neo-liberalism is the only solution in addressing South Africa’s socio-economic problems. In fact, the ANCYL blames the free-markets and capitalism as the direct cause of the 2007-2009 global recession and the rising global unemployment. In the Final declaration of the 17 World Festival of Youth and Students the ANCYL (2010) states:

The youth generations human rights and liberties are violated categorically in every corner of the planet. The "capitalist globalisation", the system of exploitation and control of the people and resources is pushing masses of young people into the margins of society. They are the first victims of the social inequalities at all levels. The 212 million of people unemployed, in a world that precarious, temporary occupation is the rule, are a proof of this. Only between 2007 and 2009 increased 34 million. Due to the economic crisis, even more jobs were lost, condemning more people to misery and poverty. We struggle against the elimination of the majority of labour rights, especially those of young workers who suffer more the effects of unemployment. An entire generation of young people is being transformed in a generation without rights.

Therefore, the ANCYL is against neo-liberalism as the solution to the socio-economic problems the country is undergoing. It should be stated that the ANCYL is not alone in “attacking” the ANC for abandoning the Freedom Charter as the weapon for fighting poverty, unemployment and inequality. For example Hamilton (2012:1) observed that

under Mbeki the ANC went onto its knees in front of the capitalist class with the adoption of GEAR and its attendant offensive against the working class, under Zuma the ANC has gone onto its belly in front of its big business masters at home and abroad with its complete abandonment of nationalisation. In so doing Zuma has ripped the heart out of the Freedom Charter, the implementation of whose promises are impossible without the state taking control of the commanding heights of the economy.
According to Breytenbach (2006:182) nation-building moved left alienating some, while co-opting others. Institutions of decision-making became centralised, and economic policies moved to the right and centre - this time alienating those on the left. In this case the ANCYL “represents” the left being alienated when the ANC adopted its neo-liberal policies. The unions also share the same views with the ANCYL. Indeed, “the National Union of Metalworkers accused the ANC of abandoning the Freedom Charter because it had accepted the National Development Plan as the cornerstone that would guide policies over the next 20 years.” (www.iolnews.com, 2013). In other words, both the ANCYL and the unions regard the Freedom Charter as the ultimate vision of what South African society should encompass, and as such, and both parties encourage the ANC to reverse its neoliberal policies.

Kasrils (2013) also stresses that the ANC abandoned the Freedom Charter when he observed that “all means to eradicate poverty, which was Mandela's and the ANC's sworn promise to the "poorest of the poor", were lost in the process. Nationalisation of the mines and heights of the economy as envisaged by the Freedom Charter was abandoned” (www.guardian.com, 2013). While the ANC and ANCYL do not agree on their interpretation of how the Freedom Charter should eradicate poverty and inequality, some analysts reduce this debate to one of mockery. Louw (2012) states that

the Freedom Charter is truly remarkable; it morphed without a single word changing from a capitalist to a communist document. Although the original never mentioned nationalisation or mines, it now calls for nationalised mines. It was originally a sell-out to liberals; now it is a sell-out to socialists. It used to say land belongs to people; now it belongs to the government. Its authors said it meant one thing; modern adherents say it means another. This speaks directly to the old French adage, that 'the more things change the more they stay the same (Business Day, 25 September 2013).

Cohen (2012:9) however does not support the idea of nationalisation. He argues that buying all the South African mines would cost nearly as much as four years’ worth of the national education budget. He is of the view that ‘nationalism would cost as many jobs as its proponents claim could be saved or created’.

4.4. ANC’s strategy to solve the PUI

According to the ANC, the pillars of an effective long-term, sustainable and increasingly equitable development strategy are based on core state functions required to sustain economic
growth, especially through supportive fiscal and monetary policy, adequate infrastructure and social services and efficient regulation. The ANC wants to diversify the production structure in order to maximise employment creation in the short and medium term while laying the basis for the long-run, increasingly knowledge-based growth. Furthermore, it aims to increase equity and social mobility through broader ownership of assets, career pathing, access to skills for workers, and more merit-based access to quality education, including tertiary degrees, as well as the discouragement of conspicuous consumption by the rich (ANC, 2010).

In terms of the fiscal and monetary policy, the ANC maintains that the country is in need of a strong fiscal policy that will create good price stability. Once price stability has been maintained, consumers will no longer experience high food prices. Ngepah and Mhlaba (2013:78) assert that other related policies have been pursued post-1994, such as the New Growth Path fiscal policy that has aimed at stabilising the looming debt crisis of the early 1990s, while the monetary policy has been geared towards the control of money and price stability. As regards the issue of diversification of product:

one example of such government action is the reform of customs procedures and loosening administrative burdens for trade so that it is easier for manufacturers to export their products and import goods…. There are many benefits that could arise from more diversified economies: less exposure to external shocks; an increase in trade; higher productivity of capital and labour; and better regional economic integration. (OECD 2011).

The ANC (2010) Economic Transformation Discussion Document for the 2010 National General Council also asserts that South Africa requires a long-term strategy in large part to absolutely determine what is possible and necessary in the immediate, medium and long term future. In the case of employment creation, the ANC feels that in the very short run, and in the context of the economic downturn, substantially expanding employment requires the state directly pay for it, either through public employment schemes, tax or other subsidies to private sectors. With regards to the medium term, the state could encourage growth in sectors that will create employment on a mass scale essentially the agricultural value chain, services and light industries. These sectors can generate international exports, but are mostly geared toward domestic and regional demand. In the long run, as full employment is achieved, the state has to ensure an increasingly knowledge-based economy in order to raise productivity and ensure competitiveness.
According to the *ANC (2007)* *National Resolutions*, the ANC reiterates its determination to halve unemployment and poverty from the 2014 levels, and substantially reduce social and economic inequality. In erasing the challenges of unemployment, poverty and inequality, the state must also simultaneously accelerate economic growth and transform the quality of that growth. The most effective weapon in the campaign against poverty is the creation of decent job employment, which is dependent on faster economic growth. The *ANC (2007)* *National Resolutions* notes that

the challenges of poverty and inequality require that accelerated growth take place in the context of an effective redistribution strategy that builds a new and more equitable growth path. The skewed patterns of ownership and production, the spatial legacies of the apartheid past and the tendencies of the economy towards inequality, dualism and marginalisation will not recede automatically as economic growth accelerates. Therefore, decisive action is seen as urgent to thoroughly and urgently transform the economic patterns of the present in order to realise a vision of future. This includes addressing the monopoly domination of the economy, which remains an obstacle to realising the goals of economic transformation, growth and development. Moreover, accelerating growth and transforming the economy requires an effective, democratic and developmental state that is able lead in the definition of a common national agenda, mobilise society to take part in the implementation of that agenda and direct resources towards realising these objectives.

The ANC states that the understanding of a developmental state is that it is located at the centre of a mixed economy. They describe such a state as one which guides the economy and intervenes in the interest of its people. In the same vein, the ANC maintains that while South Africa is a developmental state, in the process of learning from the experiences of other countries, it must ensure that its own foundation is a solid one based on South African realities. They suggest that along with making gains by strategically engaging in private capital, it too must be reinforced by a mass-based democratic liberation movement. They suggest seeking consensus on a democratic basis with a view to building national unity. To this end, the ANC acknowledges that only by being both effective in addressing the social conditions of its masses and facilitating the economic progress of the poor, will only then the government be truly effective in its promotion of its country’s growth, efficiency and productivity (*ANC 2007 policy document*)

All the above pertinent factors will depend on whether it is able to implement such policies and strategies successfully. It will be a fruitless exercise if such policies are only good on paper but cannot be translated into a meaningful purpose. Of late, the ANC has now introduced the NDP, which according to Parsons (2013:37) is a significant piece of
independent research offering a vision and roadmap for South Africa’s future. It gives a comprehensive and accurate diagnosis of the socio-economic conditions, challenges and constraints and does so openly. The NDP policy aims to influence both the private and public sectors with the intention of finding solutions to fight poverty, inequality and unemployment in the country.

4.5. ANCYL proposal

In finding solutions to address the socio-economic conditions, the ANCYL proposes the concept Economic freedom. Therein, the ANCYL states that

Economic freedom on our lifetime is not sloganeering, but acknowledgement of the burning urgency that presently, the ANC as a liberation movement needs to move with the necessary speed towards consolidation of Economic freedom in our lifetime, which fundamentally entails the realisation of the Freedom Charter objectives (ANCYL, April 2011).

The idea of economic freedom on our lifetime is the replica of the ANCYL in the 1940s who stated that they advocated “freedom in their lifetime”. According to the ANCYL (2011) economic freedom is essentially about access, success and redress leading to the total transformation of the economy in order to solve poverty, unemployment and inequality. With regards to access, this seeks to ensure that the black majority have equal access to social and economic opportunities to better sustain their lives. Success focuses on and presents strategies for an efficient, just and fair economy successful to address the country’s socio-economic ills. Redress aims to neutralise past legacies by increasing sustainable human development. Lastly, transformation is about moving the economy away from being market and business oriented to building a labour absorptive industrial economy through socialism.

Further in the Final document for the ANC Youth League (2011) 24th National Congress the concept describes seven, very radical, cardinal points such as expropriation without compensation for equitable redistribution; the nationalisation of state assets for industrialisation purposes; inclusive and decentralised economic growth and development, restitution and agrarian reform; and lastly build a strong developmental state and public services massive investment in the development of the African economy Provision of education, skills and expertise to the people. The ANCYL believes that economic freedom is essentially advocating for fair and equitable economy that prioritises local beneficiation. It stresses the importance of increased, if not total, involvement in the state’s economy through
nationalisation. It aims to advance and accelerate economic transformation leading to distributional changes needed to eradicate poverty. According to Malema (10 February 2012)

This simply means that all the economic clauses of the Freedom Charter should be given practical meaning and implemented in our lifetime. The people sharing in the country’s wealth should not just be a clarion call, but should be turned into a concrete programme, which includes Nationalisation of Mines, banks and monopoly industries.

Botiveau (2011: 26) is of the view that the ANCYL’s focus on socio-economic transformation is probably what South Africa’s youth is expecting, independent of what young people may think of the nationalisation issue or of the young leader and his colleagues. However, it remains to be seen if the ANCYL will get the support from the business to execute such strategies. Mosese (2013) observed that

The aforementioned approach is short sighted, as it further alienates the very same people it tries to compensate in the sense that the state will now be in total control of the land. Thus the state will then have the power to dictate when and what to do with the land people occupy going forward. People would no longer have that sense of ownership. This would also mean that successful land restitution such as that of the Royal Bafokeng in the North West will be a thing of the past.

According to Cohen (2012:81) the ANCYL’s advocating for nationalisation is: “to increase the state’s fiscal and improve working conditions; to industrialise and create more jobs; to safeguard national sovereignty, to transform the accumulation path in the South African economy; and to transform South Africa’s unequal spatial development patterns”. However, it remains to be seen if the ANCYL will be able to convince South Africans that their proposed strategies will work in solving the country’s ailing socio-economic conditions. It will be interesting to see if the business or the investors will support such reforms or proposals.

4.6 Analysis of the rhetoric of Second Transition

According to the ANC (2012) The Second Transition? Building a national democratic society and the balance of forces, the ANC states that it had undertaken to adopt a National Development Plan (NDP) for the next 20-30 years. The content of this plan is how it will build capacity to implement it and whether it can unite South Africans around its vision, will be the test for whether South Africa succeeds or fails in overcoming the legacy of
colonialism, apartheid and patriarchy by building a just and inclusive society and fight the PUI.

The document acknowledges that despite the progress made, and the country’s status enhances as an upper-middle income country, by virtue of our GDP per capita, there still remains extreme income inequality (reflected in the Gini coefficient which is 0.63 in 2013 and is the highest in the world). Simply put, the legacy of apartheid is very hard to defeat, and the majority of low-income households are still black, female-headed and rural-based. Fault lines in our society also took on new forms as time progressed, for example, the growth of inequality within the black community had increased, deep poverty in cities were exacerbated due to inward migration in search of work, and lack of opportunities were very limited because they were largely based on class. The patriarchy system also continues to persist in the country as proven by the fact that women continue to earn (and own) less than their male counterparts, despite the fact that differences in years of education and labour market participation rates have narrowed. The document notes that there are challenges in terms of coming up with the strategies of fighting the socio-economic, one of the problem is what economic policy the state must adopt. It concedes that the changes in the global economy and social organisation also took place in the context of and were shaped by the hegemony of the ideological paradigm of neoliberalism. The fall Communism in 1989, and the victory of capitalism after the loggerhead between the two ideologies since the World War II, gave capitalism leeway to take over global politics. Keynesian economic thinking has been overtaken by neoliberalism, which proclaims a fundamentalist faith in the efficiency of free markets. Therefore the policy prescripts of neoliberalism are liberalisation, free trade and a limited role of the state. Only what has efficiency has value, with the market and its ‘laws’ as the sole criteria for efficiency. All other ethical criteria are devalued as inefficient. Indeed, this might be unfair for South Africa, as the country is not ‘ready’ to compete in the global market – not whilst the majority of its citizens were excluded from the mainstream economy due to the segregation and apartheid laws.

The second transition document is wary of the policies of neo-liberalism since its policies are grounded on the radical rejection of all other alternatives. Problems with the impact of its prescripts are not because of its assumptions, but because of implementation deficiencies. This is exactly what the ANCYL is complaining about. The cruelties of the market forces are the ‘profit before the people’ and seem to care less about other pertinent issues that are
affecting the majority of the people. For example, the ANCYL (2011) document states that “if there is unemployment and social exclusion, if there is starvation and death in the periphery of the world system, that is not the consequences of the deficiencies or limits of the laws of the market; these result rather from the fact that such laws have not yet been fully applied”.

This precipitated Klein (2011:198) to state that the ANC rather than meeting in the middle between California and the Congo, it adopted policies that exploded both inequality and crime to such a degree that South Africa’s divide is now closer to Beverly Hills and Baghdad. Klein is of the view that the country stands as a living testament to what happens when economic reform is severed from political transformation. She also claims that politically, “South Africans have the right to vote, civil liberties and majority rule. Yet economically, South Africa has surpassed Brazil as the most unequal society in the world”. The document does not deny that it still has socio-economical bondage. The document notes that the development trajectory that was adopted since 1994 has been unable to deal with the problem of unemployment, eradicating poverty and bring equality to all South Africans. The document faces criticism. For instance, Vavi (2012) states that “the 'second transition' therefore remains an isolated notional idea; it is not elaborated into a concept that defines the parameters and content of the change that it purports to undertake”. Vavi is of the view that the Second Transition discourse is “littered with denialism about the damage neo-liberalism had caused to the country since its emancipation from apartheid and colonialism”. Similarly, Satgar (2012) stresses that the ANC does not have the answers to confront the challenges of a crisis-ridden global capitalism. It has abandoned its Freedom Charter; its legitimacy crisis is deepening and is showing signs of growing authoritarianism. For Satgar, thus “this prompts a crucial question: ‘second transition’ to what? If the first transition is floundering and faltering, is this the basis for the great leap into the second transition? Is the ‘second transition’ merely about another dead-end?” Satgar further highlights that if “the ANC genuinely believes that the content of the second transition is to address economic transformation then it is rather remarkable how its document does not provide an honest starting point to assess where South Africa has come to”.

The ANCYL also enters this debate when it comments:

before we think of a second transition, we should ask whether the original transition, whose destination is the Freedom Charter, has been travelled successfully. Does South Africa belong to all who live in it - black and white? Are people governing? Do all national groups have equal rights? Are people sharing in

Despite its criticism, the document supports the developmental state which will be discussed next.

4.7 Developmental state

Von Holdt (2010:6) states that the concept of the developmental state was fashioned around the successful industrialisation strategies of Japan and the Asian Tigers, which mainly took place after the Second World War. To this effect, Von Holdt (2010) stresses that “the emphasis in this analysis was on the dirigiste role of the state in initiating and shaping industrialisation strategies by mobilising scarce resources and focusing them on selected industrial initiatives”. This meant that the state must intervene in the running of the country’s economy in order to achieve its developmental goals.

Marwala (2009:1) is of the view that there exists a great need for South Africa to become a developmental state in order to galvanise its capacity to positively respond to the political, economic and social needs of society, but particularly for fighting the legacy of apartheid and solving the PUI. Developmental state is where the government of the day is involved in the running of economy of the country. With the legacy of apartheid it will make sense that the ANC led government adopts the concept of developmental state. Marwala further states that it has generally been observed that successful developmental states are able to advance the economy much faster than regulatory states that use regulations to manage the economy. For him, building a robust developmental state is vital to produce a cadre of highly educated people who are able to conduct advanced research and development in order to identify key areas of growth potential, plan the executions of the required solutions and monitor the implementation of the solutions proposed with a view of correcting the mistakes and reinforcing the successes. In other words, the state must able to conditions of sharing between the state, business and the community (Marwala 2009:02).

Edigheji (2006:3) also supports the developmental state concept as he asserts that the role of the state intervention is explained on the grounds that the state is seen as an agent to undo the
legacies of apartheid. Further to this Edigheji stresses that “second, it is partly ideologically driven. Both the ANC and its alliance partners are students of socialist politics and this can explain some of their emphasis on state interventions”. The development state is thus constructed as a means to address the challenges of PUI. In other words, the state is seen as a counterweight to the market, which, left to its own devices, will not able to meet the needs of a democratic South Africa - that is “make the economy competitive, increase investment, diversify the economy, enhance the technological base of the economy, broaden the ownership and skill base, create jobs, and address existing socioeconomic inequalities in the country” (Edigheji, 2006: 3).

Gumede (2009:7) believes it is possible to have both development and democracy. Comparing South African and Asian countries, he notes that most of the East Asian developmental states may have reached their developmental goals under undemocratic conditions, yet in South Africa, a constitutional democracy, the delivery of the developmental state will not only have to take place in the economic and social spheres, but must also deepen democracy.

In other words, a developmental state in South Africa should be based on the principles of democracy so that it will be sustainable with no need of the civil protests and strike actions. Here Edigheji, Shisana and Masilela (2008: 37) states Development in the Scandinavian countries has been anchored in democratic principles and they have enjoyed long-term political stability. Citizens not only regularly choose their leaders but also are actively engaged in democratic and development process, from community to national level.

According to Gumede (2009:9) a successful developmental state will require a political will, long-term vision and determination on the part of the country’s political elite to drive a development and modernisation project. In analysing South Africa’s recent macro-economic policies, it can be argued that the Reconstruction and Development Programme (RDP) was a pro-developmental state policy because it aimed at developing the previously disadvantaged people, while on the other hand, the Growth, Employment and Redistribution Programme (GEAR) was regarded as a pro-neo-liberal state policy. With regard to the economic policy, the RDP proceeded from the basis that there was a role for both central planning by the state and the free market system in providing adequate solutions to the problems confronting South Africa. Here, it was hoped that both the state and the private sector would work together to develop the country, “which could have been an important foundation for a South African democratic development state had it not been derailed through the adoption and
implementation of the neo-liberal GEAR economic programme” (Edigheji, Shisana and Masilela 2008:37).

The ANC understands that the state has big role to play in developing the country by intervening in the economy. For instance, in the opening paragraph of the ANC (2012) *Building a Developmental State as an Instrument of Economic Transformation*, it is clearly stated that the ANC’s approach to economic transformation proceeds from the understanding that the changes ANC seeks cannot emerge spontaneously from the *invisible hand* of the market since market forces are mostly interested in profit making and not about the development of the society. Therefore, the ANC knows that it is necessary for the state to play a strategic role in shaping the contours of economic development. It is in this regard that South Africa, once it becomes a developmental state, must have a common developmental agenda, by partnering with the private sector and by mobilising all sectors of society to take part in policy implementation, and directing society’s resources towards common goals. In the *The Second Transition? Building a national democratic society and the balance of forces* (2012) a discussion document towards the National Policy Conference, the ANC states that:

> Strategy and Tactics therefore singles out the attributes of such a developmental state as follows (a) its strategic orientation premised on people-centered and -driven change and sustained development based on high growth rates, restructuring of the economy and socio-economic inclusion; (b) its capacity to lead in defining a common national agenda and in mobilising all sectors of society towards its implementation; (c) its organisational capacity and macro-organisation that is geared towards the implementation of this national agenda of economic and socio-economic development; and (d) its technical capacity to translate broad objectives into programmes and projects to ensure their implementation.

Edigheji (2007:16) highlights that the East Asian economies, in particular India, acts as an example of the success of a development state for the ANC and the ANCYL. Here Edigheji observed that in changing the structures of their economies, most of these countries established national universities that produced the required skilled personnel especially in the field of engineering.

It can be deduced that a developmental state is a state where government drives development and industrialisation, at the same time putting state interventions for the upliftment of the people. A developmental state ought to consider social assistance but not creating social
welfare. A developmental state must actively invest in developing its people and become the catalyst for socio-economic development of which to yield long-term return.

4.8 Substantive democratisation

As stated above, both the ANC and the ANCYL blame the socio-economic conditions on the legacy of apartheid. When the ANC took over in 1994 it inherited the unequal society. The ANC-led government was, and is still, faced with the challenges of undoing the legacy of unjust policies, inequality and giving economic freedom to majority of South Africans. It was also highlighted above that the ideological rift between the ANC and the ANCYL is the tactic of how the government (ANC) must implement policies to facilitate substantive democratisation so that all South Africans can benefit from the country’s economy.

Matshiqi (2012) begs the question:
was the ANC sold a dummy during the Convention for a Democratic South Africa, or Codesa, negotiations, or were the necessary compromises made to facilitate democracy and reconciliation? It seems to me that our attention should be focused more on the fact that there is a gap between what we, in the trade, call the ‘procedural’ and ‘substantive’ elements of our post-apartheid order.

In order to create substantive democratisation the ANC is talking about the Second Transition as explained above. However, Matshiqi (2012) seems to be unsure about this concept. He states that the idea of a second transition is both helpful and unhelpful. It is helpful because the discussion document calls on all South Africans reflect on the state of our democracy, even if the conclusions we come to may be at variance with those of the ruling party. Matshiqi raises a pertinent question that needs to be addressed by the economic planners, advisors and politicians when he asks:

Conceptually, what motivated the idea of a second transition? Is the ANC conceding that the first transition was a failure in substantive terms and, therefore, a hollow victory with regard to the relationship between constitutional rights and the material conditions of citizens? Is the ANC blaming external forces, its own subjective weaknesses and those of the post-apartheid State, or a combination of factors for the failures?

It should be noted that the ANC has introduced The National Development Plan (NPD) to come up with the solutions to address issues of democratic quality. Masie (2012) states that the NPD is a blueprint of recommendations to eliminate poverty and sharply reduce inequality through the “virtuous cycle of growth and development”. She further states that
the NDP has identified nine key problems requiring urgent attention in its diagnostic report, namely: high joblessness; poor education; poor infrastructure; spatial inequality in human settlements; an unsustainably resource-intensive economy; a high-disease burden compounded by a failing health-care system; uneven public services; widespread corruption; and social division.

The plan also provides comprehensive statistics to support these assertions, as well as key targets and recommendations such as eliminating poverty and inequality by 2030, and it is also self-conscious in its acknowledgement of the challenges to overcome, particularly the weakness of government to co-ordinate, and the uncertainties represented by the current financial crisis.

4.9 Conclusion

This chapter has analysed key ANC and ANCYL statement and policy positions on poverty, unemployment and inequality (PUI). In doing so, both the ANC and the ANCYL identified the root cause of the socio-economic ills in the country was those borne from the colonial and apartheid government. This chapter highlighted that there is an ideology on the tactics and the strategies of addressing such problems. The ANC is accused by the ANCYL for abandoning the Freedom Charter, which the Youth League feels is the remedy for solving the country’s socio-economic ills.

This chapter further demonstrated that global politics has shaped the policies of the ANC thus forced the party to abandon its ‘socialist’ document since the market forces have taken over the global economy. This chapter analysed the 'Second Transition' document that the ANC is proposing the ANC states that it had undertaken to adopt a National Development Plan (NDP) for the next two to three decades. The content of this plan, how it aims to implement the plan, and whether it can unite all South Africans around its vision, will be the test for whether South Africa succeeds or fails in overcoming the legacy of colonialism and apartheid, as well as successfully building a just and inclusive society and fight the PUI. This chapter also discussed the possible option to adopt the developmental state as a solution for the state to intervene in economy of the country in order to bring about substantive democratisation.
Chapter Five: Conclusion and Recommendations

5.1 Summary

In this research, it was noted that despite South Africa successfully managing a smooth transition from the time it held its first democratic elections until our present day, the country still continues to experience socio-economic problems such as poverty, unemployment and inequality (PUI). Pheko (2010), the ex-leader of the Pan African Congress of Azania (PAC) laments that:

the negotiated settlement that ended apartheid 16 years ago failed to take into consideration the primary objectives for which the liberation struggle was fought. The country’s constitution may be the best in the world, but isn’t it time it was amended on the fundamental issues that affect the majority poor. What are we celebrating this April 27? Some say we are celebrating democracy, the birth of a rainbow nation, the miracle of a negotiated settlement; the fundamental interests of the majority 80 per cent were terribly compromised. The negotiators mistook the beginning of a long journey for arrival at the destination.

Based on Pheku’s assertions stated above, it can be seen that South Africa’s democracy is at a delicate cross roads where substantive democratisation concerns must be addressed. The study examined the economic policies that the new government adopted in order to remedy the PUI problems to deal with redistribution and issues of social justice. Amongst such policies were the notable Reconstruction and Development Programme (RDP). Achieving poverty alleviation and a stronger economy were seen as deeply interrelated and mutually supporting objectives.

However, the RDP policy was short-lived as the ANC-led government instead adopted the Growth, Employment and Redistribution (GEAR) programme - a neoliberal policy aiming to attract foreign direct investors (FDI) into the country and aiding in creating sustainable employment to address the PUI. According to Reitzes (2009:10) the introduction of GEAR suggests that the government realised that, while the social objectives of the RDP were noble, faster economic growth was required to provide resources to meet social investment needs. In order words, the RDP was more concerned with demand side of the South African economy as well as faster meeting the needs and expectations of the non-white citizens since it was
them who were deliberately excluded from meaningfully participating in the mainstream economy by the white minority government. In addition, more certainty was needed on the major macro-economic variables, such as inflation, interest rates and tax rates, which determine long-run investment decisions. With the adoption of GEAR, the ANC-led government hoped that the policy would fulfil the demand side of the RPD by supplying jobs and creating an economic growth of approximately 5-6%. It was therefore hoped that GEAR would be the supply side of the economy. However, GEAR policies did not work according to the plan:

GEAR’s main objective – an increase in employment – failed to materialise. There is no consensus on the reasons for this. Possible explanations range from the impact of the Asian crisis to failures in the education system; from ‘Afro-pessimism’ to an ‘investment strike’ by big business. In other words, investors may have been deterred by negative global sentiment about Africa in general, which undermines their propensity to invest (Rietzes 2009: 11).

When the FDI did not materialise and growth targets were not met, the ANC-led government made the decision to explore other avenues that would accelerate growth and ensure higher living standards for the majority of its citizens. Such an evaluation culminated in the adoption of the Accelerated and Shared Growth Initiative for South Africa (AsGiSA). As was the case with the RDP and the GEAR policies, so too the AsGiSA was unable to meet its target, resulting in the high unemployment rate still being a major challenge in the country today.

Laubscher (2013) believes that the remedies offered by the NDP have mostly been suggested in the past. He notes:

It is therefore all about implementation. It is the fourth attempt at an economic strategy after GEAR, AsGiSA and the NGP, none of which was fully implemented. Whether this time will be different will depend on whether the broad outline of the NDP can be transformed into actionable policies in due course.

Having assessed all these economic policies, the ANCYL is of the view that all neo-liberal policies are not a solution to the PUI. They instead propose that the government adopt the policies outlined in the Freedom Charter, those particularly relating to the nationalisation of all the state resources. The ANCYL is not in favour of the neoliberalism because

the focus among international elites on financial liberalisation, austere monetary policy, and cuts in social spending undercut conditions for social development. Pressed by these forces, the African National Congress (ANC) adopted neoliberal policies that undermined social goals and compromised the democratic agenda that had propelled the party to victory in 1994 (Abramovitz and Zelnick 2010:99).
The study analysed the key ANC and ANCYL statements and policy positions. On the one hand, the ANC believes that the next NDP solution to address the PUI will be to influence both the private and public sectors in helping find solutions to fight poverty, inequality and unemployment in the country. Whereas on the other hand, the ANCYL maintains that the ANC must use the Freedom Charter and nationalise institutions in order “to increase the state’s fiscal and improve working condition; to industrialise and create more jobs; to safeguard national sovereignty, to transform the accumulation path in the South African economy; and to transform South Africa’s unequal spatial development patterns” (Cohen 2012:81).

5.2 Recommendations

5.2.1. Education and Training

Wheelan (2010:129) states that the most insightful way to think about poverty in any country is as a dearth of human capital. People are poor because they cannot find sustainable jobs. However that is the symptom, not the illness. The underlying problem is a lack of skills, or human capital. Throughout this study, it was mentioned that the legacy of apartheid (Bantu education and job reservation) created a lack of skills and development amongst the majority of black people in the country thus creating a massive shortage of skills that are needed in the successful running of the South African economy. Le Roux and Breier (2012:22) suggest that in order to address the development needs of the society and to provide the necessary knowledge and skills needed in the labour market, and then tertiary education is the optimal goal in achieving development capabilities of all South Africans.

Given the broader social and political challenges facing South Africa, this is an important objective in itself, over and above the goal of meeting the skills needs of the economy or the skills needed to participate in the knowledge economy. Tertiary education has to play a big role in nation building by enhancing equity and economic development for the majority of black people. However it can be argued that this is also crucial for career development and student guidance whilst they are still in high school. The career advice must prepare and guide students in what kind of skills are needed in the labour market. For example Jones (2011:4) states that
Learners cannot be guaranteed good employment if their training is not based on a clear understanding of what skills are needed for a chosen career. Studies show that if learners are not provided with accurate information about their career choices and qualification pathways, they can end up with a gap between their aspirations and their actual achievements. Sometimes that might mean that someone has to retrain after choosing a degree or qualification that bears little real relevance to their ambitions. But at its worst, it can lead to disillusionment and exit from education and training, making it even harder for people to succeed. We know that vocational education can help people to realise their potential and achieve fulfilling and well-paid employment.

Economist Mike Schussler (2007) is quoted

we should also recognise that, on average, people with skills can create more jobs than people without skills… South Africa's education system needed review because the country was "not producing what it should…Apartheid probably played a large role in the education outcomes in the early part of our transition to a democracy… it is evident from international comparisons that our education outcomes have not improved and that urgent action is needed (http://www.afrika.no/Detailed/15586.html).

Indeed, it is imperative that Government must invest in human capital in order to eradicate poverty. Wheelan (2010:130) presents a good analogy when he states that “a rising tide does indeed lift all boats; economic growth is a very good thing for poor people. Period. But even at high tide, low-skilled workers are clinging to driftwood while their better-skilled peers are having cocktails on their yachts”. Therefore it is vital for government to invest in human capital and develop the skills of its citizens particularly amongst those previously disadvantaged by the apartheid regime.

5.2.2 Entrepreneurship

In terms of entrepreneurship training, Herrington (2011:123) is of the view that it must be introduced at school level. By introducing business skills at primary and secondary school levels, it would aid in stimulating an entrepreneurial spirit amongst the youth which will in turn create a generation of future businessmen and women who will help in expanding future employment opportunities. Ndidi (2009:464) is of the view that entrepreneurship is central to innovation, economic growth and job creation. The creation of small and medium enterprises (SMEs) will contribute substantially to job creation and income generation, which will provide employment opportunities for an increasing number of graduates. Conversely then, it would make sense from an efficiency perspective to explore the introduction of entrepreneurship as a means of empowering South African graduates.
5.4 Conclusion

As Mohamed (2011:15) puts it, the political transition from apartheid to democracy and the recent global economic trends also influenced changes in the South African economy. One is of the view that the ANC-led government is on the right track in terms of trade liberation and its economic reforms in terms of privatisation so that the FDI can be attracted. The ideological difference between the ANC and ANCYL in terms of nationalisation must be solved by drawing examples of the countries which liberated the economies by privatisation and trade liberation. It is interesting to note that Malema (2013), is of the view that “we only want to nationalise profitable national resources. Not gold. Gold is very expensive to mine”.

This begs the question: Is nationalisation a viable option to solve PUI in South Africa? One is of the view that the country needs a second CODESA which will discuss in detail how the country should go about investing in its human capital and how the education system can contribute in uplifting the economy by providing the relevant training and education needed to provide adequate skills for the country. The second CODESA need to encourage policy proposals around people taking responsibility for themselves through entrepreneurial activities. In the long term, small business can eventually generate jobs as well.
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