

Social and Economic Transformation in Post-Apartheid South Africa – policies, progress and proposals*

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Introduction

Judging from various policy pronouncements and documents of the African National Congress (ANC), it can be argued that the organisation has always been clear about the nature of what was envisaged to be post-apartheid South Africa (SA). The social and economic transformation that has been pursued since 1994 is informed by, among others, the *Ready to Govern* (R2G) discussion document of 1992. At minimum, arguably, the R2G document provides a robust analysis of the social and economic challenges that the post-apartheid South Africa was to confront, in pursuit of a new political-economic order.

The question that this paper attempts to address relates to whether, almost two decades since the dawn of democracy, is South Africa on course to be the country that was conceptualised and pursued for decades by the broader liberation movement? In other words, to what extent has the “legacy of inequality and injustice created by colonialism and apartheid” overcome, to use the language of the R2G document. Put differently – looking at the ANC’s ‘vision for the future’ just before the dawn of democracy – have the “sustainable economy and state infrastructure that will progressively improve the quality of life of all South Africans” been developed, twenty years later¹.

Since 1994, the ANC-led government has undertaken extensive policy reforms in an effort to transform society. The broad objectives that the ANC has continuously pursued are: the creation of a united, non-racial, non-sexist, democratic and prosperous society. The strategic path towards this better life is elaborated in the R2G document and translated into a programme in the 1994 Reconstruction and Development Programme (RDP). The RDP was followed by an economic policy framework in 1996; the Growth, Employment and Redistribution (GEAR) – A Macroeconomic Framework. GEAR was intended to stabilize the economy and rescue an economy that was already falling apart: the economy was effectively in a recession when the ANC came into office in 1994 (just like the economy is in a recession twenty years later).

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GEAR was replaced in 2005 by the Accelerated and Shared Growth Initiative for South Africa (AsgiSA). AsgiSA intended to accelerate the growth of South Africa's economy, as well as accelerate wealth redistribution. However, AsgiSA was short-lived as it was soon replaced by the New Growth Path (NGP). Introduced in 2010, the NGP places emphasis on job creation, the need to create decent work and a new policy orientation towards labour intensive approaches. It aspires to grow employment by 5 million by 2020 and reduce narrow unemployment by 10% largely through a public infrastructure programme.

Then there is a 2012 National Development Plan (NDP) or Vision 2030 of the National Planning Commission (NPC). Than being a policy document, the NDP is more a consensus building mechanism towards some envisaged end state; where poverty, inequality and unemployment would have been drastically reduced. Given that it takes time to implement any policy, it is hard to assess the effectiveness or lack thereof of AsgiSA and the NGP. However, this paper also attempts to highlight the direction the NGP in particular is taking. It would seem that the NGP, although comprehensive in the analysis of the South African economic challenges like the NDP is, falls short on appropriate policy prescriptions.

A macro-level evaluation of all the broad policy reforms since 1994 points to the conclusion that the South African government has made concerted efforts to deal with the historical socio-economic challenges, however, much more still needs to be done to get the country to the envisaged post-apartheid society. Significant achievements have been registered, for instance, in the expansion of access to education; healthcare; housing and basic services in general. And South Africa has established institutions to transform society. However, there are fundamental policy constraints that have limited economic performance and general wellbeing of society. The next section presents progress on a myriad of social and economic transformation issues. It is followed by a perspective on the policy challenges confronting the post-apartheid SA two decades in democracy. I then conclude.

A Review of Post-Apartheid South Africa

As indicated in the introductory remarks, one of important discussion documents that should inform the review of democratic South Africa is the R2G document, released in 1992. It was the ANC's most robust attempt in spelling out the kind of a society that democratic South Africa would be like. It can be argued that other important discussion documents of the ANC

and those of government during the 1990s were significantly influenced and or informed by the R2G discussion document.

R2G discussion document, in particular, indicates what would be the role of a ‘democratic developmental state’ in a post-apartheid SAⁱⁱ. In addition, it presents thinking and proposals regarding the post-apartheid economy. R2G discussion document also presents policy thinking in all aspects of development, including aspects relating to social policies. Most importantly, R2G document informed the Constitution and the Bill of Rights of a democratic SA. R2G document, arguably, is a summary of the thinking of the entire liberation movement, and more so the thinking of the various leaders of the ANC over the decades. Below is an attempt to assess whether SA is becoming, or not becoming, the kind of the society that was envisaged. The analysis, below, examines developments since 1994.

Social development has improved, but still not good enough

The RDP and its associated projects played an important role in laying the foundation, by providing a framework, towards service delivery. A lot has thus been achieved with specific regard to the implementation of the government’s priority on addressing the lack of access to basic social services. However, as the discussion below indicates, there is still a long way to go in ensuring that the ‘Better Life for All’ that the RDP promised becomes reality.

Overall, either from Statistics South Africa (Stats SA) data or government records, there is impressive progress that South Africa has achieved in ensuring that people have access to basic services such as clean water source although there are still many people without access to piped (tap) water.ⁱⁱⁱ The challenges of service delivery remain unabated. Progress is mixed. For instance, there was a decline in the percentage of households with electricity (for lighting) between 1996 and 2001 as an example. In 2011, most figures look relatively good, even for access to electricity as Table 1 shows.

Table 1: Access to services and type of dwelling South Africa (1996-2011)

Type of main dwelling	1996	2001	2011
Formal	65,1	68,5	77,6
Informal	16,2	16,4	13,6
Traditional	18,3	14,8	7,9
Other	0,4	0,3	0,9
Household basic services			
Piped water (tap)	80,3	84,5	91,2
Electricity (lighting)	58,2	51,4	84,6
Toilet facilities			
Access to a flush toilet	82,9	82,3	90,6
Bucket toilet	4,7	4,1	2,1
No toilet	12,4	13,6	7,3

Source: Census (2011)

There however remain significant backlogs. For 2011 data, 10% of households, as an example, do not have access to a flush toilet and 7.3% do not have a toilet at all as shown in Table 1 above. What Table 1 demonstrates is that the public protests that have significantly increased post-2007 can be explained.

The other area worth highlight is SA's social assistance programme; the cash-transfer system. As Table 2 below indicates, SA has an extensive social assistance programme, which has raised income levels of the poor quite considerably. As of 2010/11, about 15 million people received social grants, constituting more than 3.2% of GDP. This figure rose to 15.6 million in 2011/12 and is expected to rise to 16.8 by 2015. The majority of grant recipients are the 10,4 million recipients of the child support grant - this grant is provided to children in need up to the age of 15 years (and it is expected that children below age 18, overtime, would also receive the child support grant as per the means test). There is also a reduction of men's age requirement for social old age pension to 60 years.

Table 2: Social Assistance (2000-2011)

Grant type	2000/01	2002/03	2004/05	2006/07	2008/09	2009/10	2010/11
	1 900				2 390		
Old Age Grant	406	1 943 348	2 124 984	2 195 018	543	2 546 657	2 678 554
	5				1		
War Veterans Grant	617	4 638	2 963	2 340	500	1 216	958
	655				1 286		
Disability Grant	822	840 424	1 293 280	1 422 808	883	1 264 477	1 200 898
	66				474		
Foster Child Grant	967	83 574	195 454	400 503	759	510 760	512 874
	33				107		
Child Dependency Grant	574	42 355	86 917	98 631	065	110 731	112 185
	1 111				8 765		
Child Support Grant	612	1 998 936	4 165 545	7 863 841	354	9 570 287	10 371 950
Total	3 773 998	4 913 275	7 869 143	11 983 141	13 026 104	14 004 128	14 877 419
Growth Rate	40.4%	23.4%	21.5%	9.5%	5.2%	7.5%	6%
	10				46		
Grant-in-aid	107	12 625	25 667	31 918	069	53 237	58 413

Source: Development Indicators (2011)

The challenge with the social assistance programme is its financial sustainability and possible unintended consequences. Although it is stabilizing as a share of GDP, it is still very high (over 3%). As for unintended consequences, the fundamental issue has to do with the kind of the society SA wants to be. Ideally, there should be more people in gainful employment than in social assistance, like in Brazil and India. The grants however, especially in the context of a small informal sector, play an important role to mitigate severe hardship that those in need endure. As some of the findings on poverty would show later, the grants could have played an important role in cushioning against the global economic recession.

Economy has stabilized, however remains untransformed

Democratic South Africa's economy has been growing relatively faster than it has in decades. The economy has since stabilized although South Africa is now beginning to record stagnating growth levels as a consequence and after effects of the global economic recession and or poor economic management.

Gross Domestic Product (GDP) per capita has been increasing at an impressive rate particularly since 1996 or so. GDP per capita is an important indicator – with all its shortcomings – of improving standards of living in a society. Whereas GDP per capita was declining from about 1980 to about 1994/5, South Africa has seen marked improvements in

economic growth since 1994. During 1994/5 – 2004, growth averaged about 3%, a considerable improvement on the decade before 1994 when growth averaged 1% per year.

Since 2004, growth has exceeded 4% per year, reaching about 5% in 2005. Whereas the steady growth of the economy could be interpreted as positive, however, the pace has not been matched with the requisite elements to support such an economy. In other words, although the improvement of GDP (per capita) cannot be entirely attributed to macroeconomic stabilization alone, it coincides with key macro-economic interventions, in particular GEAR. For an economy to perform well, macroeconomic stabilization is a prerequisite.

As Table 3 below shows, GDP itself, not per capita incomes per se, has been performing relatively well in South Africa. Looking at the recent period, after the macroeconomic stabilisation programme of the 1990s, GDP has averaged – barring the current global economic recession – about 3.5%. However, the expected jobs have not been forthcoming – granted, the economy created a relatively good number of jobs when it grew relatively well during 2005-2008.

Although SA’s GDP performance could be celebrated, South Africa has not performed well enough given the size of its economy and in the comparative context. Looking at comparable countries such as Botswana, India, Brazil and Malaysia in Table 3, SA’s economic performance has been low. The low GDP growth rate in SA, compared to similar countries, supports the point that it is not only the global economic recession that has lowered SA’s economic performance.

Table 3: Gross Domestic Product, SA and other countries (2000-2010)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
SA	4.2	2.7	3.7	2.9	4.6	5.3	5.6	5.5	3.6	-1.5	2.9
Botswana	5.9	3.5	9.0	6.3	6.1	1.6	4.5	4.8	2.9	-4.9	7.2
Brazil	4.3	1.3	2.7	1.1	5.7	3.2	4.0	6.1	5.2	-0.6	7.5
India	4.0	5.2	3.8	8.4	8.3	9.3	9.3	9.8	4.9	9.1	9.7
Malaysia	8.9	0.5	5.4	5.8	6.8	5.3	5.8	6.5	4.7	-1.7	7.2

Source: Development Indicators (2011)

It could be argued that SA was going to be in a recession anyway from about 2009 because of its own poor economic management, especially the management of public finances from about 2008. Compared to similar economies, the relatively low rate of GDP growth in SA has meant that fewer jobs are created – in fact, the South African economy, unlike economies of India, Brazil etc has shed many jobs.

GDP projections appear to substantiate the view that SA's poor economic performance has little, if any, to do with the global economic recession. South Africa's annual percentage changes in GDP will continue being lower than its counterparts, namely emerging markets, including Sub-Saharan Africa as an economic region. For instance, in the years 2013 and 2014 SA's GDP is projected to remain far below the Sub-Saharan Africa GDP average^{iv}.

Underemployment and unemployment on the rise

As indicated above, one of the most critical challenges facing the government of South Africa or the South African society broadly is employment creation and fighting poverty. The goal of government is to cut unemployment by at least half between 2004 and 2014, and to a maximum of 14% in 2014. However, the employment performance of the economy has not adequately met the needs of the society. The number of jobs created has lagged behind the demand for jobs. A number of the newly-created jobs have been precarious and of poor quality and many of those jobs are under pressure or have disappeared as a result of the recession and or poor economic management.

An unemployment rate of 25.2% in the 1st Quarter of 2012 compared to 23.9% in the 4th Quarter of 2011 was recorded (StatsSA, 2012), which is considerably high by global standards. The 2011 Census found an unemployment rate of 28.9% (StatsSA, 2012). Using the expanded definition of unemployment, unemployment stands at about 40%, reflecting the high volumes of discouraged work seekers. Since the low point in 2010, South Africa has gained a total of 447 000 jobs. From 2000 until 2008, South Africa's unemployment rate averaged 26.3% reaching an historical high of 31.2% in March of 2003 and having reached a relatively low of 23% in September of 2007 (StatsSA, 2012). The majority of the unemployed are low skilled or poorly educated workers, mostly women and youth in rural areas, for which demand has been shrinking due to changes in the domestic structure of production of the economy.

South Africa is further faced with the complexities relating to an uneven labour market environment, the changing nature of work, lack of labour market measurement instruments, and that of serving a multi-class of service beneficiaries: vulnerable workers and unemployed/job-seekers. The fragmented nature of South Africa's labour market, increasing informality, casualisation and externalization of the labour market has worsened the job crisis and economic status of ordinary working class. Millions of workers are trapped in informal, temporary, involuntary part-time or casual work that offers few benefits and limited prospects for advancement. This is the case particular for youth, women and immigrants who constitute the biggest chunk of South Africa's workforce.

Access to education has improved, but education remains untransformed

Bloch (2006), among others, is of the view that although many challenges still remain, there were significant achievements in turning around apartheid education in the first decade of democracy. This has, according to Kraak (2008), been evident in increased access, headcount enrolment, investment by government and the private sector in education, and institutional rationalisation processes and regulation respectively.

The changes pursued in the education sector in South Africa have resulted in great strides forward. Government has made some progress in the expansion of education access, particularly improving access for disadvantaged groups. Progress is also visible in the different sectors, as presented in the 2008 review of national policies for education in South Africa by the Organisation for Economic Co-operation and Development (OECD). For instance, the OECD noted that what government had been able to achieve in the space of 14 years was commendable and that it was understandable that some of the policy goals had not yet been realised.

In this instance, data from the Towards a Fifteen Year Review (2008) indicated that education participation has increased since 1994, especially in the case of primary schooling. This is attributed to those interventions geared towards increased access. In terms of the growth in enrolments for the age cohort 7 to 15 between 2002 and 2007, enrolments of 5-year-olds improved from 40% to 60%, for 6-year-olds the improvement was from 70% to 88%, and for 15-year-olds the improvement was from 96% to 98%.

2010 data from the Department of Basic Education’s Education Statistics in South Africa report, as Table 4 shows, has relatively high gross enrolment rates: 94% for primary phase (grades 1 to 7), 86% for secondary phase (grades 8 to 12) and 91% for grades 1 to 12. In essence, SA has been successful in facilitating access to primary and tertiary education, particularly for the girlchild. This is a target that the country has reached before its deadline of 2015, from the perspective of the Millennium Development Goals (MDGs).

Further corroborating this point, according to the OECD report referred to above, South Africa can be said to be close to achieving universal basic education, with 96.6% enrolment of 7- to 15-year-olds and with almost all children of school-going age entering school and the majority reaching the end of Grade 9.

Table 4: Gross Enrolment Ratios by gender and level of education

Gender	Primary phase (Gr.1 – 7)	Secondary phase (Gr.8 – 12)	Total (Gr.1- 12)
Female	92 %	89 %	91 %
Male	96 %	83 %	91 %
Total	94 %	86 %	91 %

Source: Department of Basic Education (2012)

Table 5 below shows improved access to education – in support of reports such as the OECD’s one referred to above – between 2001 and 2011. Although there are still large numbers of those without school attendance, the percentage of those with school attendance increased from 71.5% in 2001 to 73.4% in 2011, while the percentage of those without school attendance decreased to 26.6% in 2011 from 28.5% in 2001. There are also increases in percentage shares, in terms of attendance, for all types of educational institutions except pre-school as Table 5 shows. In the ten year period (2001 – 2011), there has been an increase of about 100 000 for universities as an example. This confirms the point that numbers of those seeking higher education increases overtime, in any society, and as such more universities than less are needed.

Table 5: Access to education in South Africa (2001-2011)

Education	2001		2011	
	Number	Percentage	Number	Percentage
School attendance				
Yes	13 727 893	71,5	13 837 961	73,4
No	5 463 823	28,5	5 023 110	26,6
Type of educational institution				
Pre-school	575 936	4,2	128 719	0,9
School	12 584 818	91,7	12 862 961	92,9
FET college/College	191 234	1,4	359 228	2,6
University/Technikon	315 592	2,3	410 063	3,0
ABET	26 505	0,2	22 730	0,2
Other	33 809	0,2	57 883	0,4
Public or Private				
Public	13 028 486	94,9	11 924 285	92,7
Private	699 407	5,1	934 480	7,3

Source: Statistics South Africa (2012)

In terms of enrolments it is noted that the extent to which the higher education system can actually produce highly skilled graduates is predicated on three important factors: the number of school ‘graduates’ that qualify for entry into higher education institutions, the number that choose to enter higher education institutions, and the number that complete their qualifications (Breier & Mabizela 2008). However, the quality of Grade 12 school-leaving passes is said to be questionable. Bloch (2009) elaborates the issues bedevilling the education system in South Africa in detail.

Other important areas are literacy and numeracy. Various datasets and publications show steady increase in literacy rate in South Africa. The Development Indicators (2012) show that, according to General Household Surveys, literacy rate has increased from 70.7% in 2002 to about 80% in 2009. Therefore, although there are improvements there is still a long way to go in ensuring that the 20% that is classified as illiterate can be literate. Bloch (2009) shows that despite the fact that South Africa has high levels of educational spending than most countries South Africa is amongst the worst performing countries internationally on literacy and numeracy.

Despite improved literacy rates and access to education, it remains evident that key historical factors have continued to constrain and limit the successful transformation of the education sector. Over the past year and a half, it has become increasingly evident that South Africa's education institutions remain untransformed. There is emerging consensus that the quality is poor and the curriculum is not well structured as part of legacy of the Bantu education system.

Recent data from the latest census highlight the reality that access to education, not to mention the quality of the education system, remains a challenge. For instance, the number (at above 5 million) and the share of those not attending school remains very high. Also of importance is that there is slow progress with rolling out early learning. Lastly, although the enrolment of Africans in higher education institutions has increased, detailed analysis of data reveals historical disparity in participation rates among population groups. The total gross participation rate remains more or less the same in early to mid-2000, at about 15.7, and it increased marginally to 16.18 in 2007. The numbers of those enrolled in higher education has been increasing. However, participation rates for black student population do not seem to be increasing in any significant rate^v.

Of concern is that even qualified graduates are struggling to find employment. For instance, Moleke (2006) found that the majority of the unemployed fall under the categories of Africans, females, those who studied humanities and art, and those who studied at historically black universities. The unification of the education system and standards also remain an issue. The two-tier education system is accentuated by an increasing share of those attending a private education system. Also, it remains to be seen whether the approach adopted with restructuring the higher education landscape was appropriate or not. The *Higher Education Monitor* of the Council on Higher Education (CHE 2007) reflects on a number of pertinent issues pertaining to the challenges confronting the South African higher education landscape. Overall, the picture is not a good one but there is some progress, especially in the context of proposals contained in the 2012 *Green Paper for Post-School Education & Training*.

Poverty and inequality remain high while human development is not improving

Two important development issues that continue to haunt post-apartheid SA are poverty and inequality. These two issues are linked to the structure of the South African economy. On one hand, the economy or the labour market is not creating jobs 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, within the Black African community in particular, at lower levels of economic or financial wellbeing.

Because of the challenges relating to healthcare, education and the labour market, South Africa's human development has not improved much since about year 2000 as discussed below. Human development refers to the general wellbeing of society or the quality of life in a particular society. The Human Development Index (HDI) measures human development as a composite indicator made up of life expectancy, literacy and per capita income.

The Human Poverty Index (HPI), introduced in 1997, is an attempt to bring together in a composite index the different features of deprivation in the quality of life to arrive at an aggregate judgment on the extent of poverty in a community. A more applicable HPI for developing countries is notated as HPI-1. HPI-1 combines measures of life expectancy, child nutrition status and access to improved water sources, and income. There is HPI-2 for developed countries. HPI-2 takes into account social exclusion and jobs over and above measures relating to life expectancy and standard of living.

To start with, human development, as quantified by the HDI, in SA is actually doing relatively well when compared to similar countries although SA's HDI has remained unchanged, at about 0.61, since 2009. Table 6 below presents HDIs of selected countries, including South Africa. Norway has the highest HDI globally and United States is in number three. Some other countries can be said to be comparable to South Africa (i.e. India, Brazil, Malaysia, Mauritius, China and Botswana).

Table 6: Human Development in Selected Countries & SA

	1980	1990	2000	2005	2009	2010	2011
South Africa	0.564	0.615	0.616	0.599	0.61	0.615	0.619
India	0.344	0.41	0.461	0.504	0.535	0.542	0.547
Brazil	0.549	0.6	0.665	0.692	0.708	0.715	0.718
Botswana	0.446	0.594	0.585	0.601	0.626	0.631	0.633
Mauritius	0.546	0.618	0.672	0.703	0.722	0.726	0.728
Malaysia	0.559	0.631	0.705	0.738	0.752	0.758	0.761
China	0.404	0.49	0.588	0.633	0.674	0.682	0.687
United States	0.837	0.87	0.897	0.902	0.906	0.908	0.91
Norway	0.796	0.844	0.913	0.938	0.941	0.941	0.943

Source: UN Human Development Report (2011)

SA's HDI is higher than that of India but below of other comparable countries. Even for India, it would seem that the HDI of India has been catching up with that of SA.

Interestingly, Botswana's HDI overtook that of SA in 2005. Also worth highlighting is that the HDI of Brazil was comparable or rather almost equal to that of SA in 1990 but the Brazilian HDI is now far higher than that of South Africa. Mauritius – two of the so-called developmental states in Africa, alongside Botswana – had an HDI comparable or rather almost equal to that of SA in 1990 but the Mauritius HDI is now far higher than that of South Africa, although SA's HDI has marginally increased in the past couple of years.

Looking at specific indicators of human development, such as literacy and enrolments, the recent progress is somewhat mixed. Table 7 below gives some of the indicators calculated from the National Income Dynamics Study (NIDS) datasets for 2008 and 2010^{vi} – the NIDS is a longitudinal survey and or panel study whose data is collected at 2-year intervals: 2008 was the inception years and 2010 was the second data collection phase.

The calculations on poverty and literacy substantiate other analyses that suggest that South Africa is meeting targets related to poverty and literacy. Regarding poverty, the share of those below a poverty line of R515 per person per month in real 2008 rands, has declined though marginally from 46% in 2008 to 45% in 2010, as the Table 7 below indicates.

Table 7: Human Development Indicators

	% below poverty line		Adult literacy		Lack of access to water		Gross enrolment	
	2008	2010	2008	2010	2008	2010	2008	2010
Total	46%	45%	90.40	90.56	6.91	5.52	76.72	68.05
Gender								
Male	43%	41%	91.78	92.28	6.51	5.29	76.04	68.75
Female	49%	48%	89.18	89.07	7.27	5.72	77.42	67.33
Race								
African	55%	53%	88.58	89.11	8.67	6.72	79.32	69.33
Coloured	26%	23%	93.30	92.71	0.52	0.5	63.45	57.04
Asian/Indian	9%	8%	92.90	94.45	0	0.00	61.59	64.20
White	1%	2%	100.00	99.50	0	0.55	63.59	66.02
Province								
Western Cape	23%	25%	95.54	95.25	0.17	0.19	58.51	56.95
Eastern Cape	63%	62%	86.87	88.18	24.89	23.18	83.73	72.52
Northern Cape	33%	38%	88.07	89.46	0.37	0.89	69.91	65.37
Free State	45%	44%	93.47	94.06	0.52	0.04	78.39	69.90
KwaZulu-Natal	62%	56%	85.48	85.84	13.86	9.8	78.29	65.04
North West	42%	42%	87.44	89.91	1.18	0.48	72.99	68.44
Gauteng	28%	27%	96.44	96.79	0	0.00	70.06	69.09
Mpumalanga	42%	41%	90.50	90.43	0.37	0.21	80.12	66.18
Limpopo	63%	62%	85.06	85	4.43	2.31	87.23	74.74

Source: Own calculations based on the National Income Dynamics Study 2008 & 2010 datasets

In terms of geographical locations, poverty has remained same for North West but increased, relatively significantly, for the Northern Cape during 2008 and 2010 – one hypothesis is that such an increase in the share of those below the poverty line in the Northern Cape during 2008 and 2010 can be attributed to the effects of the global economic recession.

Another important indicator of human development, or human poverty, is access to clean water source. The percentage of those that lack access to clean water declined from 7% (in 2008) to 5% (in 2010). Water is important for other indicators, especially those that relate to health and or mortality. The improvement of access to water, therefore, should be commended.

Literacy rates improved effectively for all provinces, and also for Africans, though marginally. Interestingly, there is a marginal decline in literacy rates for the white population group (and an increase in the share of the white population group that is below the poverty line). Literacy is measured for those 15yrs of age and above.

Table 8: Indices of Human Development

	Life expectancy index		Education index		GDP index		Deprivation index	
	2008	2010	2008	2010	2008	2010	2008	2010
Total	0.41	0.46	0.86	0.83	0.47	0.47	7.91	6.14
Gender								
Male	0.38	0.46	0.87	0.84	0.48	0.49	7.33	6.39
Female	0.44	0.44	0.85	0.82	0.46	0.46	8.56	5.90
Race								
African	0.34	0.43	0.85	0.83	0.37	0.38	8.94	6.81
Coloured	0.62	0.43	0.83	0.81	0.47	0.50	4.10	4.27
Asian/Indian	0.86	0.73	0.82	0.84	0.65	0.65	0.00	0.00
White	0.82	0.68	0.88	0.88	0.72	0.71	4.12	0.28
Province								
Western Cape	0.57	0.54	0.83	0.82	0.52	0.52	1.40	2.38
Eastern Cape	0.42	0.38	0.86	0.83	0.35	0.40	15.96	12.65
Northern Cape	0.47	0.57	0.82	0.81	0.45	0.47	9.67	8.80
Free State	0.23	0.37	0.88	0.86	0.45	0.48	5.04	1.83
KZN	0.20	0.39	0.83	0.79	0.43	0.45	9.86	8.54
North West	0.44	0.43	0.83	0.83	0.45	0.45	7.73	6.21
Gauteng	0.63	0.50	0.88	0.88	0.55	0.53	5.45	3.27
Mpumalanga	0.34	0.35	0.87	0.82	0.50	0.48	5.80	2.34
Limpopo	0.47	0.48	0.86	0.82	0.37	0.38	8.95	6.65

Source: Own calculations from the National Income Dynamics Study 2008 and 2010 data

Of major concern, among other issues, is education which remains a major challenge as discussed earlier. Gross enrolments have deteriorated, rather significantly, in a short period. For females, as an example, there is a decline from 77 to 67 and for Africans the decline is from 79 to 69 (during 2008-2010). The same trend can be discerned in the provinces. The challenge relating to education is also demonstrated in Table 8 below – the education index has deteriorated between 2008 and 2010. Table 8 also shows that there are general improvements in wellbeing in SA. The deprivation index declined from 7.91 to 6.14, at an

aggregate level, showing an improvement because the deprivation index is a measure of the level of deprivations, particular looking at access to clean water source and children nutrition status. Therefore, except for the education index, all other indices show an improvement. For instance, the life expectancy index, one of the main variables for human development, has improved during 2008-2010. In the aggregate, it was 0.41 in 2008 and it was 0.46 in 2010. However, the index did not change for females (at 0.44). The province with a notable improvement is KwaZulu-Natal (0.34 to 0.43).

The human development and human poverty indices themselves show improvements, as Table 9 below shows.

Table 9: Human Development & Human Poverty

	HDI		HPI-1		HPI-2	
	2008	2010	2008	2010	2008	2010
Total	0.58	0.59	27.11	21.42	46.95	42.35
Gender						
Male	0.58	0.60	25.88	20.80	47.25	42.11
Female	0.58	0.57	28.14	22.12	47.70	44.43
Race						
African	0.52	0.54	31.25	24.20	53.26	47.72
Coloured	0.64	0.58	10.51	16.58	31.42	34.64
Asian/Indian	0.78	0.74	4.92	3.85	19.12	9.66
White	0.80	0.73	10.13	8.12	12.43	12.61
Province						
Western Cape	0.64	0.63	14.40	10.52	28.84	34.54
Eastern Cape	0.54	0.54	23.35	29.36	54.51	52.52
Northern Cape	0.58	0.62	27.23	12.96	41.69	31.79
Free State	0.52	0.57	37.27	26.90	52.43	48.95
KZN	0.49	0.54	48.11	28.68	62.67	49.33
North West	0.57	0.57	25.59	16.03	44.24	48.90
Gauteng	0.68	0.64	10.28	28.89	34.39	32.19
Mpumalanga	0.57	0.55	40.43	29.00	45.54	53.56
Limpopo	0.57	0.56	19.44	23.18	48.25	46.71

Source: Own calculations from the National Income Dynamics Study 2008 and 2010 data

It is insightful to compare human poverty indices measured for developing countries (HPI-1) and those for developed countries (HPI-2). As indicated above, HPI-1 is made up of child

nutrition status, access to clean water source and life expectancy while HPI-2 is made up of indicators of access to employment as well as social inclusion, over and above life expectancy and per capita income. Both HPI-1 and HPI-2 are calculated for SA, and they both show improvements across the board.

The HDI has marginally improved, from calculations done. It was 0.58 in 2008 and it was 0.59 in 2010. KwaZulu-Natal, as Table 9 above shows, has the most notable improvement of the HDI (0.49 in 2008 and 0.54 in 2010) while Gauteng has a marginal decline from 0.68 in 2008 to 0.64 in 2010.

Another important issue that the human development calculations show is inequality in outcomes as a result of inequality of opportunity in SA. SA has one of the highest economic inequalities in the world – SA is reported to have a Gini Coefficient of 0.69 (Bhorat and Van der Westhuisen, 2010). From the perspective of human development and human poverty, there are significant differences in indices for the white and black population groups. For instance, for the latest estimates, Africans have an HDI of 0.54 while whites have 0.73. The interracial differences are also obvious in other measures that make up the HDI. For instance, the GDP index of Africans is 0.38 while that of whites is 0.71 – and whites have an almost zero deprivation index while that of Africans is 6.81 as Table 8 above shows.

Possible Policy Options

Economic policy for economic transformation

What South Africa needs is a new mix of policy instruments that would ensure that the economy grows substantially and, most importantly that the economy creates jobs. In other words, over and above robust social policy, SA needs an economy that works better for society – not a society that adjusts to the so-called needs of an economy. To achieve this, South Africa requires an agile and capable developmental state.

South Africa's biggest threat would be government and policy failures to transform the structure of its economy. This view is supported by Edigheji and Moyo (cited in Edigheji 2010), who contend, for example, that South Africa is unlikely to achieve its developmental state agenda because of its Minerals-Energy Complex (MEC), deindustrialization, as well as

slack agrarian and land reforms. The question of structural transformation of South Africa's economy therefore remains central to the debate on South Africa's developmental trajectory.

The economy has, in the recent past, been the main obstacle to social and economic transformation at two levels. The structure of the economy has remained relatively unchanged from the predominantly MEC bias as well as in terms of ownership patterns. Secondly, the South African economy, after stabilizing in the 1990s, has not been able to take off like its peers (such as India, Brazil, Malaysia and Mauritius). The National Planning Commission (NPC) acknowledges these issues. Therefore, it is simply a matter of reshaping economic policy to address the conundrum facing the South African economy. Over and above policies for the economy – including a robust industrial policy – SA should have its vision for the economy. In other words, SA needs an explicit economic model that would be agreed upon by all relevant role players. It is not enough, anymore, that SA is a mixed and capitalist economy. In fact, South Africa should have used the opportunity presented by the global economic recession to craft its own socio-economic development model.

The second most important issue for social and economic transformation is jobs. South Africa needs to resolve the challenge of unemployment broadly and youth unemployment, which has since reached crisis proportions, in particular. This is another broader economic policy issue, and more narrowly a labour market issue. The restructuring of the economy should alleviate the unemployment challenge. To fully address the unemployment challenge, however, the labour market should function differently. The demand side of the labour market, firm behaviour in particular, requires more attention. The requirements on experience, especially for graduates, should be revised. Graduates, in particular, should get in-service training. There should be a set of active labour market type interventions to increase the probability that graduates in particular are absorbed by the labour market. At a broader level, the informal economy should not be discouraged. SA's peers (India, for instance) have portions of informal economies that are effectively above the formal economies. As a temporary cushion, informal sector plays an important role to alleviate unemployment and poverty. To address unemployment in SA, a consensus is needed on the vision for the economy as argued above. The consensus argued for here is not similar to the wide-ranging NPC's 2030 National Development Plan. The vision that informs the South African economy going forward should be more focused on restructuring the economy and

creating jobs of the people looking for jobs instead of the so-called the jobs needed by the economy.

Social policy for social transformation

The gains on social development and or social welfare in the post-apartheid South Africa are commendable, although clearly not enough so far. Besides challenges of wider reach as the data discussed indicates, SA is confronted with the challenge of the quality of social services – various government reports also highlight this challenge. Therefore, implementation of programmes for social upliftment should be improved. Education and skills development should be improved. Healthcare services should be improved. These are challenges that many countries face, in one way or the other.

To successfully transform society, as Mkandawire (2009) contends, “collective interventions directly affecting transformation in social welfare, social institutions and social relations” are critical. In other words, social policy should transform social welfare, social institutions and social relations. In SA, it can be argued that social policy – if it exists – has not been successful in transforming social institutions and social relations. The labour market is one of critical social institutions that remain significantly untransformed. Broadly, also, there is merit in the argument that social relations remain largely untransformed.

It is in this context that SA needs to rethink its social policy. Social policy should work in tandem with economic policy towards advancing wellbeing, both subjective and objective wellbeing. Therefore, the rethink of social policy should be undertaken jointly with improving economic policy. These policies, as argued above, can only work in the context where SA has a clear vision for its economy and society.

Closing remarks

This paper has reviewed, at a very high level, social and economic transformation in SA since 1994. The overwhelming conclusion is – as others have concluded – that South Africa has achieved significant social and economic development in about two decades of democracy. The economy was stabilized in mid-2000s, social development improved.

However, from a policy perspective, SA has fallen short significantly. The necessary reforms in the economy, in particular, have been weak because of poor policy development and lack

of vision for the economy. In social development, it is argued that lack of social policy has constrained the advancement of wellbeing. Broadly, from the mid-2000s SA has effectively been standing still after robust reforms of the 1990s. I am taking it for granted that implementation is a challenge too, but implementation is more of a challenge – I argue – particularly when policies are inappropriate or weak.

The answer to South Africa's woes, from a policy perspective, is policy and or policy reforms in the economy in particular. The strategies and programmes that have been introduced since mid-2000s have not addressed the policy constraints that needed policy reforms instead of introducing programmes and strategies not informed by policy. Therefore, more policy thinking should be exercised for both social and economic transformations. And, most importantly, policy should be pursuing the vision for the economy that should be agreed upon through national consensus. Failing which, the envisaged South Africa – as per R2G and Strategy and Tactics documents of the ANC – remains a pipedream.

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ⁱ The *Ready to Govern* discussion document of 1992 spelt out – upfront – very specific goals of a democratic South Africa. The points quoted in the paragraph come from what was said, in the *Ready to Govern* discussion document, to be the ANC's Vision for the Future.

ⁱⁱ In simple terms, what role would the state play in economic development post-1994? Gumede (2011 and 2013) explains the notion of a developmental state in detail.

ⁱⁱⁱ According to the 2011 Census there were about 1 265 907 people in 2011 without access to piped water, of which 1 234 087 were Black Africans – this supports the point that most of the socio-economic challenges confronting South African society remain predominantly problems of Black Africans.

^{iv} All estimates, be it from the World Bank or IMF or the South African Treasury or the South African Reserve Bank, imply that SA would lag behind its counterparts and would be below the Sub-Saharan Africa GDP average in the next two years.

^v Refer to Kraak (2008) and Steyn (2009)

^{vi} Wave I had 28 247 respondents and Wave II had 28 641. For more details: <http://www.nids.uct.ac.za/home>